THE ECONOMIST

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

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With this Issue appears a Special Illustrated Supplement on the London Midland and Scottish Railway.

State Secrets

IT is imperative even in a democracy that certain facts which might be helpful to a possible enemy should be kept secret. The Government must be accorded adequate powers to ensure that, in such cases, this secrecy is safeguarded. But it is equally essential, both for the safety of the State and for the preservation of liberty, that the House of Commons and the Press should not be hampered in exercising their traditional right—which is also their duty—of criticism. This function can only be effectively performed if Members of Parliament and journalists are well informed; hence it is part of their day-to-day business to secure information from all possible sources.

It is natural that there should be some conflict of interest in this matter between the Executive and their possible critics; for no one is anxious to supply information that may possibly be used against him. The line is, therefore, likely to be drawn too strictly if too much discretion is left with those who are liable to be shot at. On the other hand, Parliament and the Press are rightly jealous of their public functions and sensitive to any action which would tend to restrict them. Constitutional history is packed with incidents illustrating the principles at issue, but we need go no further than our own times for examples. In the spring of 1915, for instance, the Press campaign against the War Office because of the shell shortage at the front could not have been launched without information only obtainable from serving officers in France, which on a strict interpretation could have been regarded as an "official secret." In this case the Press was right, whereas the Prime Minister of the day was wrongly informed. Again, during the last two and a half years, Mr Churchill has been more accurate in his estimate of the pace of German re-armament than the Government; and the strictures which he and other critics have made on the progress and scale of our own air re-armament have proved fully justified.

Both Parliament and the Press are constantly getting information from Service and other sources—much of which they cannot and do not disclose—which helps them to form their judgment on public affairs. But the tendency to enlarge the scope of the Official Secrets Acts is placing new obstacles in the way. The storm in the House of Commons this week over the case of Mr Duncan Sandys has therefore an importance far exceeding the particular details involved.

The curtain rose on this Parliamentary drama after questions on Monday last, when Mr Sandys revealed that he had sent to the War Minister a draft question which he proposed to ask in the House of Commons about our aircraft defences. This showed the writer to be in possession of secret information about our military dispositions.

Mr Hore-Belisha's reply after consultation with the Premier was to put the matter into the hands of the Attorney-General, who asked Mr Sandys to reveal the sources of his information, and pointed out to him that, under the Official Secrets Acts, the penalty for refusing to disclose the name of an informant might be two years' imprisonment. It was not until Mr Sandys made it clear that he would raise the matter in the House that the Attorney-General withdrew, and offered to give him an unqualified promise that the powers of interrogation under the Act would not be enforced against him. On the advice of the Speaker, however, Mr Sandys gave notice of a motion, which the Government accepted, to set up a Select Committee to inquire into the incident and generally into the applicability of the Official Secrets Acts to Members of Parliament. The next day it was announced that the Army Council had set up a military commission of inquiry to discover how the leakage had occurred. On Wednesday, Mr Sandys, who is a second-lieutenant in an anti-aircraft unit of the Territorial Force, startled the House with the news that he had been summoned to appear in uniform to give evidence before this court of inquiry. The Speaker at once ruled that, as the matter was under consideration by the House, there was a *prima facie* case that this action constituted a breach of privilege. Thereupon the Prime Minister proposed that this latest development should be referred to the Standing Committee of Privileges, and in reply to questions intimated that, in so far as Mr Sandys was concerned, the military proceedings would be suspended until the Committee of Privileges had reported.

On Thursday the Committee decided that the action of the Commission was a breach of the privileges of the House—thus vindicating Mr Sandys' claim that the military authorities were not entitled to summon him to give "certain information" at a moment when the House was itself considering the propriety of his being asked to do so.

The House then proceeded to set up the Committee requested by Mr Sandys. The report of the Committee, besides dealing with the incident itself and with the relation of the Official Secrets Acts to Members of Parliament, will presumably bring many other matters of principle under consideration—including, perhaps, the problem of reconciling the responsibilities of a Member of Parliament who is also an officer in the Territorial Army. It may be, also, that an indirect result of the Inquiry will be to stimulate activity in the provision of more adequate anti-aircraft defences. Judgment must, however, be suspended on all the matters under review until the Select Committee's report is presented.

There for the moment the matter rests. But it is pertinent to recall that this incident follows upon considerable discussion on the proper scope of the Official Secrets Acts and the right of interrogation which they contain. These Acts are apparently capable of being stretched to an extent which might easily constitute an arbitrary form of censorship, though this was clearly not the intention of Parliament in passing them. When, for example, the Act of 1920 was put on the Statute Book the Attorney-General of that day, who is now the Lord Chief Justice, gave a definite assurance that the Act only dealt with offences under the principal Act: "in other words . . . we are dealing with spying and attempts at spying." The Act in his view was certainly not intended to refer to journalists. Nevertheless, the Act has recently been used in a police court case, which clearly had no relation to national safety, to convict a journalist who refused to divulge the source of his information. When this use of the Acts was queried two months ago in the House of Commons, Sir Samuel Hoare repeated the assurance that the powers of interrogation under the Act would only be used on the authority of the Attorney-General or the Secretary of State, and that this consent would only be given in cases of serious public importance. In view, however, of the disregard of the assurance given by Sir Gordon Hewart in 1920, there is naturally a doubt whether another verbal undertaking will bind Sir Samuel Hoare's successor. The National Union of Journalists, with the willing support of the whole Press, is therefore urging that the Acts should be definitely amended and the vague powers which they confer confined to the field intended by Parliament that accorded them.

The Sandys case has made it clear both to the House of Commons and to the public that the limitation of the powers of the Executive in these matters is not a mere academic question, but is one which vitally affects the working of our democratic system. If the country considers it wise that certain of our traditional liberties and customs should be curtailed or modified, this should be done consciously and with our eyes open. It must not be brought about through gradual and unauthorised encroachment by the Executive.

American Deadlock

MONDAY next is the 162nd anniversary of the Declaration of Independence of the United States of America. The day will doubtless be celebrated, in the traditional manner, with fireworks and political speeches. But this year, in spite of the mollifying effect of buoyancy on Wall Street, the speeches are likely to be fully as explosive and sulphurous as the fireworks; for America is suffering from a worse fit of political bad temper than has been seen in the land for very many years. It is not merely that the President is at odds with a section of the population containing not far short of half of all its members and nearly all of the more well-to-do; the language that is being used has grown in immoderation until it is out of all relation to the reality of the matters at issue, and until it blocks the way to any consistent attempt to meet the urgent problems with which America is faced. Most of the peculiar bitterness of the great controversy between the rival philosophies labelled "New Deal" and "Business" evaporates in the passage of the Atlantic, and it is difficult for the European to appreciate its intensity. But a small notion of the atmosphere prevailing can be conveyed by the fact that the person of Mr Roosevelt is now guarded more closely than that of any other President of modern times. And nobody who has sampled the conversation to be had in board rooms, at dinner parties, at golf clubs, or in any of the other resorts of the more comfortable, can doubt for a moment that the precautions of the Secret Service are very necessary.

What has the President done to deserve such hatred? That is the question which the foreign observer is impelled continually to ask. The counts in the indictment that is drawn up against the President with such vigour in every prosperous home in the country are very many and varied. But some are outstanding. One is that he has acted with deliberate vindictiveness against the most able section of the nation—against the class, incidentally, from which he himself sprang—and that he is pursuing the vendetta at the expense of the prosperity of the nation, preferring that the wheels should not turn than that they should turn for his foes. Secondly, the President is alleged by his opponents to be so lacking in fundamental convictions, so recklessly opportunistic in policies, that he is unfitted to bear the responsibility of leading a great nation. And thirdly, he is accused of unlimited personal ambition. The controversy over the Supreme Court is represented as an attempt to override the constitution to serve his own ends. There are open accusations that the November elections will be bought with public money. And the attempts now being made by the White House to secure that the rebel Democrats are replaced in the party primary elections by more faithful New Dealers can be made to look like the vaunting of ambition over even the most fundamental loyalty known to the American politician—the loyalty to party.

This is the main substance of the charges that are being made with an embittered iteration and a reckless abuse of language quite without parallel. It is unnecessary, for the foreign observer at least, to attempt to assess the precise degree of truth in them. It is for certain immeasurably less than the impossibly sweeping allegations of the President's opponents would have the public believe. Mr Roosevelt is neither a Communist nor a dictator, nor has he aspirations to be either. He is not attempting to convert the North American Republic into a South American "personalist" domain of his own. He is not debauching the American people with the taxpayer's money or asking them to abandon their traditional liberties. But though these accusations, which can daily be heard on the lips of men of sanity and judgment, are so ludicrously untrue, there is unquestionably some basis for more moderate criticism of the President. Some of his reform proposals have gone beyond the need for guarding against abuses and have become definitely penal in form; he has frequently seemed to be far less interested in exalting the humble and the meek than in putting down the mighty from their seats. There is something also in the charges of reckless experimentation; the course of monetary policy, of housing policy, the alternation between budget balancing and unbalancing, the attitude towards the attempts of industry to fix prices—all these have been unnecessarily and harmfully erratic. There is also no doubt that Mr Roosevelt has "played politics" as shrewdly as any of his predecessors, and no man can dig himself in without throwing up dirt. Moreover, these unlikeable traits of the New Deal have been much more visible in the last eighteen months than in Mr Roosevelt's first term. The quality both of the personnel in Washington and of the policies originating there has unquestionably deteriorated. There has been less and less willingness on the part of the New Dealers to draw their inspiration from the widest circles of opinion and to found their policies on a broad base of approval. Every week sees an increase in the number of former friends of the Administration who have retired to the side-lines or gone into actual opposition, until now it is very difficult to name more than a handful of eminent Americans who, without actually being in the service of the Administration, are known to be its supporters. Mr Roosevelt is certainly not the Prince of Darkness that the newspapers and the conversation of the eminent would make him out to be. But he has no less certainly disappointed his friends.

With all this, however, one fundamental fact remains. Mr Roosevelt is popular with the electors. With few friends and a multitude of enemies among the articulate, he still commands the inarticulate. Judging by all the signs, the turnover of Congressional seats in November will not go badly against him. The Presidential election of 1940 is much further off. But unless the depression becomes much more severe, it is probable that the Democratic candidate will be a person either nominated by, or at least acceptable to, Mr Roosevelt, and that he will be elected. This reveals the peculiar dangers of the present situation in America. For there is an almost complete deadlock of policy. If Mr Roosevelt lives, the opposition has no possibility of gaining control of the administrative machinery of the country for another thirty months, and only a problematical chance then. But so long as the overwhelming majority of the leaders of industry, commerce and finance, the greater part of the professional skill of the country and almost all its vocal opinion is implacably hostile to the President, none of his policies is likely to receive the co-operation necessary for success. In these circumstances the outpouring of public money is the only expedient left to the President—and even that is of doubtful value when it is accompanied by a campaign which impugns its motives and belittles its chances of achievement.

Meanwhile the American ship of State is drifting with slack sails. Skilled seamanship could manœuvre to catch such breezes of economic recovery as are stirring. But in circumstances such as these, the American constitution prohibits the setting of a course; as in 1918-20 or in 1930-32, the helm is disconnected from the rudder. No impression is left more strongly on the mind of a visitor to the United States than of the urgent need for a patriotic effort to bring about a meeting of minds. Sporadic attempts have been made before, from one side or the other, to achieve a reconciliation between the President and Business; they have all failed. But nothing is more necessary than that another attempt should be made and that it should succeed. The outside world may with more reason express this hope because we are all the sufferers from the American deadlock. In every sphere of life the world is looking west for calm, moderate and confident leadership. It is an opportunity which American statesmanship, whether in office or not, cannot afford to miss.

Capital Market Trends

A SAILOR'S life, it is said, consists of long spells of boredom punctuated by moments of intense activity. The same description might be applied to the course of the London capital market in the last six months. The prospectuses of public companies, particularly of new companies, do not always account for the major part of the new money borrowed in normal times, but they certainly lend an air of colourful activity to the market. With a depressed Stock Exchange, however, the more speculative type of industrial issue has in the past six months been conspicuous by its absence. The field has been largely left clear for substantial and well-established borrowers at fixed interest who, within the limits of the official conception of what constitutes "orderly marketing," have taken advantage of their own excellent financial standing and the absence of any further upward trend in interest rates to obtain new capital on advantageous terms. For sheer quality, the past half-year's borrowings can seldom have been surpassed; but in total magnitude they have fallen short of those of the first six months of last year.

Reference to Table I at the foot of the next page shows that the total new capital raised by direct public offer in the first half of this year was £136 millions, against £185 millions in the first six months of 1937. The total was certainly higher than in any half-year (bar 1937) since 1932. But 56 per cent. of it was attributable to a single borrower, the British Government, another 16½ per cent. to home municipalities, county councils, etc., and merely 14 per cent. to other domestic borrowers, i.e. to home industry. Only in one earlier period—1932—was the total for home industry as low as during the past half-year. Empire borrowing was on a moderate—but on no more than a moderate—scale. And the relaxation of the ban on foreign issues did little or nothing to stimulate new borrowing

from overseas, in the absence of credit-worthy borrowers.

If the net be widened so as to bring in all issues made indirectly by Stock Exchange "placing," bonus shares, etc. (see Tables II and III) as well as by direct public offer, the impression of a slump in industrial borrowing is confirmed. The total of new securities made available to the investor in the past six months was less than two-thirds of the aggregate for the first six months of last year. The total for non-official home borrowers, however, was little more than one-third of the average for the three preceding half-years. From 1935 to 1937, when British industry as a whole was active and prosperous, its "output" of new securities ran at a steady rate of about £110 millions in the first half of each year. This measure of new industrial investment, however, fell during the last six months to no more than £40 millions. Clearly, the policy of industrialists in the matter of new capital development is being determined not by the high level of current profits but by a tendency to assess future business prospects conservatively. Another factor in the same direction is the continued practice of effectively capitalising a significant proportion of each year's profits through allocations to reserve.

A close analysis of the identity of the many borrowers during the past six months can be made on the basis of Table II. Taking our all-comprehensive "new basis" figures, we find that Governments and municipalities, home and overseas, raised £111 millions of a 1938 half-year's total of £183 millions. Of the remaining £72 millions, four industries—oil, electric light and power, exploration, financial, etc., and South African mines—with the residual manufacturing and miscellaneous group, were responsible for £52 millions, or 72 per cent. No other group issued as much as £4,000,000 of new capital. Incidentally, bonus shares accounted for £25½ millions, or more than one-third of the total industrial issues.

If the Government had chosen to issue the second *tranche* of its defence borrowing after, instead of before, the turn of the half-year, our figures would have looked meagre indeed. For the time being, perhaps inevitably, we are witnessing the partial eclipse of the equity share. It remains the favourite medium of company finance, and even in the last six months it has accounted for more new company capital than debentures and preference shares together (see Tables IV and V). But its power to loosen the investor's purse-strings is limited on a falling share market. Given a continuance of even moderate

TABLE I

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

First Half of Year	British				Empire	Foreign	Total Issues	*Index 1928 = 100*
	Government	Home Corporations*	Others	*Total Home*				
1928 ...	85·2	10·0	89·3	*184·5*	40·2	20·1	244·8	*100*
1929 ...	1·6	7·8	96·0	*105·4*	50·0	19·0	174·4	*71*
1930 ...	40·0	33·0	33·6	*106·6*	37·2	25·9	169·7	*69*
1931 ...	10·2	6·2	28·2	*44·6*	35·6	9·0	89·2	*37*
1932 ...	103·2	27·0	16·1	*146·3*	17·4	Nil	163·7	*66*
1933 ...	61·4	17·0	22·8	*101·2*	8·6	1·0	110·8	*45*
1934 ...	42·9	12·0	23·3	*78·2*	17·6	1·1	96·9	*40*
1935 ...	2·5	15·4	42·3	*60·2*	5·0	0·1	65·3	*27*
1936 ...	*Dr.0·1*	45·9	44·3	*90·1*	8·7	0·5	99·3	*40*
1937 ...	98·5	24·6	47·8	*170·9*	13·9	Nil	184·8	*75*
1938 ...	76·8	22·7	18·7	*118·2*	15·6	2·5	136·3	*56*

* Including county and public board loans.

TABLE II

ANALYSIS OF NEW CAPITAL APPLICATIONS
(Excluding Conversions)

	Total for First Half of Years			
	Old Basis		*New Basis*	
	1937	1938	*1937*	*1938*
	£	£	£	£
British Government Loans ...	98,450,000	76,850,000	*105,033,400*	*76,850,000*
Colonial Government Loans	Nil	6,930,000	*Nil*	*7,886,500*
Foreign Government Loans...	Nil	Nil	*1,079,800*	*Nil*
British Corporation, County and Public Board Loans ...	24,563,800	22,794,000	*24,918,500*	*24,407,000*
Colonial Corporations and Public Boards	2,000,000	1,990,000	*2,000,000*	*1,990,000*
Foreign Corporations	Nil	Nil	*Nil*	*Nil*
British Railways	Nil	Nil	*Nil*	*Nil*
Colonial Railways	258,000	Nil	*258,000*	*Nil*
Foreign Railways	Nil	Nil	*96,000*	*30,100*
Australasian Mines	332,500	304,600	*2,052,600*	*304,600*
South African Mines	3,287,600	3,767,100	*8,202,600*	*4,857,600*
Other Mines	900,900	306,000	*12,286,100*	*1,104,500*
Exploration, Financial and Investment Trust	7,399,700	2,408,300	*19,868,400*	*5,498,600*
Breweries and Distilleries	1,838,500	1,620,500	*7,309,600*	*3,801,000*
Merchants, Importers, etc.	Nil	Nil	*Nil*	*Nil*
Stores and Trading	2,765,000	1,540,000	*4,539,600*	*2,315,200*
Estate and Land	398,300	86,000	*485,600*	*188,000*
Rubber	1,613,700	Nil	*2,150,000*	*Nil*
Oil	700,000	4,274,100	*748,500*	*22,589,500*
Iron, Coal, Steel and Engineering	13,888,600	762,500	*22,278,500*	*1,961,600*
Electric Light, Power & Telegraph	8,717,000	5,408,500	*10,079,500*	*7,270,700*
Tramway and Omnibus	331,000	327,900	*3,451,800*	*3,011,400*
Motor Traction and Manufacturing	839,000	Nil	*2,149,200*	*Nil*
Gas and Water	1,352,800	730,800	*4,377,000*	*2,180,200*
Hotels, Theatres and Entertainments	821,900	2,140,900	*1,195,600*	*2,552,800*
Patents & Proprietary Articles	1,518,700	Nil	*3,446,200*	*300,000*
Docks, Harbours & Shipping	751,100	Nil	*7,120,800*	*1,114,500*
Banks and Insurance	1,292,500	920,000	*10,287,100*	*920,000*
Manufactur'g & Miscellaneous	10,836,600	3,217,400	*33,080,700*	*11,750,700*
Total	184,857,200	136,378,600	*288,495,100*	*182,884,500*

TABLE III

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

First Half of Year	British				Empire	Foreign	Total Issues	*Index 1935 = 100*
	Government	Home Corporations*	Others	*Total Home*				
1935	2·5	16·3	108·2	*127·0*	12·2	1·4	140·6	*100*
1936	*Dr.0·1*	47·0	109·8	*156·7*	12·4	4·8	173·9	*124*
1937	105·0	24·9	112·9	*242·8*	44·5	1·2	288·5	*205*
1938	76·8	24·4	40·5	*141·7*	38·8	2·4	182·9	*130*

* Including county and public board loans

TABLE IV

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

	1931	1932	1933	1934	1935	1936	1937	1938
Deb.	20·3	2·1	13·4	5·2	12·2	9·9	11·5	8·3
Pref.	5·8	8·0	5·8	8·8	19·9	9·6	12·7	2·7
Ord.	14·5	3·1	5·3	19·5	15·3	33·9	35·5	16·8
Total ...	40·6	13·2	24·5	33·5	47·4	53·4	59·7	27·8

TABLE V

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

	1935	1936	1937	1938
Debentures	26·0	14·6	16·9	14·6
Preference	29·4	21·1	19·2	7·8
Ordinary	64·9	87·6	119·0	49·3
Total	120·3	123·3	155·1	71·7

TABLE VI

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

	1933	1934	1935	1936	1937	1938
British Government	Nil	105·0	Nil	Nil	Nil	Nil
Other Conversions	75·9	62·5	101·0	84·3	43·7	13·8
Total	75·9	167·5	101·0	84·3	43·7	13·8

industrial recession, it seems clear that any conceivable programme of public works, designed to cushion its effect on national property, must be financed chiefly by the issue of new fixed interest securities by borrowers of gilt-edged or nearly gilt-edged status. From this standpoint, the Government's decision to offer its £80 millions of National Defence Loan, last month, at an attractive price, calculated to ensure its speedy absorption by permanent investors, seems particularly sound. The period of extensive conversion of existing stocks to lower interest rates has passed, and with it the need for levering up prices to the last half-point. As Table VI shows, the British Government has carried out no conversion operation since 1934; similar operations by other borrowers have fallen to a modest figure, and are still declining. The really essential requirement of the present situation is that the market should have its decks kept clear; and that the necessity for virtually closing the market, in order that high-priced stocks may be taken out of underwriters' hands, should be avoided.

That the disadvantages of intermittent activity have not been wholly obviated, recently, will be clear from a glance at the table on page 50, in which we set out the major individual issues of the past half-year. With few exceptions, these were concentrated either at the beginning of the period, in January and February, or in its concluding weeks. So long, however, as the permanence of any Stock Exchange recovery remains doubtful, the adequate employment of the machinery of the best organised capital market in the world will pre-suppose willingness to meet the market half-way rather than to economise on decimal points. Generosity, after all, need not be unduly costly to borrowers; for there is no sign whatever of any major upturn in basic rates of interest.

Economics of the Tin Opener

THE tin-opener has become an indispensable part of the equipment of every modern home. The reasons for the introduction of canned food into the menus of rich and poor alike are manifold. Home life has greatly changed in recent years. The size of houses and households has, in general, diminished. More and more, from choice or necessity, people spend a considerable part of their spare time away from home. In large towns they travel long journeys to and from work. Everywhere they take advantage of the wide range of facilities offered for entertainment and recreation; while road travel for its own sake is a novelty of recent decades. Labour-saving devices have radically transformed the home. On the one hand, gas and electricity have facilitated the speedy preparation of food; while, on the other, canning has made much cooking unnecessary.

The acceleration of the *tempo* of home life has been accompanied by a notable change in national dietary. In the United States, the United Kingdom, the British Empire and Japan a great canning industry has grown up, which has brought many varieties of fruit, fish, meat and vegetables within the reach of the less well-to-do sections of the community. At the same time, the industry has provided agriculturalists, market gardeners, fishermen and meat producers with a relatively stable market, for part, at least, of their output. It may be opportune to examine the industrial significance of the canning trades; and to assess briefly the merits or demerits of canned food as a growing item in the nation's diet.

Most of the canned meat and fish consumed in this country, and a large part of the canned fruit, condensed milk and meat extracts are obtained from abroad. Argentina and Uruguay supply the bulk of our imported canned meat, while large quantities of canned fruit are obtained from Malaya, Australia, the United States, Canada and Japan. Nevertheless, the British industry has made marked progress in certain directions. In 1935 nearly 55 per cent. of the 2,232,000 cwts. of canned, dried, bottled and preserved vegetables consumed in this country was produced in the United Kingdom, compared with only 23 per cent. of the total for 1930. In the canning and bottling of soft fruits, also, there has been an appreciable increase in domestic output; and the manufacturing policy of the Milk Marketing Board has been responsible for a notable rise in the British production of condensed milk. In 1935 over 67 per cent. of the 4,451,000 cwts. of condensed milk consumed in the United Kingdom was home-produced, compared with only 26 per cent. in 1930. In the table below we show the apparent consumption of the principal categories of tinned foodstuffs in the United Kingdom at the two Census dates 1930 and 1935:—

CANNED FOODSTUFFS IN THE UNITED KINGDOM 1930 AND 1935
(In thousand Cwts.)

	Production		Exports		Retained Imports		Apparent Consumption	
	1930	1935	1930	1935	1930	1935	1930	1935
Meat	266	233	20	6	1,292	1,248	1,538	1,475
Fish	132	181	105	82	1,296	1,410	1,323	1,509
Vegetables	314	1,210	8	25	1,034	1,047	1,340	2,232
Fruit	315	462	29	33	3,288	4,697	3,574	5,126
Condensed milk ...	874	2,993	198	326	2,596	1,784	3,272	4,451
Soups	130	234	*	*	*	*	130	234
Meat extracts	98	91	14	13	85	54	169	132

* Not separately distinguished.

In home production the most striking increase (apart from milk) has been in the quantity of vegetables canned, dried, bottled or preserved. Despite the increasing importance of varieties of vegetables like asparagus, peas still account for half the output of this branch of the industry.

The almost complete absence of organisation in the domestic canning industry on the marketing side is in striking contrast to its high level of technical efficiency. The industry's progress in the future must depend upon its ability to improve the quality and range of canned foodstuffs; and here invaluable research work is being done by the National Food Canning Council, the Canning and Allied Trades Association, and the British Food Manufacturers' Federation, in co-operation with the National Farmers' Union, the Ministry of Agriculture, and the Department of Scientific and Industrial Research. Much is being learned about the successful canning of fruits and vegetables which have previously shown a tendency to deteriorate rapidly in quality when tinned. Progress is being made with the canning of bread; and although canned beer has not yet replaced bottled beer in a large part of the home market, its experimental introduction has been widely successful in the export trade. The fact, however, that canned foodstuffs are still usually subject to serious deterioration renders it largely impracticable to build up considerable reserves of canned foodstuffs against a national emergency. And the dependence of many branches on the production of *surplus* crops, appreciably restricts opportunities of steady-expansion.

Although the social significance of the tin-opener increases year by year, progress has not been uniform in all directions. While the consumption of canned fruits and vegetables, for example, continues rapidly to increase, that of tinned meat remains relatively stable. Between 1930 and 1935, the annual consumption of canned fruit and vegetables rose from 3.27 lbs. to 5.10 lbs. per head

of the population of the United Kingdom; that of canned and bottled fruit from 8.70 lbs. to 12.20 lbs.; and of tinned condensed milk from 8.00 lbs. to 10.65 lbs. In the Severn Valley, in London, Kent and East Anglia, fruit canning now ranks among important local industries. Fish canning has grown most rapidly in London and the ports of the Eastern seaboard, while the canning of dairy produce is well established in the grass country of the South-West, in the West Midlands and in Scotland. The British canning industry as a whole probably consumes about 60,000 to 70,000 tons of tinplate per annum.

Canning is obviously destined to fill a permanent place among British industries. Socially, it may claim to have made a considerable contribution to popular standards of living. Canned goods have brought within the reach of poorer households commodities, such as salmon, pineapples and peaches, which they could never have afforded in a fresh state, and other fruits and vegetables which were formerly obtainable only in times of glut and abnormally low prices. Certain fruits and vegetables, again, are now obtainable all the year round which were formerly available only at limited seasons. Thanks to canning, gluts of perishable produce need not be wholly wasted, and the existence of a large canning capacity in time of war would, for this reason, be valuable. The standardisation and grading of fruit and vegetables, which should be an important element in efficient and satisfactory marketing, is an indispensable preliminary to canning; and a good quality product canned may often be better than a bad quality product fresh.

There are, however, many objections to any indefinite extension of the use of the tin-opener. The commodities which, it is generally agreed, are most deficient in the national diet to-day—fresh fruit, vegetables and milk—are precisely those whose consumption in canned form is most rapidly increasing. This anomaly may be due partly to defects in the distribution of the fresh article, and partly, one must admit, to the natural desire of housewives and other consumers to conserve their own time and labour. So far as canned goods are consumed, *faute de mieux*, because urban dwellers cannot obtain fresh produce in good condition at reasonable prices, their increased consumption might involve serious questions of national nutrition. The best safeguard against such a danger would be, not to impede the progress of the canning industry, but to raise the efficiency of the distribution of fresh produce. Provided the British consumer obtains a sufficiency of cheap fresh fruit, vegetables and milk, the additional amenities furnished by canning may be welcomed unreservedly.

Topics of the Week

A.R.P. Again.—Mr Hore-Belisha's concern with defence of the civil population from air attacks seems anomalous. He is Secretary for War; has responsibility for the Army; and therefore for the Territorial Army, for artillery, and for production of land-war equipment. Since anti-aircraft defence from the land was made primarily the duty of the Territorial Army and its special anti-aircraft units, a certain amount of confusion between the War Office, Air Ministry, Admiralty, Home Office, Ministry of Health, and Ministry of Transport, was bound to occur; for each of these Departments has a direct but distinct responsibility in the general defence of the civil population against air attacks; and even the Committee of Imperial Defence, the co-ordinating authority, and its various *ad hoc* sub-committees, cannot evolve a cut-and-dried scheme which will eliminate all reduplication and conflicts of powers. Probably only a supreme Ministry of Defence could come neares that Last week-end it was announced that Mr Geoffrey Lloyd, Under-Secretary at the Home Office, would concentrate his attention on A.R.P. But meanwhile, Mr Hore-Belisha, like his opposite number at the Air Ministry, has become very energetic. On Tuesday he told the Commons that instead of two anti-aircraft Territorial divisions for the country, embracing all units, a new reorganisation scheme would raise them to five; an increase from 43,000 to about 100,000 men. The increase will be secured locally, area by area, and voluntarily. The Corps Commander in charge will be responsible to the Air Officer Commanding Fighter Command for operations; for the latter has operational control in view of the weight of our general defence system which reposes on the fighter aircraft. As the War Office is responsible for spotting the enemy by searchlights, and for anti-aircraft gunfire, a Lieutenant-General at the War Office will be made Deputy-Chief of the Imperial General Staff (Anti-Aircraft Defence), responsible to the War Minister. Under him, also in the War Office, will be a new Director of Anti-Aircraft Training and Organisation.

* * *

Unfortunately, Achilles' heel is clearly visible in all this; for the new Deputy-Chief of the I.G.S. (A.-A. Defence) in the War Office will have to go to the Director-General of Munitions Production, also in the War Office, if he wants—as he will want—more A.-A. guns. But neither he nor the D.-G.M.P. may get the guns he wants, if, say, the First Sea Lord stakes a prior claim to "pom-poms" for the Navy's programme. Back we come to the crux of our entire re-armament and civil defence programmes alike: a plethora of new subordinate appointments with new powers will not greatly help if the old conflict of powers at the top between the Services themselves, and between each of them and the supply industries, is unresolved. During the last few weeks, months, and even years, our national defence programmes have faithfully followed almost every discouraging precedent established between 1914 and 1916. Meanwhile, though plans for balloon-barrages, gas masks, public bomb-proof shelters, and evacuation of large cities appear to be hanging fire, Ministers in particular departments are doing their best.

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Aircraft Production.—Sir Kingsley Wood, for example, has been quickly off the mark in reorganising and speeding up the arrangements for production of military aircraft in this country. On Monday he told the Commons of changes at the Air Ministry, involving the creation of the post of Director-General of Production, to which Mr E. J. H. Lemon, vice-president of the L.M.S. Railway, had been appointed. Air-Marshal Sir Wilfrid Freeman, the Air Member for Research and Development, would in future be responsible also for production; but he would have two assistants, one, Mr Lemon, as Director-General of Production, and the other, as Director-General of Research and Development, would be Air Vice-Marshal A. W. Tedder. Mr Lemon took over his new post at once, and becomes a member of the Air Council after having been an expert on the L.M.S. since 1911, when he joined the railway as wagon inspector. He introduced methods of continuous production into the L.M.S. works at Derby and elsewhere, particularly for the planning and production of locomotives and rolling-stock. His knowledge of these methods, and of the ancillary trades and specialised auxiliary equipment involved, is said to be second to none. This appointment on the production side, the extension of Sir Wilfrid Freeman's duties to cover production, and the parallel activities of Sir Charles Bruce-Gardner, recently appointed liaison officer between the Air Ministry and the industry, should combine to bridge the gap between production and the Government's programme. As Sir Kingsley said on Monday, it is a good beginning. But the need for more changes may now become more evident. The number of recent changes only shows how much better the problem could have been handled by a Ministry of Supply.

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Dominions and Foreign Policy.—In the absence of a jointly conducted Commonwealth foreign policy, the policy of the United Kingdom must always be conducted with an eye to the views of the Dominions. For in a crisis their opposition or hesitation might prove fatal to swift action, or might even split the Commonwealth. The decisiveness of British policy is thus under a handicap, of which the Attorney-General of Australia spoke courageously in a speech last week. If, as he hoped, the British people were to have one voice, the voice must speak in terms of clarity and with weight and proper authority. They must therefore devote themselves increasingly, said Mr Menzies, to the problem of accelerating and completing the process of consolidation between the United Kingdom and Dominion Governments. The response to this speech in Australia has been remarkably consistent. Indecisiveness and lack of co-ordination in Commonwealth foreign policy, say the Australian newspapers in effect, are the fault of the Dominion Governments themselves for not using the available machinery. If they are unable to impress a clear national policy on the Cabinet at Westminster, that is mainly because in their own countries they stifle public discussion of foreign affairs and deprecate the expression, in parliament or the Press, of decided opinions about British policy.

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This reaction is an echo of the controversy over Mr Eden's resignation, which Mr Lyons declared was an internal British matter and not a subject for debate at Canberra. Whatever the merits of that particular occasion, the Australian Press is surely right in pointing out that the Dominion Governments cannot have it both ways; either they must formulate and conduct a clear and distinct foreign policy of their own, or they must constantly intervene, in the name of their people, in the formulation and conduct of the foreign policy of the United Kingdom. A further illustration of the problem was afforded this week by a passage in the Governor-General's speech at the opening of the New Zealand parliament, in which his Ministers reaffirmed their belief that the people of the Dominion regarded themselves as one with the people of the United Kingdom, with whom, in the future as in the past, they would always stand. As the speech also mentioned a topic on which there has been open difference between the Governments of New Zealand and the United Kingdom—namely, collective security under the League of Nations—there may be some significance in the reference to peoples rather than governments. It would be regrettable, however, if any blurring of the issues, of which there is some suggestion in this instance, were to cause misunderstanding at moments of crisis.

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Bombing Unabated.—If the House of Commons was perturbed by the tragic situation brought to light in the debate on June 21st, recorded in our last issue, there are grounds for real dismay in the swiftly moving course of subsequent events. The Prime Minister is allowing it to be deliberately established, by precedents that will now never be forgotten, that there is one law for the aggressor Powers and another for other countries—e.g. for Great Britain and for Governmental Spain. To all proposals for protecting British merchant shipping and seamen on their lawful occasions in Spanish territorial waters, Mr Chamberlain replies *non possumus*. Either the suggestion which this or that member makes in the House is dismissed as being technically impracticable or else it is ruled out as involving participation in the war. In fact, the Prime Minister declares that we are completely inhibited from making any attempt to protect British lives and property though these are engaged in lawful and peaceful commerce,

Now, Signor Mussolini declares through his mouthpiece, Signor Gayda, that he will retort with every military weapon that he commands if the Spanish Government retaliate for the bombing of Spanish civilian populations by Italian and German airmen—an atrocity of which the Italian Press is now openly boasting. The occasion of this outburst of Italian—and also German—threats was an announcement, made by the Spanish Government on June 25th, that if the bombing of Spanish civilians by foreign airmen continues they may be driven to reply. Apparently the Spanish Government meant to hint that they would launch counter-raids, not upon civilian populations in Italy and Germany, but upon the Italian and German military aerodromes on the Spanish islands of Majorca and Minorca, where the bombers of Barcelona and Valencia have their lairs. It would be hard to find a more gross affront to the instinct of fair play than the suggestion that any retaliation by Barcelona on the headquarters of the Italian "legionaries" in an island which belongs to Spain would bring Italy into active war against the Spanish Government. Either the implications of retaliatory bombing or anxiety not to force Mr Chamberlain too far have lead General Franco to show signs of moderation—in words if not yet in deeds; for it has been intimated through the roundabout but significant channel of the Italian Foreign Office that General Franco will in future endeavour to prevent his allies' bombers from hitting British property and British citizens. And the return of Sir Robert Hodgson from Burgos this week may be the prelude to yet another "understanding" with Franco. Yet it is with Signor Mussolini that the only valid understanding can be made, and there is still no real ground for any hope that Signor Mussolini will refrain from pressing his plans *à l'outrance*.

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What Has Happened in Austria?—Not only the Jews in Austria have felt the raw edge of the Nazis' governance. Good Aryan Austrian Nazis—but wearing Nazidom, as the Austrians always wore Germanism, with a difference—have been offended, even outraged, by the unbridled excesses of German Nazi youths ever since March 12th. Not the sober discipline shown by officers and men of the Reichswehr, but the vulgar hooliganism of "young men in a hurry" impressed Austrians with foreboding. "A servant when he reigneth" is seldom a pleasant colleague; he is always an unpleasant taskmaster. So the Austrian Nazis have found. First, Herr Seyss-Inquart, Nazi supplanter of Dr von Schuschnigg, was himself supplanted by Herr Buerckel, of Saar notoriety. The excesses against the Viennese Jews, an outlet for the animal spirits of the young German brownshirts and blackshirts, grated on the finer susceptibilities of Aryan Austrians themselves; and when some intervened on behalf of the Jews, and felt the full weight of Reichsdeutsch crudity, feelings ran high in Vienna. Herr Hitler was said to be going

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there to straighten things out in the Nazi Party of his own Motherland; but he cancelled the visit a fortnight ago; and instead, Dr Seyss-Inquart and one or two other Austrian Nazi notables were bidden to Germany last week. During the last month a great increase in illegal leaflets and printed oppositional propaganda in Austria has occurred; the dual Party lute in Austria has developed a rift; and Herr Buerckel's administrative efficiency is being impaired. All of this is more the work of disgruntled Austrian Nazis than of Socialists or Communists; for the German Nazis were surprisingly kindly disposed to the latter who had, after all, fought on proletarian barricades against the Catholic, Italianate, anti-Nazi Heimwehr in 1934. And these developments, significantly, are having a potent moderating effect on the extremism of the Henlein Party in Czechoslovakia. Herr Henlein now sees Herr Krebs sitting in the German Reichstag as Member and Gauleiter for the Sudetenland—the Buerckel of Czech-Germany! It is a sobering reflection.

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Parliament and the Coal Bill.—Both Houses of Parliament have now accorded three readings to the Government's Coal Bill; but the Lords' approval granted on Tuesday last is a bitter benison. Earlier this year the Commons whittled away at Part Two of the Bill, which was originally contrived to secure the compulsory amalgamation of colliery undertakings in default of voluntary action. Now the Upper House have challenged the valuation of royalties for the purpose of State purchase contained in Part One. The coalowners refused to admit the equity of the Greene Committee's figure of £4,430,000 for the average net annual income derived from royalties between 1928 and 1934, or the validity of the figure of £66,450,000 for the total compensation payable on the vesting date in 1942. Accordingly, after a strenuous conflict conducted in Committee and on Report over the terms of some 220 amendments, the Bill has emerged for the Commons' further consideration with the vesting date deleted and the procedure of valuation for particular properties rendered almost impossibly protracted. It is true that many of the minor amendments carried by the Lords have added point and clarity to a notably complicated measure. It is true, too, that the coal-owning peers refrained from putting into effect their threat to throw out the nationalisation of royalty rights *in toto*. Yet, since the recalcitrant group have announced their intention to fight to the last ditch for the crippling amendments they have made, a major conflict between Lords and Commons is not impossible, and the Government have been placed in an extremely embarrassing position by the intransigence of their own supporters. To the observer it would seem that the future well-being of the coal industry, ostensibly the Bill's chief objective, has been long since forgotten. But it is hardly likely that the Government, whose own project this unfortunate measure is, will follow their surrender of compulsory amalgamations by accepting the almost complete emasculation of the nationalisation clauses that have been sponsored by informed critics of the coal industry from all parties ever since the war.

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Wages and Family Needs.—The Commons' continued discussion of Ministry of Labour questions on June 24th was intended to be an examination of the present plight of Lancashire in view of the deep depression which has once more beset the textile trades. Sufficient was said to reveal conditions of unemployment and underemployment in various coal and cotton districts, whose gravity was in no way diminished by Mr Ernest Brown's congratulatory reference to the relative prosperity of Manchester. For the most part, however, the Commons followed the lead given by Mr Amery and Mr Harold Macmillan in discussing the plight of households in all parts of the country whose total earnings were wholly insufficient to maintain their members in a state of physical efficiency. The well-known findings of Sir John Orr and Mr Seebohm Rowntree were cited, in addition to the disturbing facts revealed by the recent Report of the Unemployment Assistance Board, to show how great was the present burden of poverty and malnutrition, especially upon the large numbers of children in necessitous households. Two years ago, Sir John Orr estimated that, whereas only 10 per cent. of the population were included in the poorest class whose income per head was less than 10s. a week, nearly one quarter of the nation's children were to be found in that group. As recently as March last, Mr Rowntree (revising his earlier estimates in view of the higher cost of certain items in his working-class budget) calculated that a man, wife and three dependent children living in a town needed a total income of 55s. every week in the year to meet their barest needs. In larger towns like London minimum earnings would need to be even larger. Actually, according to Mr Rowntree's estimates in March, some 40 per cent. of adult male urban workers earn less than 55s. a week, and over 33 per cent. earn less than 50s. On Wednesday, the Prime Minister said the time was not ripe for an inquiry, but a *prima facie* case for some investigation of the relation between needs and earnings among the lower paid workers and their families have been clearly established.

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Poverty and Public Health.—In matters of health and nutrition there are signs of a new discernment among politicians and public men. The quality of the food, clothing and shelter available to poor people is now recognised to be as important as their quantity; and the lack of sufficient fresh protective foods in many families' diets is generally acknowledged. The National Association for the Prevention of Tuberculosis is meeting in London to discuss, among other things, yet another disturbing correlation between poverty, malnutrition and disease. If fat-containing foods are not available in adequate quantities, the incidence of tubercle is correspondingly increased. Only the politician can secure redress of the serious social dangers revealed by such investigations. But it is a wholly desirable trend in current affairs that doctors and scientists should more and more be making it their business to point out the social reference of their expert knowledge. In the past there have always been individual doctors in the forefront of social reform. But doctors' organisations have not infrequently been precluded by their purely professional preoccupations from making their due contribution to social policy. Recently, the British Medical Association have evinced a striking readiness to show how the existing social services could be altered and enlarged to secure the highest possible return in the shape of national health and nutrition from the nation's individual and corporate expenditure. Last week, in collaboration with the Trades Union Congress, the B.M.A. published a plan to provide a complete national maternity service for all expectant mothers. The scheme is designed to give every mother the continuous services of a qualified practitioner and the best advice about nutrition, diet and hygiene. Proposals for the financing of the scheme have not yet been issued; but a nation-wide campaign to reduce the tragically high rate of maternal mortality should command the most sympathetic attention from all parties. The proposed maternity service dovetails with the B.M.A.'s boldly advertised suggestions for the extension of National Health Insurance to cover dependants and others, as well as insured workers. It is for public opinion to press the urgency of action.

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Swiss Neutrality.—Addressing herself on May 21st to each of the two non-League—or should we say frankly anti-League?—Powers of the Rome-Berlin Axis, Switzerland has emphatically reaffirmed her adherence to the four-hundred-year-old Swiss policy of neutrality, and in particular to the final formulation of her neutral status in the peace treaties of 1815. She has recalled that she became a member of the League of Nations in 1920 on the express understanding that membership was not incompatible with her existing status, and that she would not be required either to take part in military sanctions herself or to give passage through Swiss territory, for this purpose, to the troops of other State members. Finally, she has drawn attention to the memorandum which she sent to the League Council on April 29th last, announcing that henceforward Switzerland would not take part in any League sanctions even when these did not involve military action. This Swiss move has naturally been responded to, with alacrity, by both Rome and Berlin, and this diplomatic transaction threatens to drive another nail into the coffin of our post-war system of collective security. For the Axis Powers are obviously hoping that Switzerland's example will now be followed by the Scandinavian States and by the Low Countries. For this unfortunate aggravation of our present international ills, Switzerland herself cannot altogether be blamed. Yet, if Switzerland is not to be blamed, she is also perhaps hardly to be congratulated. The "will to neutrality," which the Swiss Government have declared will meet, says Herr von Ribbentrop, with a corresponding "will to recognise and respect this neutrality" on the part of the German Government. The Swiss Government may carry out its obligations with all the scrupulous care of the Scribes and Pharisees without ever being able to feel sure that Herr von Ribbentrop will have the "will," on his side, to give Switzerland a clean bill of neutral-mindedness. Are the Swiss Federal Council quite certain that collective security is dead? On the very date on which they were despatching their notes to Germany and Italy, something very like collective action was preserving the security of Czechoslovakia. On this issue between neutrality and solidarity the last word has not yet been said.

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Mexico Again.—On Monday it was reported that the Mexican Government had abandoned their projected internal loan of 100 million pesos, scheduled for issue on July 1st. While this news emphasises the financial straits of President Cárdenas's administration, the news on Tuesday was more disturbing. A contract, reported to be worth £2,000,000, has apparently been drawn up, now awaiting signature, between the Mexican Government and the W. R. Davis Co., of New York, which conducts a large business in, and with, Germany. The company would take, in six months, 12 million barrels of Mexican oil now produced wholly by the Mexican Government or by Government-controlled Mexican concerns—payment for which will be made by Germany in cash for 40 per cent., and for 60 per cent. in orders for machinery, constructional contracts, etc., from Mexico. Of this oil, 40 per cent. is said to be for the open market; but as the price of oil in the deal is also said to have been fixed at current American rates, it is doubtful if Germany will be prepared both to buy and sell two-fifths of the oil at any price. More probably, transactions will take place on semi-official German instructions—and the free-market oil will be sold when, and wherever, free exchange can be secured. On Thursday it was announced that Mr Davis had retired from the Board of Parent Petroleum Interests, Ltd., an English company in which London and Thames Haven Oil Wharves hold a large interest, and that the company's German and Scandinavian holdings, originally brought in by Mr Davis, had been sold back to him. British shareholders of Parent Petroleum Interests have now bought out all foreign-owned shares. The significance of all these developments is that the Mexican Government, by this aid from Germany, can count on current cash for a few more months. On the other hand, the Shell and Standard oil groups, against which the Mexican Government's expropriation decrees last March were indirectly aimed, have running contracts with Germany; and if Germany and Mr Davis together indirectly assist the opposition, doubtless Germany will not be allowed by the big oil companies to get away with everything, including some of their own Mexican oil into the bargain. Meanwhile, as prophesied in our article on Mexico on April 2nd last, President Cárdenas has driven himself, a self-styled anti-Fascist, into the closest economic collaboration with Germany, by aid of an American intermediary. The exports and contracts envisaged in the new contract will oust much British and American trade and influence from Mexico; Germany will slip into first place; and Italy and Japan are among the next countries on the list for such barter transactions. The implications of this Mexican story are beginning to emerge. They will ramify much farther yet. And they may involve the State Department at Washington.

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The New Ministry in Egypt.—On June 23rd it became known that the Prime Minister of Egypt, Muhammed Pasha Mahmud, after consultation with King Farouk, had reconstructed his ministry in order to bring in the dissident Wafdists—who call themselves Saadists after the name of the founder of the Wafd, Saad Pasha Zaghlul. Out of thirteen seats in the new cabinet, the Saadists hold five, including the important Ministry of the Interior, which has been given to Mahmud Fahmi Pasha Nokrashi, and the Ministry of Finance, which has been given to Dr Ahmed Maher. The orthodox Wafdists have been quick to denounce this change as a fresh example of "Palace government"; and any foreign observer of Egyptian affairs will be on the watch for signs of a reversion to a regime which, in the reign of the late King Fuad, so frequently alternated with spells of semi-democratic parliamentary party politics. In present circumstances, however, the split in the Wafd, and the entry of one of its two wings into coalition with the Liberals, looks like a sign of political health, failing proof positive to the contrary. At any rate, the converse is undoubtedly true: that is to say, the largely successful attempt of the Wafd, between 1919 and 1936, to acquire a single-party monopoly of political power in Egypt, was certainly a sign of political ill-health of which the cause was not far to seek. During those years, Egypt was in an anomalous position *vis-à-vis* Great Britain; and the wish to place Egypto-British relations on a mutually satisfactory, normal and permanent footing was a paramount aim of the Egyptian people, for which the Wafd could fairly claim to be the most effective instrument. Now that the Anglo-Egyptian question has at last been happily settled, the old over-riding issue in Egyptian politics is extinct, and has been replaced by other issues—e.g. national defence and various aspects of domestic social welfare which are enumerated by the King in the royal rescript appointing Mahmud Pasha's reconstructed government. On these issues, it is entirely wholesome that Egyptian opinion should divide; and this on new lines.

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Geneva and Alexandretta.—The Franco-Turkish game that is being played to-day in the Sanjak of Antioch and Alexandretta is one more example of the policy of preserving peace at almost any price to other people by the cynical sacrifice of parties who are too weak to resist even the most flagrant and brutal violations of their rights. In this case the three parties are Syria, a State which is still under French mandate; France, who as mandatory is in the position of trustee for Syrian rights; and Turkey, who has a legitimate interest in the Syrian province of Alexandretta in virtue of the fact that there is a Turkish element in the local population. Turkey's right to take an

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interest in the welfare of this Turkish minority outside the national frontiers has never been contested either by France or by Syria. But it gave rise to long and arduous negotiations when, in 1936, a Franco-Syrian treaty was concluded, on the Anglo-Iraqi model, for the termination of the French mandate and the assumption, by Syria, of full sovereign independence. Both France and Turkey then consented to invoke the good offices of the League; and it seemed as if, with the League's help, they had arrived at a permanent arrangement that would be more or less satisfactory to all parties. The district was to remain part of Syria, but it was to have a far-reaching local autonomy in which the several elements in the local population were to participate in proportion to their numbers. To ascertain what these numbers actually were it was agreed that the League of Nations should send an electoral commission to the spot—and hence these tears. It has now become evident that the local Turks will not be allotted a majority of the seats in the local Parliament on the basis of the Commission's findings; and the Turkish Government have therefore anticipated the conclusion of the Commission's labours by repudiating the Commission and the League and all its works as far as Alexandretta is concerned. It is said that Turkey and France have arrived at a private arrangement for giving the Turks 22 seats in the Alexandretta Parliament out of 42. If this is really true, the mandatory for Syria is trading away legitimate Syrian interests, in defiance of the impartial fact-finding of the League, in order to keep on the right side of Turkey.

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Future Empire Migration.—The report of the Oversea Settlement Board is the latest of a sequence of documents on Empire migration which show a gradual recognition of the complete change effected since last the migratory stream was in spate. The waters are now flowing, so to speak, uphill; for the United Kingdom has been for some years the principal, if not the only, immigrant country of the Empire. The Board have realised that this is no temporary aberration, since the stationary and even declining total of the British population will allow no margin to be spared for migration overseas. Even now, as they remark, "it is only from the point of view of the strengthening of the Empire as a whole that the encouragement of migration from the United Kingdom can be justified." That encouragement, they submit, must not take the form of organised schemes of land settlement, whose failure in the past has given State-aided Empire migration a bad name, but rather that of assistance to individual infiltration into Dominion industry. The Board point out that migration is a matter of attraction, and that it is therefore incumbent on the Dominions to create the conditions which will cause people to migrate. In spite, however, of efforts here and in the Dominions, they contemplate that the supply of British immigrants will be inadequate for the Dominions' social and defensive needs. Hence they favour a carefully regulated flow from other countries whose people are of broadly the same stock as ourselves, and who have a similar outlook. The trouble is that such countries, notably the Scandinavian group, to-day share the trend towards a stationary and ageing population, which characterises Great Britain and some of the Dominions themselves. Clearly, the problem of Empire migration needs thinking out afresh.

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Japanese and Western Prospects in China.—It remains uncertain whether the flood waters of the Yellow River and the Yangtse are going to save Hankow. On the south side of the Yangtse the Japanese are still advancing, and on their northern wing they claim to be pushing on from Shansi into Shensi. Yet the rulers of Japan are now expecting an almost interminably long duration of the war. On June 23rd, for example, the Cabinet at Tokyo approved plans, submitted by the president of their planning board, for the mobilisation of the nation's material resources. The paramount aim appears to be to keep up Japan's export trade by ensuring as large as possible an inflow, into Japan, of raw materials, and as small as possible a consumption of these materials, or of the products manufactured from them, in the home market. As her gold reserve dwindles, Japan is coming to depend more and more upon exports as a means of purchasing the vital supplies without which she can carry on neither her war in China nor indeed her own national life. In the end Japan may find herself being strangled by virtual sanctions which she will not be able to fend off by military threats because they will not be deliberate acts but simply the automatic consequences of a world-wide tendency.

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Meanwhile, the Japanese are moving towards arrogating to themselves a monopoly of the foreign trade in the areas of China that are at present under Japanese military occupation. The first step towards this end is to get rid of the extra-territorial privileges, in China, of all foreign Powers except Japan herself; and last week the Japanese, according to their custom, sent up a *ballon d'essai*. On the occasion of a Japanese-American incident in Shanghai—in which a United States citizen had been gratuitously slapped in the face by a Japanese sentry—the local Japanese official spokesman declared that, in Japanese-occupied territory in China, Westerners were no more entitled to enjoy any special privileges than they were in Japan itself. This declaration has since been whittled down—likewise according to custom—but we have certainly not heard the last of it, any more than the Japanese have heard the last of the China War. The war would last ten years, or perhaps twenty, said General Ugaki on June 25th. Who should know better than the Japanese Minister for War?

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Three Months' Revenue.—The figures for the revenue and expenditure of the Exchequer in the first quarter of the financial year are never more than the most imperfect guide to the state of the national finances. In the return that was issued on Thursday evening, the chief point of general interest lies in the rate of expenditure on the defence services, which is shown below:—

DEFENCE EXPENDITURE (£ Million)

	1935–36	1936–37	1937–38	1938–39
First quarter ...	27·5	37·5	46·3	65·8
Second " ...	30·3	41·2	58·3	...
Third " ...	37·3	48·0	68·3	...
Fourth " ...	41·8	59·4	89·3	...

The reduction as compared with the March quarter is mainly seasonal in character. But the increase as compared with the same quarter of the previous year is less than in either of the two preceding quarterly returns. There seems to have been some retardation in the flow of defence expenditure. Among the revenue items of the statement (which is printed in full in our Current Statistics section) the effect of the recession can be seen in the decline of the yield of customs. But surtax, with its longer time-lag, is still rising rapidly.

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Business Prospects in Sweden.—The Swedish Government's endeavours to diminish trade fluctuations by means of a planned investment and budgetary policy have attracted world-wide notice in recent years. The deepening of general recession in the last few months has enhanced this interest. An article recently published in the Bulletin of the London and Cambridge Economic Service shows that, to the end of May, the economic situation in Sweden had shown remarkable stability. Internally, there were no causes for pessimism. The more serious consequences of speculative activity in 1937 had been liquidated without any fundamental worsening of industrial prospects. The primary threat to stability now lies in the declining exports. The Riksbank's large holdings of gold and foreign exchange will obviate the need for a restrictive monetary policy. Moreover, there is in reserve an emergency Budget of 231 million Kr. to provide for an elastic and speedy increase in public works if and when material signs of depression appear. In addition, the Government proposes, if necessary, to stimulate private investment by exempting joint stock companies from taxes on income set aside as "Konjunktur-investmentfunds."

Overseas Correspondence

From Our Special Correspondents

United States

Congress and Economic Affairs

NEW YORK, June 20. — The session of Congress which has just ended marks another milestone in an era of legislative concentration on economic affairs. This session (if the special meeting last autumn can be counted as a part) was called to enact further business reforms in accordance with the President's October message. Actually, a considerable part of its energies were devoted to measures to cope with depression. The major legislative measures adopted can be grouped under three heads: fiscal operations, agriculture, and business and labour.

The effect of recent fiscal enactments is that total appropriations and reappropriations are calculated at something of the order of $12,000 millions, largely for the fiscal year beginning on July 1st. This is stated by the Press to be the largest for any peace-time year. Some additional amounts will have to be added for the forthcoming fiscal year by the next session of Congress, since the measure for providing for relief makes available funds which are expected to be sufficient for only the first six or eight months of the year.

Apart from the normal operations of the Government, the chief appropriations are for relief, agriculture, public works, flood control, loans to business, and national defence. Many objectives are discernible in these appropriations of a longer term nature than mere alleviation of the present depression. Among these are the conservation of national resources, the furtherance of a permanent programme to ensure social security, and more adequate defence in a troubled world.

Nevertheless, the main objective, in current interpretation, is mitigation of the present depression. Large expenditure is still regarded as necessary for this purpose. In addition to providing relief to individuals, such expenditures serve the wider monetary purpose of augmenting purchasing power. Purchasing power theories still dominate in State policy.

In the early stages of the session efforts to balance the Budget were uppermost. The President's Budget message in January still laid stress upon this aim and emphasised the reduction of expenditure. Monetary policy, revealed by Federal Reserve action, however, had already turned expansionist, as was shown by partial gold desterilisation in September and open market operations in November. But monetary policy in its fiscal aspects was not altered in direction until later. The absence of efforts to raise additional revenue in face of the decline in receipts occasioned by slackening business, attests, together with the appropriations, the purchasing power objective.

The second group of the Congress's measures dealt with agriculture and set up a broad mechanism for agricultural planning and control more sweeping than the original Agricultural Adjustment Administration. The measures include marketing quotas and acreage allotments, with penalties; crop insurance (only for wheat so far); parity income payments; soil conservation; purchase of commodities for relief distribution; crop loans; and export bounties. Some part of the large appropriations already mentioned were made to finance this complicated programme. While the machinery thus established is designed to carry out a long-term agricultural programme to keep production in step with demand, the depression, declining prices, and the prospect of a bumper crop undoubtedly spurred on its enactment.

The third broad group of measures was concerned with specific businesses and business practices, and included labour questions. Among these were the establishment of a civil aviation authority; revision of the Corporate Bankruptcy Act (not covering railways); provision for the regulation of security transactions not made on organised exchanges; additional regulation of food, drugs and cosmetics; liberal provisions for the financing of residential building; the establishment of minimum standards for wages and hours of labour; revision of the Merchant Marine Act; the revision of various taxes; and the initiation or continuation of a number of investigations into business practices which have fallen under suspicion.

The Aims of Legislation

Few generalisations can be made about such divergent measures. They show that the legislature's close attention to economic matters has not been relaxed. The object of stimulating recovery is evident in several, such as the tax reforms, the Housing Act, and the Wages and Hours Act. The purpose of several more is the elaboration and modification of previous business enactments in ways in which experience has suggested that revision would be advisable.

The purpose of later additional economic legislation is suggested by the investigations which have been set on foot. Chief among these is the forthcoming inquiry into monopoly and the concentration of economic power, a question which has been an important public issue in this country for more than four decades. The Committee to make this investigation will consist of six members of Congress and six others drawn from executive departments. Their researches will be concerned with monetary policy as well as business practices, and they have been instructed to consider some adjustment in the purchasing power of the dollar. The topics of other investigations include the Tennessee Valley Administration, alleged subversive activities in the merchant marine, the costs and prices of certain commodities, profit sharing in industry, phosphates, and water resources.

The Wages and Hours Bill, passed in the closing days of the session after many reverses in earlier months, will, if signed by the President as expected, mark the chief step forward in Federal regulation of business secured during the session. It is the second attempt to increase Federal powers over labour conditions, the first (included in the National Recovery Administration) having been declared unconstitutional by the Supreme Court. The measure which finally emerged from Congress was a compromise between the Senate's version, which provided for very wide administrative discretion, and the House's proposal, which was quite rigid in its provisions.

During the first year of the Act's operation employees are to receive not less than 25 cents per hour, not less than 30 cents per hour during the following six years, and thereafter not less than 40 cents per hour. Maximum hours during the first year are fixed at 44 per week, during the second year at 42 per week, and thereafter at 40. Exceptions are made for periods of exceptional seasonal activity, for special arrangements on an annual basis, and a number of exempted businesses. Administration of the Act is vested in the Department of Labour, and committees from each industry are to be set up with considerable discretionary powers to vary the Act's requirements.

In one major field where some enactment was fairly generally expected, none was forthcoming. This was railways. With about one-third of the railway mileage in the United States now in bankruptcy, and with additional systems threatened with inability to meet their obligations because of the low level of traffics and increased costs, numerous proposals for legislative assistance were made. These included financial aid and the encouragement of reorganisation. The absence of legislation in this field has led to some discussion of the possibility of a special session of Congress before next January. Such a step would be most unusual in a campaign year. Its likelihood probably depends upon the course of business.

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France

The Government's Prospects

PARIS, June 28.—In world politics, the renewed collaboration of France and Great Britain seems to have provided a solid counterpoise to the manœuvres of Germany and Italy. In world economy, renewed depression in the United States of America and even in Great Britain has weakened the dollar and the pound. In French domestic politics, Parliament has adjourned for several months, and the Daladier Cabinet seems to be assured of a fairly long lease of life. The dispute between the Socialists and Communists is still unsettled, and the former accuse the latter of making impossible demands.

Taken together, all these circumstances tend to strengthen the Government's hand and to give M. Daladier the long-awaited opportunity to work for some genuine improvement in the country's economic situation. Without some recovery, the improved monetary position cannot be maintained.

What is most necessary is an end to the foolish and fatal clash between capital and labour, who are now urgently required to work together to secure the much needed increase in industrial production. Already, the Government's task has been made easier by the revival of confidence, which has led to the repatriation of 20,000 million francs of flight capital. Now they have turned their attention to the problem of increasing production.

Financial Policy

The Government is at present engaged in renewing the Treasury loan of 2,200 million francs, borrowed last year at 4 per cent., which falls due for repayment in August. They have offered exceptional terms to subscribers to the bonds, which will readily be accepted. The rate of interest on Treasury bonds and on National Defence bonds is to be raised from 2.75 to 3 per cent.

There is also talk of open market operations to restock the money market, and, in addition, of a cheap money policy to pave the way eventually for a large-scale conversion. A stable Government with authority would be in a position to take these steps, provided that production were increased sufficiently to enable them to increase the supply of money without being accused of inflation.

Plans for Production and Trade

A fresh breach has just been made in the law establishing a 40-hour week. A decree has empowered retail shops to apply the law by rotation, which will enable traders to keep open on Sundays. Other decrees just published (the fourth and penultimate batch) affect, in the main, agriculture. It is likely that this year's crops will be abundant; and the Government has decided that the surplus supplies not easily exportable, notably wheat and beet, should be used to make alcohol, in order to maintain the price and reduce the imports of motor spirit—which at present weigh heavily upon the balance of payments.

Further decrees deal mainly with production and trade. A notable programme of political and technical improvement is being steadily and quietly worked out, not by drastic and revolutionary means, but by combining a series of judicious reforms. The programme is far from perfect, but it is in the right direction, and it should not be long before its beneficial effects upon the country's economic life become apparent.

Germany

Conscription of Labour

BERLIN, June 28.—Conscription of labour, in the sense that private citizens must work in undertakings chosen by the State and reside where the State chooses, was decreed last week. This measure has made a considerable stir. In itself forced labour, with State dictation of places of residence, is no more a hardship than compulsory military service. But while established practice and accepted public interest have sanctioned the latter, the former is something of an innovation, and comes as a shock.

The principle of *Freizügigkeit*, freedom to choose place of residence and class of work, played a substantial part in the past in popular agitations on the Continent, and in particular in Germany, where its realisation was retarded by State and sometimes municipal autonomy, and in certain conditions by the powers of the police. National Socialism, however, has never endorsed these Liberal views, including them among the evils attributable to the French Revolution.

Hence, though until now *Freizügigkeit* existed in principle, the thin end of the wedge was inserted years ago by means of vetoes and injunctions. Already in 1935 many persons realised that the new compulsion on employees to take out and carry "work books" was ultimately designed to facilitate forced civil labour. The last of the "work books" of the old pre-war regime, carried by domestic servants, who bitterly resented the discrimination, disappeared soon after the war.

Towards Regimentation

The earlier minor departures from the principle of *Freizügigkeit* were first occasioned by unemployment, and later by labour scarcity. Under a law of May, 1934, the Reich Board for Labour Exchanges and Unemployment Insurance forbade movement to Berlin, Hamburg and Bremen in search of work. In certain industries persons from the country might not be given employment without official permission. Supplementing these negative restrictions was the drastic enactment that agricultural workers who had obtained industrial employment might be sent back to the country. Under an ordinance of the same year employees under 25 years of age may be deported to the land in order to free jobs for older persons.

Despite the scarcity of labour, a veto is still in force on the employment of persons under 25 years of age without permission. Last year, when labour was scarce in some trades, metal workers were forbidden to take employment without permission from their local Labour Office, and the same conditional veto was proclaimed for masons and carpenters. Under the Four-Year Plan workers normally attached to these callings who are temporarily employed in other occupations may be required to take work in their proper trades.

This list omits several means of indirect compulsion, such as the withdrawal of trading licences in order to force the holders into employment for wages, measures directed against independent craftsmen, and so on. The trend of all these measures was clearly towards forced labour.

The new ordinance is not likely to cause any serious hardship other than loss of choice of residence. The forced labourers will receive at least their old wages, will have a claim to be taken back by their private employers after their release, and will retain any rights arising out of their private employment. At the same time, the measure does not constitute classless conscription of labour on a par with the classless military service.

While the new compulsion is theoretically on "men and women of every vocation . . . who are capable of work," it automatically exempts all who have no vocations and who are not capable of work requiring training or experience. It will have to be enforced by the criminal law. Contrary to custom, the ordinance does not expressly lay down penalties for its breach, but the newspapers point out that persons who refuse to become forced labourers will come under the penal clauses of earlier Four-Year Plan enactments.

Austrian Duties and Loans

Austrian import duties on several classes of Reich goods have been abolished. After March 28th Austrian goods were duty-free in the Reich, but the requirement of an "exchange certificate," without which they could not be paid for, was maintained until June 20th. Since then exchange certificates for imports from Austria of such goods as are controlled by the Reich Supervision Boards have not been necessary. The newly announced abolition of Austria's import duties on Reich goods is a further step towards Customs unity. It embraces mainly foodstuffs, textiles with the exception of silk, leather goods, metal goods, electrical machines, instruments and chemicals.

Nothing has transpired about the Austrian foreign loans situation, and the American note of protest against the default had not been answered up to the end of last week. In party and official utterances, the complaints of creditor countries are represented as something unprecedented, and the complainants as reckless firebrands. That is, strangely enough, the attitude of State-Secretary Brinkmann, who represented the Reich at the recent Berlin negotiations.

The number of hours worked in industry in May was 19.9 per cent. greater than in May, 1936; and 340,000 more persons were employed in industry than a year ago. Compared with April, the increased activity was mainly in production goods, and there were slight declines in certain finishing trades and in the paper industry.

Ingot steel output in May was 1,896,300 tons, and the output per working day rose considerably. In the first five months of this year steel production was 9,193,000 tons, against 7,901,700 tons in the same months of 1937. This rapid rise in output was due to the increased use of scrap iron, which involved bigger scrap imports, and resulted in a rise in the proportion of Siemens-Martin steel, which totalled 4,907,500 tons, against 4,128,300 tons last year. Trade journals predict that in the second half-year monthly steel output will exceed 2 million tons. Coal output in the first two months of 1938 was 77,580,000 tons, against 73,860,000 tons in the same months of 1937.

Reich tax revenue in May was Rm. 1,001 millions. In the first two months of the financial year it was Rm. 2,019 millions, against Rm. 1,767 millions in 1937. According to official statements, the promise Dr Schacht made last March, that "intermediate financing" by way of bills would cease, has been kept. The new "Treasury delivery certificates" with which the Reich now pays contractors play a considerable part in the short-term credit market, and are held in some measure by the commercial banks. Dr Einsiedel of the Reichsbank declares that the Reich "work-creation bills" have been almost entirely paid off, but not, however, the "special bills" debt for re-armament, which was mostly contracted at a later date.

Norway

Business Stability

OSLO, June 20.—The trend of events during the first half of the current year (which opened under none too promising international auspices) seems to show once more that the rising tide of world depression only very slowly affects this country's economy. Sudden and disastrous deteriorations in business conditions, so often experienced in the larger countries of the world, only very seldom occur here. Even our shipping industry, which is more sensitive than any other part of our national economy, has shown powers of resistance, that can only be explained by the ability and foresight of shipowners.

Although some downward trend in business is evident, on the whole available data suggest that the country's economic stability is beyond question. The index of industrial production in April was 117, or two points below the figure for the same month last year and only one point below the figure for March this year. While there was a sharp decline in the output of pulp, paper, hides and skins, rubber goods and textiles (some of the mills have been obliged to cut down working hours by 50 to 60 per cent.), other branches of industry, including electro-metallurgical and chemical works, as well as iron and metals, still maintain their output at levels well above those of the same month last year. The unemployment figures on May 16th showed an appreciable fall of about 14 per cent. in the number of unemployed persons compared with the position a month earlier, and were the lowest May figures since 1931.

Declining Exports

The trade returns for April indicate that imports are being maintained at a relatively high level. In the month they were valued at 106·8 million kroner, compared with 130·8 millions in the same month of last year, and 111·5 millions in March this year. Exports, on the other hand, showed a sharp contraction, being valued at 54 million kroner, against 70 millions in April, 1937, and 66 millions in March. The comparatively high level of prices last year partly accounts for the apparent falling off in exports.

The trend of wholesale prices has been slightly downwards since the peak was reached in July, 1937, but the index figure of the *Ökonomisk Revue* for May, at 158·8, shows no change compared with the previous month. The official cost of living index for Oslo on May 15th was up by one point compared with April.

Conditions in the money market continue very easy, and the influx of money into the banks is increasing. Thus, deposits with private joint stock banks during April rose by 13 million kroner, while the increase in savings banks deposits was 9 million kroner. Deposits on call with the Norges Bank rose during the first week of this month by 6·5 million kroner to 190·7 million kroner, compared with 115·6 million kroner a year ago. There was a slight contraction in the item "Notes in Circulation," while "Balances abroad" rose by 0·8 million to 137·3 million kroner, against 58·6 million kroner a year ago.

The national accounts for the first three-quarters of the current financial year show a surplus of about 30 million kroner, and it appears that about 85 per cent. of the estimated revenue for the full financial year has already been collected. With the exception of gilt-edged and municipal bonds (which have been unusually firm with a negligible turnover), the Bourse has experienced a further period of falling prices, especially in shipping and whaling shares. Broadly speaking, only the special "favourites" have been able to attract any interest, but brokers have had difficulty in making buyers and sellers agree on prices.

Lithuania

Business Still Active

REVAL, June 16.—The business situation at the beginning of the summer is comparatively favourable, although in several directions a marked recession is becoming noticeable. The cold and dry spring has adversely affected the growth of agricultural produce, and a considerable falling off in the rye and flax crops is now likely.

The shortage of supplies of fodder has led to a fall in the numbers of livestock, accompanied, however, by a noticeable improvement in quality. Supplies of milk at the dairies and exports of butter have accordingly increased. The purchasing power of the farmers has not yet fallen, and buying of artificial fertilisers and implements is as brisk as usual.

Foreign trade in the first four months of the current year showed an export surplus. Imports were valued at 70·2 million lit and exports at 74.9 million lit. Compared with the same period of last year, imports have risen by about 11.55 million lit. and exports by about 13.25 million lit. The most important exports have been meat, flax, butter, live pigs, cellulose wood pulp, eggs and horses. Among imports, artificial fertilisers, agricultural implements, coal, textile goods and oils have been most prominent.

The note circulation of the Bank of Lithuania on May 1st amounted to 129.4 million lit, against 116.6 million lit on January 1st and 111.6 million lit on May 1st, 1937. It was covered by gold and exchange to the extent of 62.6 per cent., against 69.4 per cent. at the beginning of this year and 71.1 per cent. a year ago.

The Growth of Industry

On January 1, 1938, there were recorded in the whole of Lithuania, 1,231 industrial undertakings with more than five employees each, against 1,056 concerns on January 1, 1937, and 989 on January 1, 1936. The textile industry employed about 7,200 workers, the provision trades 7,800, the lumber trades 5,100, the clothing industry 3,400, the metal industry 3,300, and the paper industry 3,000. The most important industrial centre is Kovno, with 382 concerns, in which on January 1, 1938, 11,500 workers were employed. Memel comes next with 134 concerns, and 8,000 workpeople.

Industrial activity is generally satisfactory, with the exception of the sawmills, which, owing to reduced export business, are operating at a level some 50 per cent. below that of last year. In 1937, some 264,022 cubic metres of timber were exported, against 249,874 cubic metres in the previous year. So far this year, contracts have been closed for the delivery of only trifling quantities of timber.

Brisk Building

Building activity is still remarkably brisk. In 1937 some 23,619 new buildings were erected in the whole country, and a total sum of 63.5 million lit was invested, of which 53.5 million lit were provided privately and 10 million lit by the State. For the financial year 1938 the State Budget provides 26.2 million lit for building purposes, against 23.5 million

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lit in the previous year. To assist building and industrialisation the Government have decided to issue an internal loan to the amount of 15 to 20 million lit, of which 5 million lit have been subscribed by the State Savings Bank. The issue of a 15 million lit loan for building purposes on behalf of the municipality of Kovno has been sanctioned by the Council of Ministers.

Chile

Parties and the Presidency

SANTIAGO, June 15.—The political situation is as yet very uncertain. The political parties have up to now presented two candidates: the ex-Minister of Finance, Don Gustavo Ross, supported by the parties of the Right, principally Conservatives and Liberals; and Sr. Aguirre Cerda, an old politician and ex-President of the Radical Party, who was nominated by the Popular Front, composed of sections of the Radical and Democrat parties, the Socialists and Communists. To these two groups has been added a third which represents a union between the National Socialist Party, a party styled Socialist Union and some scattered groups of the adherents of ex-President Ibañez. This group has not yet chosen a candidate, but it is possible that it may nominate General Ibañez.

On the other hand, negotiations are under way for all the parties of the Opposition to join in presenting a single candidate. Should this movement be successful, the Opposition could put up considerable resistance to the candidate of the Right. The elements of the Left are so heterogeneous, however, that such a union would appear to be very doubtful.

World Prices and Foreign Trade

Some stagnation in business is due to two factors: the repercussions of the crisis in the United States, and the uncertainty caused by the internal political situation, in view of the coming Presidential election at the beginning of October. The fall in world prices has especially affected copper and agricultural export products. The sale of exchange by the North American copper companies to date, however, has been about equal in value to the sale in the corresponding months of last year. But with the fresh fall in the price of copper, it must be expected that the sale of exchange in ensuing months will decline. The production of bar copper was maintained in the first four months of the current year fairly stably at about 27,500 tons per month, compared with a monthly average of more than 35,000 tons in the same period of last year.

The smaller amount of agricultural exports is another factor responsible for the tightness in the exchange market and markedly manifest in a pronounced upward tendency in the prices of the dollar and sterling in the free market. These exchanges rose in that market in April to over 28 and 140 pesos respectively, while the Exchange Control Board has maintained the export rates of exchange at a stable level of 25 pesos per dollar and approximately 125 pesos per pound sterling. In May, the prices of exchange in the free market dropped slightly, but it is possible that this may be only temporary in view of the recent new and sharp drop in the level of world prices.

The latest Monthly Bulletin of the Banco Central refers to the dislocation that has occurred in the foreign trade of the country and, correspondingly, in the balance of payments. In the first four months of 1937, the value of exports was 405 million gold pesos, compared with only 255 millions for the same period of this year. On the other hand, imports in the same period of last year amounted to 125 million gold pesos, against 174 millions this year. There was a statistical favourable trade balance last year of 280 million gold pesos, but the export surplus this year amounted to only 81 millions. If, according to the Bulletin of the Banco Central, only 50 per cent. of the value of exports of nitrate and copper is deducted, as representing that part of such exports the proceeds of which are not returned to this country, the balance in the first third of this year becomes actually unfavourable. The difference is covered by payments in gold (of domestic production) and free exchange, which fully explains the upward tendency in the free market.

Elasticity in Monetary Policy

The Banco Central appears to attribute this position partly to the policy of maintaining fixed export rates of exchange with the principal foreign currencies, with the result that this country is directly exposed to influences arising from abroad. Just as last year the bank advocated, during the period of rising world prices, revaluation of the peso (which was actually done in August last in a moderate form), so does it now consider quotations of the controlled exchanges too low, in view of the sharp decline in world prices. "Such a situation," the bank says, "will not only affect adversely export industries and exports themselves, but it also acts as a special stimulus to imports."

The policy which the Banco Central advocates is set out in a memorandum addressed to the Pan American Union on monetary policy. The bank says:—

> It does not appear suitable to us to link monetary policy to a rigid system of stability such as the gold standard requires. On the contrary, monetary laws and especially those by which central banks are governed, must be of such a nature that monetary policy is given sufficient elasticity to be able to adopt at any moment, measures which are deemed necessary to maintain sound internal conditions. . . . This does not preclude a central bank, while internal and external conditions permit, from pursuing a policy of *de facto* stability of the currency in relation to gold or moneys of international circulation; but the bank must be able to modify this relationship at any time that considerations relating to the internal prosperity of the country counsel such a measure, without such a step signifying a breakdown in the monetary system.

In other words, the Banco Central considers devaluation or revaluation, according to the general situation, to be an indispensable measure for the regulation of the internal market; and, in fact, this policy for a country such as Chile does not appear to be lacking in logic.

British Guiana

Capital Works

GEORGETOWN, June 18.—British Guiana's new Governor, Sir Wilfrid Jackson, was able to report to the Legislative Council on May 25th that there was a surplus of $1,062,812, in contrast to a deficit of $527,789 in 1931 when, for the first time, the Colony had to seek grants-in-aid of the budget from H.M. Treasury. During the period 1931-37, however, certain accumulated reserve funds had to be realised and these amounted to a sum ($1,054,632) almost exactly equal to the working surplus.

It is proposed to spend nearly half of the surplus on "works of a capital nature which promise either an increase of production or, by effecting permanent improvement in conditions, substantial economy in charges for annual maintenance." The limitation of the country's sugar exports makes it imperative that there should be an increase in other agricultural production; and the unemployment problem is a matter of constant anxiety to colonial administrators in this part of the world. Sir Wilfrid's proposals have the approval of the entire community.

The most important project will, however, be financed neither from current revenue nor from the accumulated surplus, but from the Colonial Development Fund. This is the reclamation of 5¼ acres of swamp land along a portion of Georgetown's river front; the construction of a river frontage wall; and the conversion of the mud flat into a timber-seasoning ground. For this scheme, as well as the erection of sheds and other equipment for stacking the timber, the Colonial Development Committee have made a free grant of £14,540 ($69,792).

This scheme was described by the Governor as "perhaps the most important single step which the Government of the Colony can take in the direction of developing a market for British Guiana timbers." One incidental advantage is that the health of the city's most popular residential quarter will be greatly improved.

Timber Developments

Exports of timber and sawn wood have increased during the last five years from $123,000 to $275,000; but, as His Excellency points out, this is trifling compared with what might be accomplished

> if we can be successful in organising this trade to meet the needs of the markets offered in the United States of America, Europe, and the Caribbean, to say nothing of the possibilities of almost entirely replacing the use of imported timbers within the Colony itself.

Lack of easy communications has always been the great drawback to the development of the timber industry. This difficulty would be offset by the storage of vast quantities of timber, mostly greenheart, mora and crabwood, in Georgetown itself. It is this purpose that the seasoning scheme is designed to serve. There is a definite relationship between the improvement of the Georgetown harbour (to which the reclamation part of this scheme will contribute in some small degree), the expansion of the timber industry, and the construction of a railway linking the city with Manaos on the River Amazon.

It is unlikely that the Colonial Office will restore the railway scheme to the realm of practical politics, until the timber industry enters the million-dollar class, for then only could freight loadings be assured, since British Guiana's forests are the most considerable and certain asset of its vast hinterland. This development will make it imperative to remove the bar across Port Georgetown. The removal of this hindrance to British Guiana's development will require the alignment, by means of a river wall, of the existing wharves (or "stellings" as they are called locally) and the construction of a mole, or parallel moles, to a point some 12 miles seaward.

The Colony and the Hinterland

The average British Guianese places these two schemes at the very apex of his ambitions for the colony's development: the hinterland railway, and the mole to the Demerara bar. Both schemes were examined during the war and at regular intervals since then the local legislature has debated "a railway motion" introduced by one of the elected members. The last of these motions was debated on June 1st. It was urged that the Government's enthusiasm about timber development contrasted strangely with their delay in embarking on the railway project. The Government have now accepted a motion asking for the appointment of a small committee

> to consider the whole question of the development of the hinterland and to recommend to the Government the best methods for the economic exploitation of its resources.

Past experience has taught British Guiana's administrators to proceed with caution, consolidating the economic gains from each scheme before attempting the next big item involving loan expenditure. In this light the timber seasoning scheme is seen to be an exceedingly useful preliminary step to large-scale development.

Australia

Rising Debt

MELBOURNE, June 8.—Owing largely to defence requirements, public borrowing is tending upwards. The Loan Council have decided to issue a loan of £10,250,000, of which £4,000,000 is for defence and £6,250,000 for public works. During 1938-39 the amount to be raised for public works and farmers' debt relief will be £14,000,000. In addition, some borrowing for defence will be required, a tentative amount of £4,000,000 having been announced, to be followed probably by further amounts later.

The allocations of loan money for public works have caused dissatisfaction in some States, which object to the curtailment of their own proposals. The amount to be borrowed by semi-Governmental public bodies for water supply and other purposes in 1938-39 is £10,438,658, against £9,009,715 in 1937-38. In addition to fresh borrowings during 1938-39, Commonwealth internal loans for £70 millions will fall due next December.

Social Insurance

The National Health and Pensions Insurance Bill has been read a second time. The scheme is compulsory and contributory, and applies to all employed persons over fourteen years of age, except those employed, otherwise than by manual labour, at a rate of remuneration exceeding £365 per annum. The total number of persons to be brought into compulsory insurance at the outset is estimated at about 1,850,000.

Weekly contributions will be 3s. for men and 2s. for women, of which the employer and employee will each pay half. After five years the contributions will be raised by 6d., and after another five years the contributions for men alone will be raised by another 6d.

The total weekly contributions are the actuarial equivalent of benefits to persons entering the scheme at the age of 16. Many will enter the scheme at higher ages, and there will be an initial debit of a capitalised value of £17,500,000 for health insurance and £264,000,000 for pensions. The Government is therefore to make an annual grant of approximately £900,000 in the case of health insurance and £1,000,000 per annum in the case of pensions insurance, to be raised after five years to £10,000,000 per annum in 1961.

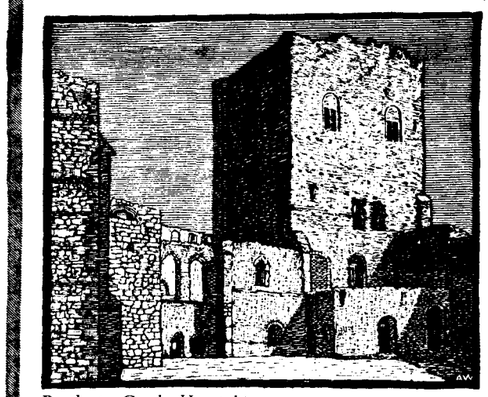
The benefits include medical, sickness and disablement payments, old-age pensions, widows' pensions, orphans' pensions, and allowance for dependent children. Death payments and unemployment benefit are not included. Sickness and disablement benefits, children's allowances and additional benefits are to be administered by approved societies, and other benefits by the Insurance Commission to be appointed. The employee has free choice of society, doctor and chemist. The sickness benefit is 20s. a week for a man and 15s. for a woman, and the disablement benefit 15s. and 12s. 6d., respectively, these benefits being supplemented by an allowance of 3s. 6d. a week for each dependent child under 15 years of age.

The Labour Party oppose the Bill on the grounds that, although it will cost more than the system it is intended to supersede, the new scheme is not liberal enough. They argue that the scheme should be non-contributory.

Uncertain Business Prospects

The Stock Exchange has recently displayed weakness, owing to business uncertainty and the unfavourable position in America. The decrease of £15,000,000 in the proceeds of the wool sales during the past season has been followed by an estimate of 2,970,000 bales for the 1938-39 clip—a decrease of 176,000 bales compared with the estimate made a year ago for the 1937-38 clip.

Although the wheat harvest in 1937-38 reached the large total of 180,515,000 bushels, the farmers who did not sell early have suffered from the recent decline in demand.



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Letters to the Editor

Gas and Electricity

TO THE EDITOR OF THE ECONOMIST

SIR,—Sir D. Milne-Watson in your issue of April 2nd states that my comparison of costs between gas and electricity (made in your issue of March 12th) is vitiated by my

> surprising and quite false assumption that the comparative costs of two fuels for a given purpose is proportionate to the percentage of useful energy obtained in either form from a given quantity of coal.

While comparisons of cost between the two industries are difficult to make, nevertheless, there are good grounds for believing that their relative efficiencies in the use of coal may prove to be the most important factor in determining their competitive status.

Recent improvements in machinery have placed electricity on approximately an equal basis with gas in respect to the coal required for a given amount of useful energy. But the electricity companies, according to American figures, have three times as much invested in plant and equipment per therm of energy sold as gas undertakings; and their capital expenses are two or three times as great as their fuel bill. How, therefore, with investment charges much greater, and fuel cost at best no lower than gas, can electricity compete for the domestic heating business?

The electricity industry has been developed as a source of light and power rather than as a source of heat. If there were no domestic heating business, the plants of many electricity companies would be substantially the same as at present. Thus the overhead costs of doing business, billing, engineering, management, etc., may be assumed to be carried by the light and power business, as this would be affected little, if any, by the addition of the heating business.

Furthermore, the requirements of the light and power business are such that the generating plants and distribution systems are partly idle for much of the time, particularly at night; and in these "off-peak" hours a substantial part of the domestic heating requirements can be catered for. The cooking load usually comes a little before and a little after the morning and afternoon maxima of the light and power business. Many companies might cater for a substantial amount of this business without much addition to their facilities.

Under these conditions, the amount of overhead expense to be allocated to the heating business is difficult to determine. The principal out-of-pocket or "incremental" expense for off-peak electrical energy is the cost of coal. The average amount of coal used per kwh. in the United States in 1920 was three pounds; in 1925 it was two pounds; now it is less than one and a half pounds; while the most efficient generating plants require less than one pound. At one pound per kwh. I estimate roughly that coal costs 4½d. per "useful therm," to use Sir D. Milne-Watson's unit of measure.

Electricity companies generally are installing the most efficient generating equipment to carry the base or continuous load, the older and less efficient units being held to carry the peak loads. At present there is probably not a large amount of off-peak energy that can be generated at the lowest fuel cost; and the larger the amount of such energy sold the higher the coal cost, which might, for example, run as high as 1s. or more per "useful therm" for large amounts. Against this out-of-pocket expense for coal we may assume a competitive selling price for gas of 1s. 2d. per "useful therm," the average figure given by Sir D. Milne-Watson.

As the light and power business grows, an electricity company, attracted by the wide margin between the competitive selling price of gas energy and the minimum cost of electrical energy, might install the most efficient types of generating plants, much greater in capacity than is necessary to carry the base load, so that there would be available large amounts of cheap off-peak energy for the domestic heating business. Against this they have the alternative of installing at lower cost, less efficient plants to cater for the peaks of the light and power business, which would give higher costs for off-peak energy.

While there is no general answer to this problem, each electricity company having to calculate how to make the best of its own particular situation, it seems clear that greater efficiency in the use of coal will bring rates for electrical heating much closer to gas in the future than they have been in the past. In course of time it is not inconceivable that this greater efficiency may bring the average of electricity rates—for heating purposes—as low or even lower than gas per "useful therm."

Very truly yours,
H. H. WILLIAMS,

New York.

Austrian Loans

TO THE EDITOR OF THE ECONOMIST

SIR,—Quite apart from the legal problems created by Germany's refusal to accept liability for the Austrian loans, and the technical arrangements to be made to counteract this default, there is one broader aspect, which the British authorities should not leave out of consideration when dealing with Austrian loans. The financial rehabilitation of Austria, one of the most successful financial operations of the post-war period, was carried on under the auspices of the League of Nations and the Bank for International Settlements as a collective effort. The United States of America joined the European creditor countries in this work of European appeasement, and took over a considerable portion of Austrian loans.

Should the German Government now succeed in enforcing with each creditor country separate bilateral settlements, the United States of America would be in a worse position than any of the European creditors, because America, as a raw material exporting country, sells more goods to Germany than she can buy from her. Taking a broader view, the interests of Great Britain and the United States of America, as the two principal creditor countries of the world, must necessarily run parallel. Should the "collective security" of creditors be re-established, the United States of America would benefit in Europe and Great Britain in Central and Latin America.

Yours faithfully,
MERVYN E. STERN.

Bishopsgate,
London, E.C.2.

Right Wages

TO THE EDITOR OF THE ECONOMIST

SIR,—In your timely article on "Wages and Household Means," you note that the Annual Report of the Unemployment Assistance Board reveals "the extent to which the economic system still fails to employ the full capabilities of the population." Then, referring to the present trade decline, you say "clearly the consumption industries will suffer and the depression will be deepened if the expenditure of low-paid workers on the necessities of life is not maintained."

You perform a service in stressing the association between the failure of our economic system and the deficiencies in the spending power of wage-earners; but when you refer to the fact that the State now accepts the responsibility of securing for every individual or family *an income sufficient for its needs*, and content yourself with indicating ways and means of achieving this limited objective, it seems to me you do not come to grips with the root problem of under-consumption.

The mere assurance of wages sufficient for the needs of the worker and his dependants is not enough to correct the failure of the economic system to employ the full capabilities of the population. If increased spending among the low-paid workers will assist the consumption industries and help to prevent a deepening of the depression (as you suggest it will do), then how much more would the consumption industries be assisted, and how much more would we enjoy a safeguard against a deepening of the depression, if other wages (and salaries in the lower scales too) were raised.

Yours faithfully,
RONALD W. FINDLAY.

Edinburgh.

Books and Publications

Blind Alleys for Young People

THIS study* owes its origin to the widespread unemployment among young persons during 1931 and 1932. But the problems which it brings to light are not those of unemployment but of misemployment. To-day, juvenile unemployment is local rather than general, and in many branches of industry an acute shortage has replaced former surpluses. The authors give a critical examination to the official view that a return to heavy unemployment is unlikely, but end by accepting it as probably correct.

Even without allowance for the effects of the raising of the school-leaving age, the number of boys and girls under 18 available for employment is likely to fall by nearly 15 per cent. in the next five years. Under the new Education Act there are powers by which this figure can be reduced a further 15 per cent. Clearly an industrial depression will have proportionately less effect than in 1931.

On the other hand, there is no conclusive evidence that industry is requiring more young people in relation to its total working force. Between 1921 and 1931 the contrary was the case, but while unemployment insurance figures suggest that this movement has not been continued, they do not prove that the expanding industries are those which require a higher proportion of juveniles. There are, however, no signs of a substantial falling off in the demand for juvenile labour, while there will certainly be a decline in the supply of young workers.

The problem is not unemployment but blind-alley employment, and the complete absence of any effective means by which able children can be drafted into progressive jobs. Evidence in support of this statement is given in the first part of this book, which is devoted to analysing the results of an inquiry into the careers of 2,000 children who left elementary schools in five Lancashire towns at Easter, 1934.

It must be said that our gratitude to the authors is as much for the stimulating nature of their discussion as for the actual results presented. Indeed, the representative nature of their sample is suspect—though a detailed analysis of the careers of 2,000 Lancashire school children is not without its own particular interest. Wages in Lancashire in 1934 and 1935 were wholly different from, say, those in London or the Midlands to-day.

Again, while reference to the scandalous nature of the hours worked in uncontrolled employments and to the well-known fact that the Factory Acts are often violated is fully justified, it is probable that the present shortage of juveniles has, if only to a slight extent, led to some improvement in their working conditions. Where the authors have performed an important public service is in laying emphasis on the waste of national resources involved in blind-alley employment and the extraordinary inability of industry to provide progressive work for the abler children leaving school.

The indifference and even opposition of some employers to the placing activities of the Ministry of Labour and the local education authorities are quite indefensible. The scholarship system now secures entrance to the universities to the brilliant child of even the poorest parents. But the able child who goes into industry or commerce often starts in employment which offers no training or future whatsoever.

This is certainly a book for the general reader. The specialist will be glad of it, but he may justifiably ask whether the book's value might not have been vastly increased by a better arrangement of facts and figures. The tables of national statistics based on the census and unemployment insurance are admirable, but the results of the sample inquiry are presented in such a way that it is difficult to sum up the evidence or to judge the validity of the conclusions.

* The Juvenile Labour Market. By John and Sylvia Jewkes. Gollancz. 175 pages. 4s. 6d.

Shorter Notice

"A Raw Commodity Revolution." By Melvin T. Copeland. Harvard University. 97 pages. $1.25.

Dr Copeland disclaims any desire to exaggerate the influence of the Great War in bringing about the revolutionary changes which have taken place in the international raw material situation during the last two decades. Fundamental changes in both supply and demand would inevitably have occurred, war or no war. But this penetrating study provides ample evidence that, directly or indirectly, the war was in fact largely responsible for the magnitude of recent changes. World hostilities interfered with world trade. New processes of production were developed to meet war needs. When the war ended prices fell; much capacity was redundant; Government aid was given to producers; new processes were combined with price-cutting to hold and win markets; cartels were formed; and the continuation of expansionist programmes served to depress prices almost indefinitely. Such was, in general, the contribution of the war and its aftermath to the stories of a wide variety of raw commodities, upon whose producers events thus forced radical improvements in technique. The net effect has, in general, been far from propitious for producers. A state of almost chronic overproduction in relation to contemporary demand has been accentuated rather than eased by tariffs, import restrictions, subsidies, cartels, trade combinations and monetary manœuvres. And the search for new processes to cut costs has, in consequence, gone on. It will continue "until many raw commodities are permanently on a lower scale of prices." In the end the revolution in the world's raw material economy "will yield a higher standard of living for the world at large"; but at the cost of much loss in the process.

Books Received

Insurance Facts and Problems. By A. Manes. (New York) Harper and Brothers. 182 pages. $2.00.

Essai sur la Conjoncture et la Prévision Economique. By A. Sauvy. (Paris) Librairie Technique et Economiques. 190 pages. 18 francs.

Seventh Annual Report of the Pilgrim Trust. (London) 19 York Buildings, W.C.2. 87 pages.

Financial Statements. By A. L. Boddington. (London) Pitman. 366 pages. 15s. net.

On the Economic Theory of Socialism. By O. Lange and F. M. Taylor. (London) H. Milford. 143 pages. 8s. net.

Kaufmännische Betriebswirtschaftslehre. By E. Walb. (Leipzig) G. A. Gloeckner. 552 pages. Rm. 14.80.

Imperialism. By J. A. Hobson. (London) Allen and Unwin. 366 pages. 8s. 6d. net.

The Country Banker's Handbook. By J. G. Kiddy. Eighth edition. Edited by M. Megrah. (London) Waterlow and Sons. 200 pages. 7s. 6d. net.

Das Bachgeld. By E. H. Vogel. (Vienna) Osterreichischer Wirtschaftsverlag Kommandit-gesellschaft Payer and Co. 227 pages. Rm. 9.50.

American Iron and Steel Institute's Annual Statistical Report for 1937. (New York) American Iron and Steel Institute, 350 Fifth Avenue. 94 pages. No price stated.

Wohnungswirtschaft und Grundkredit. By O. Kämper. (Berlin) Walter de Gruyter and Co. 485 pages. Rm. 20.

Official Publications

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

Air Services Appropriation Accounts, 1936. 1s. 6d. net.

Assurance Companies Returns, 1937. £1 7s. 6d. net.

Ministry of Labour Report for the Year 1937. Cmd. 5717. 2s. net.

Annual Report of the Fishery Board for Scotland for the Year 1937. Cmd. 5721. 1s. 6d. net.

Workmen's Compensation. Statistics of Compensation and Proceedings, 1936. Cmd. 5722. 6d. net.

THE BUSINESS WORLD

Banking and Trade Recession

THE end of a half-year is an appropriate occasion for the historian of banking. Though detailed analysis must needs await the issue of the June 30th accounts of the big joint-stock banks, the main outlines of the picture of the last few months are already clear. For example, there is no question that any discussion of banking conditions must take industrial recession as its main text and background. Recent events, like the French repatriation of funds and the British Government's borrowing, are important but incidental. Judgment on the broad lines of British banking policy must be determined rather by reference to the extent to which it has been an ameliorating factor or otherwise in economic recession so far, and to its probable bearing on future events.

One way of approaching this question is to compare banking trends in 1929-30 with those of 1937-38. For the joint-stock banks a comparison on those lines is provided by the following table: —

(Million £'s)

	May, 1929	May, 1930	*Intervening Change*	May, 1937	May, 1938	*Intervening Change*
Deposits.....	1,732	1,742	+ *10*	2,218	2,225	+ *7*
Cash	188	186	− *2*	230	228	− *2*
Call loans	141	135	− *6*	163	141	− *22*
Discounts	195	246	+ *51*	243	278	+ *35*
Investments	269	258	− *61*	641	616	− *25*
Advances	976	956	− *20*	937	964	+ *27*

The two periods are not strictly comparable, as the returns for the later period, unlike those of 1929-30, include the figures of the District Bank. That, however, does not seriously affect the lessons of the figures.

In neither period has there been any evidence of a reduction in the total supply of bank credit. Nor at either time was the recession, once it had begun, aggravated by a permanent tightening of money rates. During the earlier year, although Bank rate was raised at one time to 6½ per cent. (largely as a result of events in America which were outside the control of the authorities on this side), during the period as a whole, it was reduced from 5½ per cent. to 3 per cent., with an equivalent reduction in discount rates. During the later year Bank rate has remained at 2 per cent., and discount rates at ½ per cent. It is impossible, to-day, to give trade the stimulus of cheaper money, since money is already as cheap as it can well be.

The evidence suggests that banking policy has certainly not been a causative factor in the present recession. Contrariwise, there is a strong inference that if other consequences unite to cause a recession, no abundance of cheap money can check it. This may be true so far as England alone is concerned, but monetary policy in the United States cannot so readily secure an acquittal. Perhaps it would be more accurate to say that British monetary and banking policy by itself cannot prevent a world recession to-day, or prevent British trade from becoming involved in such a movement.

It may be claimed, nevertheless, that if British banking policy has been unable to prevent the recession, it may at least have mitigated it. Here it may be helpful to analyse some of the items which are shown in our table merely as grand totals. It is common knowledge that, early in 1929, a large mass of somewhat dubious securities, in weak hands, had in fact been financed by borrowed money. In the interim, a great deal of water has passed under London Bridge, and lenders have learned much. The 1937 boom reached its zenith without witnessing any comparable volume of indiscriminate stock and share financing. Consequently, despite the recent heavy fall in security prices, markets have been in a relatively sounder condition than eight years before. To some extent, the fall has reflected a disinclination to buy rather than forced liquidation or general pressure to sell. As a minor but none the less significant symptom, we have so far escaped the 1929-30 crop of financial scandals, which involved many of the banks in appreciable financial losses.

This sounder position is duly reflected in the table already cited. The year 1929-30, it will be seen, witnessed a contraction of £20 millions in bank advances, largely as a result of liquidation. It left behind it also a legacy of frozen loans. During the past year, however, bank loans have increased. The table shows an expansion of £27 millions, but for practical purposes the expansion may be deemed to have been greater; for last year some of the banks were carrying their share of the French railway credit which was repaid in December, 1937. Some of the increase in loans has been available for manufacturers requiring temporary finance for re-armament production. In this respect the banks may claim that their facilities have mitigated trade recession—the more so since the demand for funds arose at a time when the conditions were less propitious for new capital issues.

The table, however, suggests a less consolatory reflection. In both years it is possible to attribute the rise in deposits to an expansion in the banks' bill portfolios. This holds good even after making allowance for each year's contraction in call and short loans—which, incidentally, are made to the Stock Exchange as well as to the discount market. Now, bankers have recently evinced a tendency to measure their liquidity, not only by their rates of cash to deposits, but by the rates of their "liquid assets" to deposits; the term liquid assets, in this connection, comprises cash, balances with other banks, cheques in course of collection, call and short loans and discounts. The traditional minimum cash ratio of 10 per cent. is now being reinforced by a liquid asset ratio of 30 per cent.

But as *all* bank assets, including investments and advances, are normally deemed to be liquid, the adoption of this new criterion may suggest, to some sections of the public, that the two latter classes of assets are in a different category of liquidity from the rest. The banks may disclaim such an interpretation, and argue that the adoption of the second or complementary criterion provides a greater degree of elasticity in practice. They may also point out that the traditional 10 per cent. minimum cash ratio has been supplemented and not abandoned. That, however, is not quite all the story. If joint-stock banks were ever to regard cash, call loans, and discounts as being interchangeable, the scope of open-market policy by the authorities would be narrowed. To-day, if the Bank of England sells bills to the market, the intention and result is an automatic contraction of the credit base, which now consists only of joint-stock bank cash. If, however, the credit base is widened to include both bills and loans against bills, then open-market operations affect only its composition and not its total size. Thus open-market operations become nugatory unless they are conducted through purchases and sales of securities. Another, though perhaps a more remote danger, is that the Treasury bill might become a more direct instrument of inflationary borrowing and so Governments would be under a greater temptation to abuse it.

Recent foreign experience shows that these points are not entirely academic. The adoption of this new "30 per cent. conception" would weaken the banking system's second line of defence, consisting of the joint-stock banks' cash, as distinct from the Bank of England's gold, the first line of defence. Already, in Germany, the disappearance of this second line has caused serious qualms. In several other countries the practice of the commercial banks of rediscounting directly at the central bank offers inflationary possibilities. In any case, a depositor is entitled to be paid in cash, and cannot be required to accept bills of exchange as a substitute. This alone is a complete justification for the maintenance of the minimum cash ratio, and the secondary "liquid asset" ratio should be regarded as purely complementary. Given this interpretation, the new ratio may remain as a valuable guide to bankers. But precedence must needs be given to the cash ratio.

This argument suggests a clear limit to the quest for cheap money and banking elasticity. Our present monetary and banking policy can fairly claim to have mitigated the recession. But the ebb and flow of trade depend upon many factors other than the proper operation of the banking system. Exclusive reliance on cheap money as a solvent of economic difficulties may have serious dangers in the conditions of the world to-day.

India's Cotton Industry

INDIA, the historic home of the cotton plant, has only in the last half-century developed a factory textile industry, though for centuries hand-weaving and spinning have been practised in the villages. The first cotton mill was erected in Bombay in 1856; 24 years later there were 56 mills, using 300,000 bales of cotton per annum on 1½ million spindles. Even in the years immediately before the war, expansion was still slow, but after 1920 there was a more rapid development which, as the table below shows, was checked in 1937: —

INDIAN COTTON INDUSTRY

Year	No. of Mills	Spindles	Looms	No. employed daily	Cotton Consumption '000 bales of 392 lbs. each
		'000	'000	'000	
1880.....	56	1,462	14	44	308
1900.....	193	4,946	40	161	1,453
1910.....	263	6,196	83	234	1,935
1920.....	253	6,764	115	277	2,198
1930.....	348	9,125	179	384	2,574
1936.....	379	9,857	200	418	3,171
1937.....	370	9,731	198	417	3,146

The industry has drawn its raw material, until recent years, from the native crops of short staple cotton. The Indian Central Cotton Committee has done much to improve the quality of the crop by the production of better fibre and the introduction of improved marketing arrangements. To its efforts may be attributed, in part, the credit for the fact that the average yield per acre for the five years 1932-37 for the whole of India was 11 per cent. higher than in 1927-32, and that the area under improved cotton plants, producing a staple length of ⅞ in. or over, rose from 27.5 per cent. of the total in 1932 to 33.3 per cent. in 1937, when the crop was estimated at 6.3 million bales.

The native industry absorbs barely half of this output. In recent years India has exported annually some 3½ million bales of raw cotton, of which more than 2 millions have been bought by Japan. Lancashire's consumption of Indian cotton has increased steadily from 230,000 bales in the year ended July, 1933, to 658,000 bales in the year ended July, 1937. Indian cotton-growers would welcome a still greater expansion in Lancashire's purchases of their product, but that depends on an increase in the sales of British cloth to India. Such an increase would not be welcomed by the Indian weaving industry, which is itself still developing and subject to acute internal rivalries.

Competition from hand looms in India, meanwhile, is slowly declining, in spite of a Government subsidy of Rs. 5 lakhs per annum. The output of hand-woven cloth increased from 1,070 million yards in 1913-14 to 1,490 million yards in 1936-37, but this rate of expansion is far smaller than that of the factory output, which increased in the same period from 1,080 million yards to 3,470 million yards. But Bombay, until recently the centre of the Indian cotton industry, is steadily losing ground to up-country centres like Ahmedabad, the United Provinces, Bengal, Madras, and some Indian States. Further, the industry has now begun to import Egyptian and American long staple cotton and to produce higher counts of yarn and finer cloths, and it is in these types that competition from Lancashire is most feared.

Exports of British piece-goods to India have fallen heavily since the depression; in 1929, India imported from the United Kingdom 1,374 million yards, valued at £26.1 millions, while in 1937 the trade had fallen to 355.8 million yards, valued at £5.7 millions. It was this downward trend that stimulated Lancashire's efforts last May to obtain an agreement under which the Indian tariff on British imports would be lowered, in exchange for increasing British purchases of Indian raw cotton. Although the negotiations are being continued in London by Sir Muhammad Zafrullah Khan, the prospects of an agreement can hardly be rated high, for the Indian textile industry is not anxious to see a reversal of the declining trend in the Indian imports of cotton piece-goods. And in the long run, the Indian Government cannot be oblivious to the implications of this attitude.

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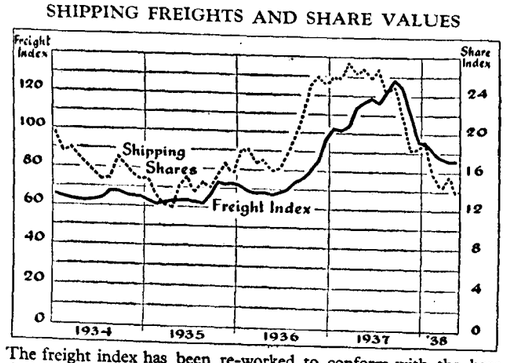
Shipping Shares

THE process of adjustment of industrial ordinary share yields has recently raised the average return on the Actuaries' Index to 6 per cent.—a figure unequalled for six years. Investors who are aware of the deterioration of international trade conditions in recent months will find the greatest difficulty in accounting for the relatively low return on shipping shares, for it is impossible to obtain an average yield in this group exceeding 4 per cent., and on some leading issues the current return is even more modest. Indeed, it is definitely sub-normal, except on the assumption that a significant increase in earning power and dividends will be realised during the current year.

How far is this assumption justified? The Elder Dempster Lines profits, published last week, showed that some accumulated benefit is still due from last year, when international trade was more active and freights were higher than at present. But something more than a mere time lag is implicit in the price of many shipping shares to-day. The nature of that implication is the subject of the present article.

The close correlation between freight rates and shipping share values is obviously an important factor in the problem. Freight rates relate to the tramp shipping market, whereas the investor is more directly interested in the passenger and cargo liner companies. But a sustained movement in tramp rates finds its reflection, sooner or later, in the Conference Rates operating in the principal liner trades. In the accompanying chart, accordingly, we show the course of *The Economist* index of freight rates, and the Actuaries' Index of shipping shares since 1934.

SHIPPING FREIGHTS AND SHARE VALUES



The freight index has been re-worked to conform with the base date of the Actuaries' Index (December, 1928 = 100) and the scale adopted for the share index is five times as large as the freights scale.

The two indices have a close conformity. The trend of freights reflects variations in the volume of world trade, and the League of Nation's estimates suggest that the relative prosperity enjoyed by the shipping industry last year has passed its zenith. The volume of world trade in 1937 was 96½ per cent. of that of 1929, compared with 75½ per cent. in 1933. In the first quarter of this year, however, the percentage fell to 88, against 100 in the last quarter of 1937 and 91.8 in the corresponding quarter a year ago. The concluding three months of each year are normally more active than the opening months, but it is sufficiently clear, however, that a net decline in the volume of world trade is proceeding.

On the revenue side, therefore, the outlook for the shipping industry must be reckoned less favourable than a year ago. Whether the greater stability of freight rates in recent weeks foreshadows a check to the substantial decline of the last seven months can hardly be judged at present. Even on routes where rates are controlled, profits are small and the volume of business is unsatisfactory. And on the more competitive routes the assistance of the minimum agreements scarcely enables shipping companies to cover more than their direct costs and a reasonable allowance for depreciation.

Operating costs, on the other hand, remain higher than they were a year ago. The able seaman's monthly wage, restored to £9 last year, was increased to £9 12s. 6d. from January 1, 1938. Basic rates for first mates and second engineers have been increased from £20 5s. to £21 10s. this year, while the new pension scheme involves an additional contribution of 16s. 1d. per month from the shipowner. The conditions applying to manning scales and annual leave have also been improved.

Fuel costs have shown a somewhat irregular trend. In January last year, best bunker smalls cost 15s. to 15s. 6d. per ton at Cardiff. The price rose to 20s. per ton last June, and is now about 18s. 3d. Fuel oil prices are ascertainable only from declared import values, which rose from 2.48d. per gallon for 1937 to 2.52d. per gallon during the first five months of this year; prices now appear to be lower than last December, but import values may not be fully representative of world oil bunker prices.

Among other factors in shipping costs, the high price of new tonnage is well displayed by *Fairplay's* estimate of the cost per deadweight ton of the simplest type of freighter, which rose from £8 6s. 3d. at the end of 1932 to £10 8s. in 1936 and jumped further to £14 8s. last year. Repair bills have shown a commensurate increase, and port labour costs have also advanced in recent months.

We may proceed to relate the position for individual shipping concerns to this context. In the accompanying table we have set out the total profits, depreciation allocations, and the amount of net floating assets for five important concerns since 1934. The substantial improvement in shipping finances is evident throughout the table, although the industry was slow to recover from the effects of depression. Rising profits have provided a welcome occasion, in most cases, for more generous depreciation provisions (our figures show allocations from revenue, and exclude the frequent supplementary provisions made from internal reserves) which, in turn, have limited the recovery in ordinary dividends. The Elder Dempster Lines report, published last week, illustrates these points. Total profits increased from £633,862 to £1,035,503 last year, but depreciation absorbed £420,000 compared with £275,000 in 1936. Even in the distribution of residual profits, the directors observed marked conservatism, for earnings would have permitted the distribution of 16 per cent., compared with the 9 per cent. dividend actually paid to the Holdings company.

Both this report and that of Royal Mail Lines illustrate the benefits of increased cargoes and higher freights last year. Had it not been for the cocoa "hold-up" from the Gold Coast, Elder Dempster would have fared even better. Voyage results during 1938 to date are described as "satisfactory," but the effects of the cocoa hold-up (now at an end), coupled with the delayed improvement in outward cargo, were frankly outlined by the chairman at this week's meeting of the Holdings company. Their bearing on the results for the current year is of some importance for holders of the outstanding 3 per cent. income debenture stock of the Holdings company. This stock is convertible into ordinary shares at the rate of 90 £1 shares per £100 stock, at any time up to June, 1939. At the present price of 25s. for the ordinary, there is some slight advantage in exercising the option, for the stock is quoted—rather widely, it is true—at 104-109. This quotation could hardly be sustained without the conversion option, and the readjustment of the ordinary shares from last year's high level of 35s. to the present price reflects more cautious dividend expectations for 1938, even allowing for the "play" which the directors have retained by their recent conservatism.

Certain shipping shares tend to be valued in terms of their repute and status rather than their immediate dividend prospects. Of these, Furness Withy ordinary is an outstanding example. The £1 shares rose to 31s. 6d. before the declaration of the 3 per cent. dividend last July, but their subsequent fall to 18s. 9d. suggests that investors are more disposed to take the conservative protestations of the management at their face value in assessing the dividend which is now almost due. The group's building policy has been skilfully timed, and its fleet is conservatively valued. Its subsidiary companies have been given the opportunity to add to their internal resources in recent years—at corresponding sacrifice by the parent company's ordinary shareholders—and the group's position, fortified by the acquisition of a substantial block of Royal Mail Lines shares last year, is undoubtedly strong. Its strength, however, has not yet produced any appreciable relaxation of the board's conservative dividend policy.

Companies whose financial resources enabled them to place orders for new tonnage when construction costs were low have reason to congratulate themselves to-day. The timing of rebuilding orders has played an important part in the determination of dividend policy. Several of the P. & O. subsidiaries, for example, have substantial building programmes still on hand, although the parent company itself has carried out a considerable replacement of tonnage during the past year or two. Stockholders of long standing in this company will appreciate a point which was emphasised by the chairman at last year's meeting. The directors have, in fact, anticipated their actual new tonnage requirements in recent years, and in consequence obtained new vessels much below to-day's cost. The difficulties which arose from the replacement of costly tonnage built after the war will not be repeated. The first interim dividend (of 2½ per cent.) since 1931 on the deferred stock suggests the possibility of a satisfactory final payment, for the company's depreciation provision has now been stabilised. Disturbances in the Far Eastern trades, coupled with the evidence of some setback in economic conditions in India and Australia, however, have probably exerted an unfavourable influence on the results of the voyage year which ended this week. Finally, shipping investors will note that the chairman of Union-Castle Mail Steamship has never concealed the financial implications of the rebuilding and re-engining programme carried out during the past three and a half years. Ten of the fourteen vessels ordered in this period have been delivered, and five vessels are involved in the re-engining programme. Hence the large increase in advances for new construction from £1,263,000 at the end of 1935 to £3,063,000 at the end of last year. Heavy repayments are required during the next few years, and the directors have naturally kept in view the possibility of financing the programme on a more permanent basis. It is unfortunate that the impressive advance in the operating efficiency of the fleet has coincided with a limited improvement in most classes of freight. Fruit cargoes in particular were in some cases carried at an actual loss last year. Meanwhile, the announcement last week of interim payments on the two classes of preference stock was unimprovement in most classes off reight. Fruit cargoes accompanied by any interim announcement concerning the ordinary stock, on which earnings would have been equivalent to nearly 16 per cent. last year if normal preference dividends had been payable. At the meeting last April, the chairman anticipated the payment of a moderate dividend for the current year.

In the light of these considerations, general and particular, it may be asked whether the shipping share group as a whole is really entitled to a significantly higher investment status than the best home industrial stocks. The industry has achieved a notable advance in operating efficiency and financial strength in recent recovery years. Any reasonable setback in trade conditions, therefore, could be accommodated without the acute discomfort which marked the depression. But in terms of dividends it is difficult to perceive any new reason, at this stage, why the leading companies should be inclined to depart from the austere standards which they have set in the recent past. Granted a prompt and substantial improvement in world trade, share values to-day could not be regarded as unduly high. They are, nevertheless, appropriate rather to longer-term possibilities than to the immediate situation of the industry.

SHIPPING PROFITS AND FINANCES, 1934-37

(Amounts in £000's)

	1934	1935	1936	1937	£1 Ord. Shares Price	£1 Ord. Shares Yield
					s. d.	%
Elder Dempster Lines (Dec. 31)—						
Total profits	522	615	634	1,036		
Fleet depreciation	240	275	275	420		
Earned for Ord. (%)	*4·9*	*8·5*	*9·7*	*16·1*	25 0	7·20
Paid (%)	3	5	6	9	*a*	*a*
Net current assets	...	*Dr. 243*	108	414		
Furness Withy (Apr. 30)						
Total profits	*b*378	*b*395	415	545		
Depreciation	300	300	350	350		
Earned for Ord. (%)	*0·5*	*0·8*	*0·2*	*3·1*	18 9	3·20
Paid (%)	Nil	Nil	Nil	3		
Net current assets	873	436	54	651		
P. & O. (Sept. 30)—						
Total profits	*c*1,891	1,800	2,114	1,976		
Depreciation *d*	848	869	885	885		
Earned for Ord. (%)	*Nil*	*Nil*	*3·7*	*1·7*	21 6	3·72
Paid (%)	Nil	Nil	4	4		
Net current assets	7,865	7,292	8,023	7,136		
Royal Mail Lines (Dec. 31)—						
Total profits	792	936	1,031	1,111		
Depreciation	331	*e*343	*e*326	*c*321		
Earned for Ord. (%) *h*	*1·9*	*6·2*	*10·0*	*14·1*	18 9	5 34
Paid (%)	Nil	3½	4½	5		
Net current assets	800	1,107	1,698	1,799		
Union Castle (Dec. 31)—						
Total profits *f*	458	462	594	620		
Earned for Ord. (%) *g*	*10·4*	*9·8*	*14·5*	*15·8*	15 9	Nil
Paid (%)	Nil	Nil	Nil	Nil		
Net current assets	*Dr. 508*	*Dr. 506*	*Dr. 376*	*Dr. 538*		

(*a*) Elder Dempster Lines Holdings £1 ordinary, on which 5·9 per cent. paid for period to June 15, 1937, and 9 per cent. for year to June 15, 1938.
(*b*) Includes transfer of approx. £100,000 from reserves.
(*c*) Excludes profit of £418,300 on sale of investments, of which £385,085 applied to additional depreciation.
(*d*) Excluding special transfers from various reserve funds against fleet.
(*e*) In addition, £130,000, £170,014 and £146,435 to fleet replacement account 1935 to 1937 respectively.
(*f*) After providing for depreciation at 5 per cent. per annum; amounts not disclosed.
(*g*) Assuming normal preference requirements.
(*h*) Before transfers to fleet replacement account.

NEWS FOR INVESTORS

Ordinary share values are now 30% less than at the end of 1936. Their firmness in recent weeks and their striking resistance to a stern Budget are highly significant facts.

THE SAVINGS UNIT TRUST will enable investors to benefit from coming market trends. Every Company in the portfolio has been carefully chosen with this object in view. Each of the 28 selected Companies is an acknowledged leader in its industry and each has paid regular dividends for many years. On the basis of the dividends paid by the constituent Companies during the past year, the yield to a purchaser of sub-units is rather more than *five per cent. per annum* at the opening price of approx. 2/- per sub-unit.

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Finance and Banking

Great Britain's Gold.—The third half-yearly statement of the position of the Exchange Equalisation Account was issued on June 29th. It reveals the Account's gold holdings on March 31st last. A table embodying the three statements is given below:—

BRITISH GOLD HOLDINGS
(£ millions)

	Mar. 31, 1937	Sept. 30, 1937	Mar. 31, 1938
Bank of England	516·6*	537·6*	537·6*
Exchange Equalisation Account	186·9	279·3	297·8
Total	703·5	816·9	835·4

* Valued at 140s. per fine ounce.

It is not surprising that there was only a moderate increase in the Account's gold holdings during the six months to March 31st last. Some repatriation of French capital occurred in November, 1937. Political and other uncertainties have caused a persistent hoarding demand for gold during most of the period, and in the last resort this was met out of official sales. On the other hand, the Account has from time to time bought gold not only from France, but from other countries, such as Belgium. The Account has in fact become a world cushion, which has to offset not only transfers of funds between London and foreign centres, but also the movement of normal capital into or out of gold. The next return, relating to September 30th of this year, will presumably reflect both the French repatriation of last May and also the June demand for gold occasioned by the latest dollar scare. As, however, it will also cover the events of the following three months, it is impossible to forecast what it will finally show. The important point to remember is that the fluctuations in our official gold holdings are resultant of many independent movements.

* * *

Ease at the Half-Year.—Once more the market has passed the end of the half-year without having to borrow from the Bank of England. Its success is attributable partly to the fact that this week's Treasury bill payments and maturities were so arranged as to leave the market well supplied with cash on June 30th. Maturities were concentrated in the last four days of June, while payments for new bills were deferred until July 1st. Thus, as usual, the Treasury, instead of the market, was short of funds on June 30th, and the revenue returns published on page 52 show outstanding £41.5 millions of Ways and Means borrowing from the Bank. This is the source from which the clearing banks have derived the extra cash thus needed for balance-sheet purposes. At the same time, money is so abundant that the banks probably had to call less than was necessary in the years prior to the present cheap money regime, which was finally inaugurated by the reduction of Bank rate to 2 per cent. exactly six years ago. Some temporary pressure was anticipated on July 1st, as both the whole of the market's payments for this week's new Treasury bills and also the Defence Loan call fall due on that day. On the other hand, the Government is making certain dividend payments, while the banks will be releasing the money called by them on June 30th. Apart from this, tender issues of Treasury bills are for the moment running short of maturities, for the authorities have on hand both the Defence Loan money and also the proceeds of the Exchange Equalisation Account's gold sales made during the recent dollar scare. Thus no strengthening of discount rates seems at all probable, and the market is much more likely to find itself short of bills.

* * *

American Banking Practice.—While the French Government is seeking to establish a money market in Paris, the American Government is, by way of contrast, embarking upon a policy whose soundness is decidedly questionable. According to reports received this week, member banks are henceforward to be authorised to grant their customers loans for a maximum period of ten years, in place of the existing limit of nine months. They may also invest in unlisted bonds of local companies, believed to be of a sound character, provided that the bonds are amortised up to 75 per cent. of the principal. To describe these decisions as questionable may provoke the *riposte* that the British banks have always had complete freedom of action in both respects. There is a fundamental difference, however, between the British system of large branch-banking organisations and the American system of a host of small, independent local banks. The American banks, again, tend not infrequently to frame their policy by the letter of the regulations laid down by the Government, whereas the British banks have had to establish their own canons of prudence and safety. In any event, loans for ten years are not a banking proposition in the usual sense of the term, while for a local bank to invest its customers' money in local securities is a procedure whose dangers are obvious. The change in policy may be related to President Roosevelt's new efforts at pump-priming, and it would be interesting to know how far it originated with the Federal Reserve Board and how far with the Administration.

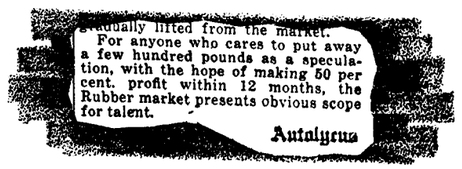
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Paris Money Market.—During all the recent vicissitudes of French finance, one cause of weakness has continuously been apparent. That is the primitive state of the Paris money market. Eight years ago, the absence of a money market meant that the Treasury was periodically abstracting cash from the banking system and hoarding it. More recently, it has been necessary to create *ad hoc* funds such as the Rentes Stabilisation Fund to assist in the smooth conduct of financial affairs. Nor has the French Exchange Equalisation Fund been able to operate in the same automatic manner as its counterpart in London. Many attempts have been made to remedy this state of affairs, and the latest of them may have a fair chance of success. A decree has now been issued authorising the Banque de France to extend its operations in short-term securities, so as to embrace Treasury bills, National Defence Bonds, "railway" bills and eligible commercial bills. Simultaneously, it is reported that a new Discount Company will be founded on the lines of the London discount houses. These measures are likely to assist in the establishment of an effective money market, but further steps are necessary if an end is to be put to the unnecessary hoarding of funds. The first, it may be suggested, is that all Government institutions should reduce and maintain their cash holdings at a minimum, investing the bulk of their resources in tax securities or Treasury bills, or re-lending them "on ways and means" to the Treasury. The second is the development of the use of cheques, so that cheques may be used as freely in France as in England or the United States. The development of an adequate money market in Paris would be a stabilising influence, and would impart much-needed elasticity to the French financial system.

* * *

Thalers Again.—After a lull, the demand for Maria Theresa thalers has again reached substantial proportions. The manner in which these thalers, whose coinage was formerly the monopoly of the Vienna Mint, have come to be coined in Rome, London, Paris and Brussels, was fully explained in *The Economist* of March 5th last (page 506). Present demand for these coins is coming, not from Abyssinia but from the Aden Protectorate and Arabia, where they are part of the normal circulation. Though political unrest has caused a hoarding demand in those areas, a much more important factor has been the recent discovery of oil in Arabia. The substantial payments which are being made by the oil companies are giving a considerable fillip to commercial activity in the coastal areas, and the increased prosperity is spreading inland. The thalers can now be sold at a rate of about 17d., and at this figure the profit to the coiners and dealers works out at between 3 per cent. and 5 per cent. The Italian Government continues to claim monopoly rights for the coinage of thalers at the Rome Mint, and this claim is understood to have figured (though not prominently) in the recent Anglo-Italian conversations. It has been assumed in certain market quarters that the ratification of the Anglo-Italian Agreement might involve the cessation of the coinage of thalers by the Royal Mint in London. It is difficult to believe this report; for the currency circulates in areas well outside the sphere of Italian economic and political control.

Reprinted from THE FINANCIAL TIMES, April 8th, 1938.



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or to
The High Commissioner for Southern Rhodesia, Rhodesia House, 429, Strand, London, W.C.2.

MONEY MARKET NOTES

Foreign Exchanges

THE London market was very dull this week, and its idleness was accentuated on Thursday by the end of the half-year. None of the banks which issue half-yearly statements of accounts ever have open positions in foreign currencies, and so there was no straightening-up to be done. One burden on the market consists of the large sales of forward dollars effected during the recent scare. Forthcoming commercial needs for dollars were well covered during the scare, and so there will be less business than usual during the next few weeks. Also the London houses which took these forward dollars at once covered themselves by selling them spot, and so there is now a mass of undigested dollars in the spot market. So long as the spot rate hangs round its present level of $4.95⅜, there is no incentive to dispose of them. There is, in fact, no demand for dollars apart from that occasioned by political fears, and so great is the supply that even a new political crisis might not have much effect upon the rate. The Paris spot rate is unchanged at Frs. 177⅜. Swiss francs weakened slightly to Frs. 21.62 on the cessation of purchases of francs against sales of dollars. Belgas were steady at bel. 29.20 early in the week, but have since moved to bel. 29.22 as the result of sales of belgas and purchases of gold in London by the Belgian authorities.

★

The Money Market

THE end of the half-year passed off very easily. Loans into July gradually hardened from ¾ to 1¼ per cent. early in the week, while for a short time on Thursday morning 2 per cent. was paid. The banks also called some of their overnight money. Very quickly on Thursday morning, however, it turned out that all borrowers' needs had been satisfied. For the rest of the day a position of stalemate prevailed, for lenders were still trying to obtain 2 per cent., while some borrowers refused to pay more than ½ per cent. There was, therefore, very little business, though one or two banks renewed loans at 1 per cent. during the afternoon. All these Thursday loans were made against bills, as bonds had been pledged against loans arranged earlier in the week. There was no borrowing at the Bank of England.

	July 1, 1937	June 23, 1938	June 30, 1938
	%	%	%
Bank Rate	2	2	2
London Deposit Rate	1/2–5/8	1/2	1/2
Short Loan Rates:			
Clearing Banks	1/2–1	1/2–1*	1
Others	1/2–5/8	7/8	1–2
Discount Rates:			
Treasury bills	1/2–5/8	9/16	17/32–9/16
Three months' bank bills	9/16	9/16–5/8	9/16

* Viz. ½ per cent. for loans against Treasury bills and other approved bills and British Government securities within six months of maturity. ¾ per cent. from loans against 1 per cent. Treasury bonds and other gilt-edged stocks within six months of maturity. 1 per cent. for loans against other collateral.

Both Treasury bills and three months' bank bills were quoted at 9/16 per cent., but the banks bought a few September Treasuries at 11/32 per cent. Early in the week there was a fair amount of forward business in bills for delivery and payment on July 1st. The rate quoted for forward business into the new half-year was ½ per cent. These operations should help to provide the market with funds on July 1st, when, as stated in a Financial Note, a big turnover is expected. The market, however, did not anticipate any serious strain on that day.

★

The Bank Return

CURRENCY requirements by the public over the end of the month explain the slight increase in the note circulation. Otherwise this week's Bank return reflects the preparations of the discount market for the end of the half-year.

	June 30, 1937	June 15, 1938	June 22, 1938	June 29, 1938
	£ mill.	£ mill.	£ mill.	£ mill.
Issue Dept.:				
Gold	326·4	326·6	326·4	326·4
Notes in circulation	488·4	485·7	483·3	485·2
Banking Dept.:				
Reserve	38·9	41·5	44·0	42·2
Public Deps.	10·8	11·6	21·7	10·5
Bankers' Deps.	140·5	109·1	105·5	125·5
Other Deps.	40·2	43·2	35·3	36·1
Govt. Secs.	140·6	114·4	110·2	119·5
Discounts & Advances	6·3	5·7	5·5	7·3
Other Secs.	23·7	20·1	20·6	21·1
Proportion	20·3%	25·3%	27·1%	24·4%

As the market was not taking up this week's new Treasury bills until July 1st, Government resources were depleted during the early part of the week by the repayment of maturing Treasury bills. Public deposits, therefore, have run down to £10.5 millions, while the increase since last week of £9.3 millions in Government securities shows that the Treasury has had to borrow on Ways and Means. All this money has gone into bankers' deposits, which have risen since last week by £20 millions.

A year ago the Bank return was dated June 30th, and so revealed the full extent of these movements. This year it is dated June 29th, and so these changes are only partially revealed.

★

The Bullion Market

BUSINESS in gold has been limited, particularly as regards dealings carried through after the fixing. There has been the usual Continental hoarding demand, met by sales from official sources. It would be a mistake, however, to imagine that this official selling involves a continuous depletion of the Exchange Equalisation Account's gold. Except during periods of heavy buying, such as occurred during the recent dollar scare, purchasers' needs can be met out of the newly-mined gold disposed of regularly in London by the authorities. The premium has eased this week, but this is mainly because of the slight improvement in the dollar. There has been only a small drop in the London price.

Date	Gold: Price per fine oz.	Gold: Prem. or Discount *	Gold: Amt. dealt in	Silver, price per oz. standard: Cash	Silver, price per oz. standard: Two Mths.
1938	s. d.	d.	£'000	d.	d.
June 24 ...	140 10	8 pm	560	19	18 13/16
„ 25 ...	140 10	8 1/2 pm	390	19	18 13/16
„ 27 ...	140 10	8 1/2 pm	820	19 1/16	18 7/8
„ 28 ...	140 9	5 pm	720	19 1/16	18 15/16
„ 29 ...	140 8 1/2	5 pm	360	19 1/16	18 15/16
„ 30 ...	140 8 1/2	4 pm	475	19 1/16	18 7/8

* Above or below American shipping price.
The New York price of silver remained at 43 cents per ounce ·999 fine during the week.

The silver market has been very idle, the main feature being an almost complete absence of offerings. Were any weight of silver to come on the market, it would at once affect the price. In the middle of the week some bulls of silver were switching forward their commitments by selling cash and buying forward. This brought the price for two months' silver to a discount of only ¼d., and also to the highest level since the break last March, which followed the suspension of the United States-Mexican Agreement. The forward price, however, eased on Thursday with the termination of these operations; £460,000 of silver has arrived this week from China. This silver had previously been sold forward, and did not come on the market.

Investment

Course of Share Values.—Wall Street, which does nothing by halves, last week fairly took the bit between its teeth. By the end of June, as the chart, opposite, shows, average equity values had regained all their losses of 1938. The movement took the whole market by surprise, and it must be admitted that the arguments so far adduced in favour of its continuance turn rather on points of chart-reading necromancy than on any factors in the immediate economic outlook. The index has broken through the previous "high" for the year, which was the best reading obtained during a series of secondary recoveries which occurred after last year's precipitous decline had been checked in November. The volume of business has increased in striking fashion on every rise within the past ten days, and has diminished at each breath-taking pause, exactly in the manner laid down in text books of modern market theory. London has followed at a respectful distance without, apparently, displaying any widespread confidence in the permanence of America's recovery.

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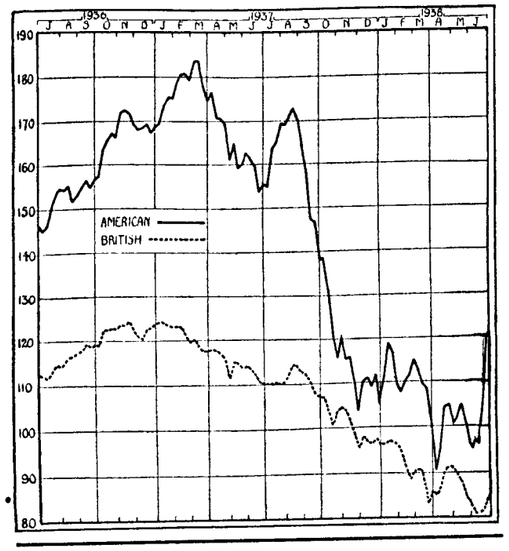
The American trade and political background (a description of which is given in a leading article on page 2) does not encourage more than a hope that "pump-priming" may possibly transform the hunch of a moderate autumnal recovery into something more substantial than its predecessors. Signs of some revival in residential building are welcome. But of a thorough-going revival in steel production there are no signs, unless the recent reductions in prices stimulate a disproportionate increase in demand,

and wage troubles do not arise. There have been no overt approaches for a truce between Business and a President whose political prospects at the November Congressional elections look better than ever. To all this the reply may, of course, be made that the rôle of the Stock Exchange is not to register but to anticipate economic changes. But neither the speed nor the extent of last month's upturn in

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES DURING THE PAST TWO YEARS

(July 1, 1935 = 100)

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



prices affords in itself conclusive evidence of permanence. The present movement could be paralleled from the experience of 1930, when the market was much wider, because speculative facilities were not curtailed, as they are to-day, by official regulations. The London market, therefore, is likely to maintain its Fabian attitude even if, as is probable, the American movement goes further before encountering its first real check.

★ ★ ★

Anglo-German Debt Discussions.—The absence (up to the moment of going to press) of any official statement regarding the progress of the Anglo-German debt talks, which have continued in London this week, may be taken to indicate that the negotiations, although protracted, hold out the promise of some positive result. Since the question came to a head three weeks ago, a sharp difference of view has been apparent on the questions, first, whether the German Reich must assume responsibility for the Austrian loans or whether the latter, in effect, had become *déraciné* since the *Anschluss*; and, secondly, whether the recognition of the Austrian debt by Germany would entitle the latter to seek concessions on the service of the Dawes and Young loans. There have been indications this week that a comprehensive agreement covering the debt obligations of Greater Germany as a whole has been under discussion. It has been suggested, in particular, that some alleviation of Germany's interest obligations on the Dawes and Young loans might be coupled with a compromise on the Austrian issues and the resumption of some sinking fund operations for the Dawes and Young issues. Sir John Simon declined to make any statement in Parliament on Thursday on the possibility of a cut in the interest on these loans, but he added the significant advice to investors that purchases of Austrian and German bonds from foreign holders would be at their own risk. The British holder of Dawes and Young loans would naturally regard any settlement on the lines suggested above as a compromise based on expediency rather than principle, for there is no essential reason why the recognition of one

INSURANCE SHARES AS A LONG-TERM INVESTMENT

Extracts from

"INSURANCE SHARES 1887-1937"

by the Right Hon. C. A. McCurdy, K.C.

I—GROWTH OF INCOME

"IT SEEMS INCREDIBLE, but it is nevertheless true, that during the troubled years we have passed through since 1913, while Empires have crashed, currencies have collapsed, and great industries have suffered eclipse, the British Insurance Companies have as a group year after year not only maintained but increased their dividend payments. *Surely not during the Great War?* Yes, even during the Great War.

The index figures given below show that the gross income yields on the shares of the *Economist* group of insurance companies rose steadily from £4. 18s. 8d. for 1913 to £6. 0s. 9d. for 1918, and continued upwards with only temporary and minor decreases, reaching £15. 15s. 10d. in 1937.

So much for the income received by a holder of British insurance shares during a period of world crises and general depression. The index figures show us also what happened to the *capital value* of an investment made in 1913 in the shares of the same group of insurance companies as compared with a like sum invested in 2½ per cent. Consols.

YEAR	INSURANCE SHARES: VARIATIONS IN CAPITAL VALUE	INSURANCE SHARES: GROSS INCOME PER CENT. £ s. d.	CONSOLS: VARIATIONS IN CAPITAL VALUE	YEAR	INSURANCE SHARES: VARIATIONS IN CAPITAL VALUE	INSURANCE SHARES: GROSS INCOME PER CENT. £ s. d.	CONSOLS: VARIATIONS IN CAPITAL VALUE
1913	100·0	4 18 8	100·0	1926	243·7	11 1 8	78·1
1914	105·1	4 19 1	101·2	1927	254·0	11 15 4	78·0
1915	85·8	4 19 1	85·3	1928	333·0	12 13 0	79·5
1916	84·0	5 2 3	77·9	1929	340·6	13 3 7	77·25
1917	94·2	5 8 0	72·0	1930	327·5	13 4 5	79·5
1918	123·4	6 0 9	78·5	1931	290·0	14 0 3	78·5
1919	177·2	7 6 11	72·7	1932	291·1	14 1 8	94·6
1920	180·5	8 15 5	68·5	1933	353·5	14 5 3	105·1
1921	141·0	8 11 8	68·0	1934	402·5	14 2 8	119·1
1922	163·6	9 2 5	78·4	1935	449·7	14 12 3	123·9
1923	193·9	9 9 6	81·7	1936	503·1	14 12 0	120·3
1924	220·4	10 6 11	80·7	1937	462·0	15 15 10	105·0
1925	251·1	10 16 2	80·2		(Sept.)		(Nov.)

The first thing to be observed is that for eighteen out of the twenty-four years between 1914 and 1937 Consols could only have been sold at a loss of anything up to £32—say a loss of 25 per cent. on the average—and to-day the £100 put into Consols in 1913 is worth £105.

On the other hand, while the market price of insurance shares dropped in value during the Great War to a low average of £84 in 1916, it had recovered and more than recovered by 1918 to an average value of £123, a figure which without any serious setback had, by 1937, increased to £462."

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liability should be held to rest on concessions granted in respect of a second. Meanwhile, the force of *de facto* default has been felt by holders of the Austrian 7 per cent. loan, whose July coupons are payable, out of moneys received by the trustees, at the rate of five-sixths of the amounts due. The full June coupon was paid on the Conversion Loan, 1934-59, but there has been no further announcement regarding the July coupon on the 1933-53 Guaranteed loan.

* * *

Corporation Borrowing Resumed.—Following the outstanding success of the second National Defence Loan a fortnight ago, the authorities have lost no time in re-opening the turnstiles to corporation borrowers. This week's £2 millions issue by Leeds Corporation, indeed, appears to share some part of the reflected glory of the Defence Loan. Its terms—3¼ per cent. stock, dated 1958–62, at £98 per cent.—are similar to those adopted for a series of issues in February and March, which began with Birmingham, and terminated with Middlesbrough. This sequence was interrupted by the £10 millions London County Council loan, whose size, coupled with the anæmic condition of markets early in May, necessitated a 3½ per cent. stock, of roughly ten years' longer life, issued at 101½. Even this basis, it will be recalled, failed to attract public subscriptions for more than 4½ per cent. of the total issue, although the Kent County Council loan, which followed a week later, was over-subscribed.

* * *

What inferences may be drawn from the course of corporation borrowing during the first half of this year? It is evident, first, that lenders are exercising some discrimination between borrowers, and inclined to fight shy of large loans, even when their terms are ostensibly favourable. Secondly, the redemption yield basis of £3 7s. 6d. per cent. adopted for most of the February issues has proved acceptable. Several of the loans offered on this basis stand at a moderate premium to-day. The terms of the Leeds issue, which revert to this basis, have, therefore, a certain appeal, though some quarters might prefer a straight 3½ per cent. stock, with its corollary of a small premium. The terms of the Leeds issue might, under adverse conditions, prove as difficult to maintain as they did last May. While it is proper that the recent improvement in the gilt-edged market should obtain recognition in the price of corporation borrowing, trustee and high-grade fixed-interest issues are likely to provide the mainstay of new capital business for some time to come. It would, therefore, appear desirable, for reasons which we discuss in a leading article on page 3, to avoid any suggestion of squeezing the last halfpenny from the lender, for the events of the last six months indicate that he is more sensitive to new issue terms than at any time since 1932.

* * *

League Loans Service.—Faith, rather than conviction, that time is working on his side, alone sustains the foreign bondholder in these days of default and blocked service. Yet the report of the League Loans Committee, covering the sixth year of its activities, shows once more that working contact between debtor and creditor can protect the rights of the latter and, if occasion warrants, alleviate the burden on the former. The impossibility, under modern conditions, of insistence upon the letter of a bond is not the only reason why the introduction of equity—in its legal sense—in debtor-creditor relations is to be welcomed. During the past year, the Committee have been responsible for permanent settlements involving the modification of original contractual service on the Danzig and Hungarian League Loans, the terms of which were accepted by 98 per cent. and 96 per cent. respectively of the holders. It will be recalled that the trustees protested against the Hungarian settlement, which involved the permanent infraction of the general bond governing the loan, already impaired by partial coupon payments since 1932. Estonia has continued to transfer full service—a matter of importance, since the loan is callable for redemption—while Bulgaria has fulfilled her undertakings. Bulgaria's improved economic position should be marked in the proposals for the future service of the League and other Bulgarian loans, which is to be reviewed next December. Extensive repatriation of Bulgarian bonds has recently been in progress, and service requirements in future will involve a reduced exchange burden. Greece is the only intransigent debtor on the League Loan Committee's books, for her loans have been in complete default for the past eighteen months. In September last year, the Greek authorities announced that they did not intend to modify " in the least " the inadequate terms for permanent settlement published in June, 1937. The fact that further offers of 40 per cent. coupon payments have been accepted by only a very small proportion of non-Greek holders indicates that investors were generally content to follow the lead of the bondholders' representatives, rather than to snatch at inadequate partial payments.

Company Notes

Richard Thomas Finance.—For some time, the London market has been aware of negotiations for raising further finance to complete the new Richard Thomas plant at Ebbw Vale. Speculative reports of the nature of the scheme have been accompanied this week by an appreciable improvement in the 4 per cent. debenture stock from 66 at the end of last week to 77, while the preference shares have appreciated from 9s. 3d. to 10s., after touching higher levels. While some forecasts of the scheme have a circumstantial appearance, at the moment of going to press they lack any official confirmation. On Thursday, however, it was announced that detailed particulars of the new financing scheme would be circulated to share and debenture holders within a few days. It is generally understood that they will relate to the raising of £5—£6 millions of new money, the bulk of which may be found by the subscription of a prior lien debenture issue by banking interests. The recent improvement in the existing debenture issue may be explained by the presumption that some concession will be made in its service as compensation for its relegation. It would be premature, however, to discuss the implications of this possibility, or of any potential changes in the company's directorate, before official information is available.

* * *

London Transport Position.—London Transport has this week completed its fifth year of service, at the end of which its " C " stock stands no higher than 74¼, compared with 112¼ at one time in 1936, and 79 a year ago. The Board's traffic returns for the 52 weeks to June 25th suggest that a substantial recovery has been obtained in gross receipts, for the total shows an increase of £657,100 to £29,388,200. This improvement, however, is more apparent than real, and its translation into terms of potential " C " stock dividends is dangerous. In the first place, the receipts are shown before pooling with those of the suburban receipts of the main line railways. Secondly, the bulk of the "improvement" was concentrated in the last quarter of the year—the first three-quarters closed with a " plus " of £127,600—and thus reflects the deficiency of the corresponding quarter of 1937, which showed a loss of £347,000, compared with 1936, as a result of the bus strike. It would appear that the Board has to some extent increased its normal traffic takings, and has re-attracted an appreciable part of the receipts which were temporarily lost after the strike. But it will be recalled that the operation of the London Transport pool worked in favour of the Board in last year's abnormal circumstances. It may be presumed that wage costs increased on balance last year, and while the rise in fuel costs was checked for a time, the cost of the increased oil duty is estimated to amount to some £180,000 in a full year.

* * *

It is clear, in fact, that the prospects for the " C " stock final dividend, to be announced next October, cannot be assessed with any precision at present. The stock has received an interim payment of 1½ per cent., but the size of the final dividend this year is of crucial importance. Under the 1933 Act, holders of not less than 5 per cent. of the " C " stock are empowered to apply to the High Court for a receiver in the event of the Board failing in respect of each of three consecutive years, of which the first shall not be earlier than the year ending June 30, 1936, to pay interest at the standard rate of 5½ per cent. on the " C " stock. It would, presumably, be open to the Board to challenge the implications of this clause by a technical default on its provisions, if it took the view that renewals provisions must not be subordinated to dividend requirements, and that changes in operating conditions necessitated a revision of standard rates, but the consequences of such a policy would necessarily be far-reaching, both for the Board and the investor. It would be wholly premature to examine them here. Lord Ashfield has pointed out this week that it is too early to say what " C " stock dividend rate will be paid for the year which has just closed. The " C " stockholder will note that increased fares, in the chairman's view, would not necessarily ensure greater revenue.

* * *

General Electric Prospects.—The General Electric Company has now entered its fiftieth year—a jubilee which has already been anticipated by the increase in the cash bonus payment for 1937-38 from 7½ per cent. to 10 per cent., making a 20 per cent. distribution for the year. At the annual meeting this week, Lord Hirst, whose own record of service dates from the foundation of the business in 1888, described 1938 as an exceptional year, and expressed optimism regarding the immediate future. His review of the company's diversified activities showed that practically all departments and all markets made their contribution to last year's satisfactory figures. Export business, for instance, exceeded the previous record established in 1929-30 by nearly £500,000. The heavy machinery, telephone, and lighting branches made satisfactory progress, and throughout the group technical development appears to have been well maintained. The chairman's optimism is based, in part, upon the likelihood of a restocking movement, for he expressed the view that consumers' stocks have now been reduced to sub-normal dimensions. But he added a warning that last year's total dividend might not be repeated, and that the exceptional economic achievements of 1937 might not be quite reached during the current year. Investors should be prepared, it would seem, to contemplate some reduction in the General Electric distribution for the current year, but the chairman's optimism, coupled with the fact that the secular upward trend in the electrical industries is far from exhausted, suggests that any adjustment of the rate should be moderate. Fortunately, the current price of the ordinary stock, even after its impressive recovery in recent weeks, takes some account of this possibility.

* * *

Patons and Baldwins' Reduced Profits.—The full report of this wool-spinning business for the year to April 30th strengthens the inference already drawn from the preliminary figures that the severe fall in wool values since last autumn has overshadowed any change in the amount of business handled. At present values, stock-in-trade represents 44 per cent. of total assets, and the incidence of fluctuating wool prices is plain from the profits record of the company. Stock-in-trade was reduced by 24 per cent. last year from £3,569,208 to £2,721,549, and the primary reason for the fall lies in the board's emphasis of the exceptional reduction in wool values. Though it is not shown separately in the accounts, a stock reserve was set up some time ago for any necessary provisions against book costs which amounted at the end of April, 1936, to £385,000, and was credited with an " adequate addition " for 1936-37. The profit and loss account shows that part, at least, of this reserve was re-credited in the latest year, although the accounts do not directly reveal whether the drop in the balance sheet item for " sundry creditors, reserves for Government taxes, pensions, etc.," from £1,358,988 to £696,912 is accountable to this transfer. Even with the draft upon the stock reserve, however, there is a decline of 30 per cent. in total profits, as we show below: —

	Years ended about April 30		
	1936	1937	1938
	£	£	£
Profit	566,508†	610,959†	426,661*
Depreciation	127,911	126,952	146,433
Interest and fees	20,600	20,225	19,562
Pensions fund	20,000	20,000	Nil
Preference dividend	70,507	69,594	68,156
Ordinary stock (tax free) :—			
Earned	*327,490*	*374,188*	*192,510*
Paid	199,911	239,894	191,915
Earned %	*20·5*	*19·5*	*10·0*
Paid %	12½	12½	10
To reserve	125,000	125,000	Nil
Carry forward	63,909	73,203	73,798

† After depreciation, debenture interest, taxes, employees' bonus and exchange losses. * As above, but after transferring a portion of the stock reserve to compensate for exceptional fall in wool values.

A saving of £20,000 in the pensions fund provision is counterbalanced by an increase in depreciation, apparently necessitated by the substantial additions to fixed plant in 1936-37. But while the tax-free dividend is reduced by no more than 2½ per cent. (through the omission of the cash bonus), the distribution is covered by only a trifling margin, and there is consequently no addition to reserve. The latest year's difficulties have been of exceptional severity, and should not prove permanent. The current gross yield of £6 13s. on the ordinary stock at 44s. 3d., at least, suggests that the market does not view the setback in profits too seriously, although it is not disposed to look for early relief from low wool prices and reduced spinning activity.

* * *

Savings Unit Trust.—The current recovery in equity share prices has coincided with the appearance, under the auspices of the Fifteen Moorgate group, of a Savings Unit Trust, and the formation of a new trust by the Allied Investors' group, to be known as American Industries Trust, of which particulars will shortly be published. The Savings Unit Trust provides an example of compromise between fixity and the more complete manifestations of flexibility. Its initial portfolio consists of no more than 28 securities, and is reminiscent of a typical " fixed " panel rather than a comprehensive flexible trust portfolio, which may include 100 or more securities. The managers' opportunities for " switching " are limited. New investments may not exceed three in any one year (although they may be drawn from a wide range of possible candidates conducting businesses " of similar type " to those covered in the original portfolio) and the maximum number of replacements is limited to twenty. The managers have adopted an approximate value of 2s. for the sub-units. The minimum initial purchase has been fixed at 200 sub-units, but subsequent orders will be accepted for multiples of five sub-units. The price adjustment permitted to the managers amounts to 1½d. per five units. An initial charge of 3 per cent. will be included in their price, and a half-yearly charge of ⅛ per cent.



of the value of the trust fund will be made. Although in some directions the trust represents a reversion to an earlier type, its appeal to a particular clientèle, suggested by its name and its special incremental facilities, is a new departure on the selling side, whose results will be followed with some interest. How far investment in the best "tempered" portfolio of equities can be regarded as an alternative to—still less a substitute for—a deposit with a savings bank or a building society, for savers of very small means, is a highly debatable question.

* * *

Steel Activity and Profits.—The chairmen's speeches at the John Brown and Guest, Keen and Nettlefolds meetings provide a number of interesting pointers for steel shareholders. John Brown, of course, is in a class apart, for the business of its main subsidiary, Thomas Firth and John Brown, is being maintained at a satisfactory level, while the company's Clydebank shipyard is likely to be fully occupied for a considerable time to come. The group, in fact, should enjoy the full benefit of rearmament activity during the current year and, in addition, the commercial business of Firth-Brown still continues at a high level. Profits, it would seem, should be maintained this year, and Thomas Firth and John Brown has a generous margin of undistributed profits to meet the unlikely contingency of any reduction in John Brown's earnings. Mr S. R. Beale, at the Guest, Keen and Nettlefolds meeting, struck a contrasting note, for he frankly admitted that, while the company was earning satisfactory profits, they were not at the high average rate of last year. The chairman scouted any suggestion that slump conditions, similar to those of 1931-32, were likely to reappear in the steel industry, but he emphasised that the working-off of excess stocks would entail "another few months" of much reduced demand. The group, of course, now has the benefit of modernised plants, and the prospects for constructional steel business are still regarded as reasonably good. It is probable, however, that the sheet and tinplate sections of the group are less favourably placed. Some reduction in the current year's dividend would appear to be implied by the chairman's remarks, and the ordinary stock has reacted, on this interpretation, to 26s. 3d.

* * *

Bleachers' Association Meeting.—The recent results of the Bleachers' Association (discussed on page 550 of *The Economist* of June 4th) were undoubtedly disappointing, but Sir Alan Sykes' review at last Friday's meeting suggested that they were creditable enough in view of the year's special difficulties. Bleachers, like most industrial concerns, experienced a profound change between the first and the second halves of the financial period. Trading profits to the end of September last were substantially better than a year earlier. Further operating economies were realised, and a moderate improvement in the demand for bleached goods was illustrated by a 5 per cent. increase in exports of bleached cotton piece-goods. But from October the reaction was sharp, and exports fell by no less than 25 per cent. in the second six months of the financial year. Activity was checked by the persistent fall of American cotton prices. Indian trade was hindered by the prospective revision of the trade agreement with the United Kingdom—a matter of serious moment for Lancashire, since exports from this country are still falling, and colonial markets are being penetrated by Indian-produced cotton goods. The fall in cocoa prices, again, had a severe effect on the Association's West African trade. The chief feature of these difficulties is that they lay outside the Association's control, and their remedy may imply some degree of outside assistance. The outlook, however, is not wholly adverse. Technical developments include the production of chemical cotton, for use in the artificial silk, lacquer and plastics trades, and special finishes are being developed. But such developments, while a step in the right direction, can never replace fully the loss of the Association's main trade, particularly in the export markets. It is not surprising that the expected reorganisation scheme has been further delayed, for the Association has yet to achieve some degree of stability even in its sadly reduced profits.

HOTEL WESTMINSTER
FULL BOARD From 27/6
Le Touquet

* * *

Argentine Navigation Report.—This company's river and coastal steamer services in the Argentine, Brazil and Uruguay provided substantially increased earnings during 1937. Gross profits, after providing for maintenance of the fleet, increased by 16.7 per cent., from 7,438,235 pesos to 8,683,272 pesos, and net profits (after charging expenses under various headings, including fleet depreciation, administration costs and directors' fees) amounted to 2,696,909 pesos, against 1,549,106 pesos for 1936. The payment of a full 10 per cent. preference dividend (together with 4 per cent. in respect of arrears) and of 3 per cent. on the ordinary shares was announced last April. To the British investor, the prospects for the preference issue is of closest interest. Nominally, these shares are of 5.04 gold pesos, but their 10 per cent. cumulative dividend is payable at the fixed rate of 2s. per share, and they are entitled to repayment in a liquidation at £1 sterling per share. For 1935 and 1936 only 9 per cent. was paid, and arrears at the end of 1936 amounted to 4 per cent. Although the improvement in Argentine conditions during the first half of 1937 was damped by the considerable reduction in trade activity during the second part of the year, these arrears and the current dividend were well covered. A further decline in Argentine exports this year has been accompanied by a slight reduction in the company's gross receipts, and operating costs have also advanced. A quotation of 17s. 6d. for the preference shares indicates that the market is not counting on the maintenance of the full dividend this year, despite the directors' conviction that satisfactory results will again be shown.

* * *

Pass and Joyce Scheme. — This company experienced a capital reconstruction in 1936, and is now faced with a reorganisation so drastic that the present shareholders will have but a small stake in its future. A new company, Pass and Joyce (Successors), Limited, is to be formed, which will be controlled by Henlys, Limited. The latter will subscribe for ordinary shares to an amount depending upon the exercise of rights by the preference holders, and all prior securities, represented by mortgages, debentures, and preference shares, will be required for the creditors. Existing shareholders will thus receive a vestige of the equity. The present capital, which was written down from £175,000 in 1936, consists of £50,000 in 7½ per cent. cumulative participating 10s. preference shares and £15,000 in 1s. ordinary shares. One 1s. ordinary share will be allotted to a holder of £1 of present preference or £2 of present ordinary capital. This will involve the allotment of 57,500 out of the 200,000 1s. ordinary shares in the new company, and Henlys will subscribe for the balance at par, subject to the issue of shares to preference shareholders, who may exercise the right to subscribe for one 1s. ordinary share for £1 of preference capital held. The new company will also issue 10,000 6 per cent. non-cumulative redeemable £1 preference shares, but these are reserved for creditors. Holders of the existing second mortgage will receive £11,427 cash and £4,500 in preference shares, while unsecured creditors will receive 3s. 2d. in the £ in cash, and one preference share for £2 of debt. The new preference shares will be preceded by £15,000 debentures (carrying a minimum rate of interest of 5 per cent.) to be subscribed at par for cash, while the first charge of all will be a mortgage securing some £33,000 still owing to the bankers, Messrs Coutts & Company, who are forgoing £3,000 of their debt. The new ordinary capital will thus be highly geared, and while the business may be more prosperous in the future, the residual 3¾ per cent. participation reserved to existing ordinary shareholders has a conjectural value. Pressure of the creditors' claims and shortage of cash, however, compels both ordinary and preference shareholders to bow once again to the inevitable.

* * *

African and European Investment.—The sharp reduction in the profits of this mining finance concern last year was explained by Mr Louis Marks at the annual meeting held in Johannesburg last week. It arose primarily from unfavourable stock market conditions, for regular dividend and investment income actually showed a considerable increase. In addition to the company's disclosed reserves, the chairman pointed out, the hidden reserve represented by appreciation of securities over their book value amounted to £1,256,449 at the end of last year. Some 70 per cent. of the investments, which were increased from £2,002,677 to £2,786,345 last year, consists of dividend-paying securities. The company now holds mineral rights over 56,010 acres in the Odendaalsrust district, which are about to be prospected, while a large share interest is held in Western Holdings, whose recent discoveries have been made on adjoining territory. For those shareholders who are more interested in immediate dividend possibilities, Mr Marks held out the prospect of an interim dividend, to be declared this month.

* * *

The Week's Company Profits.—The number of company reports covered in our usual analysis of profit and loss accounts on page 51 is reduced this week to 39, excluding new concerns or those for which comparable figures are not available. The latest net profits of these concerns amount to £1,932,000, and show a decrease of 2 per cent. below the previous year, when they earned £1,971,000. The total profits of 1,458 companies analysed this year amount to £211,773,000, an increase of 13 per cent., compared with profits of £188,303,000 earned in the previous year. This week's results are discussed on page 31, under the heading "Shorter Comments."

* * *

Company Meetings of the Week.—In this issue, reports of company meetings begin on page 40. Lord Hirst's review of the *General Electric Company's* progress is discussed in a note on page 27. The *Southern Life Association*, whose annual meeting was held in Cape Town in April, earns over 4½ per cent. net on its funds, but values its liabilities on the assumption that only 2½ per cent. or 3 per cent. will be earned. A substantial increase in the company's lager trade was described by Lieut.-Col. R. W. Barclay at the annual meeting of *Barclay, Perkins and Company*. New technical developments were explained to *Bleachers Association* members by Sir Alan Sykes, whose speech is discussed on page 28. At the *Allied Ironfounders* meeting, Mr A. W. Steven described the establishment of a research department, whose whole cost in the year to March last had been charged to revenue though that particular trading year had obtained little benefit from this expenditure. We refer to Mr S. R. Beale's address at the *Guest Keen and Nettlefolds* meeting on page 28. At the *Globe Telegraph and Trust* meeting, the Earl of Midleton explained the use made of the Cable and Wireless (Holding) stock received in discharge of arrears. From the balance remaining after a special bonus, a sum was restored to general reserve equal to the amount taken in 1931 and 1932 to maintain the preference dividend. Mr Louis Marks' speech at the *African and European Investment Company* meeting is reviewed on this page. Addressing *Charterland and General Exploration and Finance* shareholders, Sir Edmund Davis disclosed that at May 31st the valuation of the company's investments was £474,824, representing (after adjustments for other items) a surplus of £123,391 over the issued capital. Mr Charles Emerson reported at the *Malacca Rubber Plantations* meeting that the company had sold over 1,500,000 lbs. of their standard grades at just under 9½d. a lb., which would provide a substantial profit. The year's events in the West African cocoa trade were discussed by the Earl of Selborne at the *Bank of British West Africa* meeting. The chairman expressed the hope that agreement would be reached between buyers and sellers before the truce expired on October 31st.

THE STOCK EXCHANGES

London

SETTLING DAYS

TICKET	ACCOUNT
JULY 5	JULY 7

THE power of Wall Street over the London market has been well illustrated this week. While the New York indices have leaped through their previous "highs," London has been content to maintain the price of industrials, to preserve a firm appearance for gilt-edged, and to concentrate its buying power on American stocks and commodity shares. Business in home securities continues small, and but for a delayed response to Wall Street's mid-week buying wave, prices towards the end of the account might have shown some net decline, instead of maintaining their general level.

Markets generally became irregular on Monday after a firm start, and *gilt-edged*, in particular, suffered from small selling as a result of which the Defence Loan was lowered to 1 per cent. premium, in anticipation of the large call due at the week-end. Fractional declines continued on Tuesday, but stocks showed little change on balance, thanks to a late recovery, and registered net progress on Wednesday. A further recovery in Australian and New Zealand loans was also reported. Corporation issues remained firm despite the Leeds issue (discussed on page 26).

Hopes of a satisfactory debt settlement encouraged *Austrian bonds*, the 7 per cent. issue in particular staging a sharp advance early in the week. Brazilian bonds rallied after an early reaction, but Chinese issues were still supported on the recent coupon payments.

Home rail stocks were consistently poor. Profit-taking soon checked an initial rise, and the dull market became even more dejected after the issue of a depressing batch of traffics. Little business was reported in the foreign rail market, but the payment of debenture arrears by B.A. and Pacific and Argentine Great Western stimulated interest.

*

Before responding whole-heartedly, on Wednesday and Thursday, to Wall Street, *industrial shares* displayed a more erratic tendency. Prices were fairly well maintained, in spite of occasional profit-taking, but activity slackened somewhat until Wednesday's spurt on Wall Street imparted new vigour. Iron and steel shares were notably strong to start with, but interest fell off as the week progressed. Richard Thomas issues were active on unofficial reports of the arrangements made for new finance, while Guest, Keen receded on the meeting. Coal shares provided no interesting features. Electrical equipment issues were irregular, General Electric, for instance, reacting a little after a favourable response to the annual meeting. Motor shares behaved similarly, a more hesitant tendency following early strength and then giving way to renewed advance. Without being particularly active, aircraft shares were on the whole well supported, Rolls Royce rising briskly on Thursday. Textiles made a mixed showing, Patons and Baldwins gaining at first and reacting in mid-week in common with other issues. Among rayon shares, Courtaulds were easier on reports that the final stages of equipping the new Preston factory would not be proceeded with. Though uninteresting, tobacco shares were firm, and Imperial Tobacco and British American Tobacco responded to the mid-week recovery. Stores, provision and catering shares were irregular. Miscellaneous issues did not move consistently, and some of the leaders lost ground slightly at first, before the end-account spurt.

Oil shares were a little less confident, but enjoyed a satisfactory week, which opened strongly on good American

news, though quieter conditions prevailed later. Anglo-Iranian was among the most active issues. The advance in the commodity price to 7⅜d. this week was again accompanied by considerable activity in rubber shares, particularly on Monday and Thursday.

Mines were not among the brightest features of the stock markets. Prices were marked up at first, under the influence of Wall Street, but the volume of business failed to expand, and prices later were inclined to drift. Kaffirs were subdued until mid-week, when some Paris and Cape demand for the dividend-payers was in evidence. Rhodesian copper shares were among the more interesting sections, but the volume of business was not large.

"FINANCIAL NEWS" INDICATORS

1938	Total Bargains‡	Corres. Day 1937	Security Indices: 30 ord. shares*	Security Indices: 20 fixed int.†
June 24	7,000	*6,795*	86·7	128·3
June 27	8,035	*8,095*	87·0	128·2
June 28	6,030	*7,880*	86·6	128·2
June 29	6,550	*6,435*	86·3	128·2
June 30	7,355	*6,620*	86·9	128·3
1938				
High...	...	...	*97·2*	*131·0*
			Jan. 12	*Feb. 4*
Low ...	...	...	*79·4*	*126·9*
			Mar. 16	*Mar. 17*

‡ Approx. total recorded in S.E. List. 1935 = 100. † 1928 = 100. * July 1

ACTUARIES' INVESTMENT INDEX

In the week ended Tuesday, June 28th, the Actuaries' index of 151 industrial ordinary share prices rose by just over 2 points to 66·4, comparing with 64·0 a month ago, and 82·6 a year ago. The corresponding average yields are 5·82, 5·94 and 4·39 per cent., respectively. We give below a selection of the component indices, and the usual monthly particulars of fixed interest securities :—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100): June 29, 1937	May 31, 1938	June 28, 1938
Fixed Interest			
2½% Consols (1)	133·2	131·9	131·5
Mis. ind. deb. (13)	121·7	120·8	120·4
Mis. ind. pref. (26)	118·1	112·5	112·8
Ordinary			
Insurance (10) ...	123·0	110·8	115·1
Coal (9)	121·8	80·8	83·6
Cotton (6)	46·7	25·8	27·9
Elec. Mfg. (12)...	144·1	114·5	117·5
Iron & Steel (17)	74·1	50·1	54·3
Oil (4)	93·7	77·8	85·0
Shipping (6)	25·9	13·9	15·7

Group	Yields (%): June 29, 1937	May 31, 1938	June 28, 1938
Fixed Interest			
2½% Consols ...	3·35	3·38	3·39
Mis. indus. deb.	4·08	3·95	3·96
Mis. indus. pref.	4·39	4·37	4·37
Ordinary			
Insurance	3·55	3·83	3·69
Coal	3·66	6·93	6·69
Cotton	2·34	3·10	3·16
Elec. Mfg.	4·44	5·89	5·91
Iron and steel ...	5·03	9·12	8·78
Oil	6·19	6·53	6·98
Shipping	1·19	4·05	3·97

New York

WALL STREET has belied cautious operators, who anticipated a significant bound of profit-taking, by absorbing two days' selling pressure in comparative comfort, and then sweeping on to the biggest buying movement of the year on Wednesday. The Dow Jones industrial average broke through the year's "high" of 134.35, registered last January, to reach 135.87 at the close on Wednesday. Turnover then reached the impressive level of 2,660,000 shares—the largest since October last year—of which 710,000 shares were traded in the last hour. New high records for the year were touched by most of the pivotal industrials, like Johns-Manville, U.S. Steel, Du Pont and Westinghouse Electric, while rails and utility stocks responded generously to good buying. Although the upward movement was well supported by speculative anticipations of a proximate business recovery, it may be significant that large-scale investors, who had hitherto remained out of the market, decided this week to recommence buying operations. Business news, however, is not exciting. *Iron Age* estimates that steel activity continues at 28 per cent. of capacity, and comments on the abandonment of the price differential system between different producing areas, which is expected to have disturbing effects on near-term consumption.

New York Prices

	Close June 23, 1938	Close Latest June 29, 1938
1. Rails and Transport		
Atchison	31⅛	33⅝
Balt. & Ohio...	6⅝	7
B.M.T.....	9¼	9¾
Can. Pacific...	6⅛	6⅞
Ches. & Ohio	28½	30¼
G.N. Ry. Pf...	18¼	18⅝
Illinois Cent...	9⅝	10
N.Y. Central..	14⅝	16¼
Northern Pac.	9⅞	10⅝
Pennsylv. R...	17¾	19⅝
Southern Pac.	14	15⅞
Southern Rly.	8⅞	10⅞
Union Pac. ...	75	84½
Greyhound ...	10¼	11¼
2. Utilities and Communications		
Am. W'works	10	10⅝
C'wlth. & S....	1⅝	1½
Con. Edison...	26⅛	27⅛
Col Gas & Elc	7¼	7⅜
El Bond & Sh.	8⅝	8⅞
Nat Pwr & Lt.	7	7⅝
N. American..	21½	21⅞
Pac Gas & Elc	28¼	28½
Pac. Lighting	39½	39¾
Pub Serv N.Jl	29½	30⅝
Stan Gas & E.	4⅛	4½
United Corp.	3⅛	3
Un. Gas Imp.	10⅛	10⅜
Amer. Tel. ...	140½	143½
Internat. Tel.	9⅞	10⅜
Westn. Union	25	29¾
Radio	6½	7⅛
„ B. Pref.	53½	55
3. Extractive and Metal		
Am. Rol. Mill	19	21
Beth. Steel ...	53	60
Beth. Steel P.	90½	96½
Republic St.	16⅝	18⅞
U.S. Steel ...	50¾	57⅜
U.S. Steel Pf.	101⅝	109
Alaska J'neau	9⅞	10⅝
Am. Metal ...	33	34½
Am. Smelting	44⅝	48⅞
Anaconda ...	29	31½
Bohn Alum ...	23	25
Cerro de Pas...	42	42¼
Int. Nickel ...	47⅞	49¼
Kennecott ...	35¾	37¾
Patino Mines	10¼	10½
Tex. Gif. Sul.	32¾	34
U.S. Smelt....	63¼	67¼
Vanadium ...	17⅛	18¼
Atlantic Refg.	23¼	24½
Phillips Petr.	38⅞	41½
Shell Union...	14⅞	15½
Shell Un. Pf...	101½	103
Socony Vac....	14⅞	14⅞
Stan. Oil Cal.	29¼	30¾
Stan. Oil N.J.	50½	53
Texas Corp.	41¼	43⅛
4. Manufacturing		
Briggs	22¼	25¼
Chrysler	52⅜	60⅝
Elec. Autolite	18⅞	21⅝
Gen. Motors..	35	36¾
Hudson Mtr.	7	7¾
Nash Kelvntr	8¾	9⅜
Packard Mtr..	4⅛	4¾
Bendix Avin..	12⅜	14¼
Boeing Airpln	26	27
Douglas Air...	46⅛	48⅞
United Aircft.	27¼	27⅝
Air Reduction	55½	61¾
Allied Chem.	167½	171
Col. Carbon	79	84
Dupont	110½	119½
Un. Carbide	75	78
U.S. Ind. Alc.	19⅜	22½
Alvis Chalmer	45¼	49¼
Gen. Electric	38⅜	41⅛
West'hseElec.	87¼	97¼
American Can	96⅞	98⅛
Addressogrph	20⅛	22⅜
Caterpillar ...	49½	55¾
Cont. Can. ...	44⅜	48
Ingersoll Rnd	83	87¼
Int. Harvester	59	65¾
Johns Manvle	81¾	93½
Am. Radiator	13	15⅞
Corn Prods....	67¼	67½
J I Case & Co.	87	91
Glidden	19⅞	23
G. Am. Trans	43¼	45⅞
Celanese of A.	15⅛	17
Ind. Rayon ...	18½	21¼
Colgate Palm.	10⅛	11
Eastm'n Kdk.	166	172
Gillette	8	8¾
Lambert Co.	11⅜	13⅜
Loews	47⅜	50½
20th Cen. Fox	23½	23⅜
5. Retail Trade, etc.		
Mont. Ward	38⅛	42¼
J. C. Penney	70½	77¼
Sears Roebck	63¾	67
United Drug	5½	5⅞
Walgreen ...	16	17½
Woolworth ...	45	46
Borden	16¼	16¾
Gen. Foods...	31	34
Kroger Grcy.	14½	14⅞
Nat. Biscuit	24	24⅜
Nat. Dairy ...	14¾	15⅜
Stand. Brands	7½	8
Am. Tob. B.	77¼	78
Lig. Myers B.	79¾	90
Lorillard	16⅞	17½
Reyn. Tob. B.	40⅝	42
Nat. Distillers	20⅝	22⅜
Schenley Dis.	16⅞	19½
6. Finance		
Comcl. Credit	33⅝	38¾
Atlas Corp....	7⅝	8
Com. Inv. Tr.	40¼	44½

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).

WEEKLY AVERAGES

	1938 Low Mar. 30	1938 High Jan. 12	June 15, 1938	June 22, 1938	June 29, 1938
347 Ind'ls. ...	75·9	102·2†	84·6	93·5	102·2
32 Rails	19·0	31·4	19·6	22·1	25·5
40 Utilities...	57·7	78·8	67·8	75·2	75·7
419 Stocks ...	63·7	86·4	71·5	79·0	85·4
Av. yield %*	8·35	4·27†	5·38	4·78	4·27
	High	Low			

* 50 Common Stocks. † June 29th.

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

June 23	June 24	June 25	June 27	June 28	June 29
108·5	110·2	112·5	111·1	111·1	115·9

1938 High: 116·9 January 11th. Low: 83·6 March 31st.

TOTAL DEALINGS IN NEW YORK

1938	Stock Exchange: Shares 000's	Stock Exchange: Bonds $000's	Curb Shares 000's
June 23	2,400	10,770	299
„ 24	2,290	8,130	318
„ 25*	1,160	3,550	127
„ 27	2,110	7,130	275
„ 28	1,290	7,970	162
„ 29	2,660	11,570	213

* Two-hour session.

Paris

ALTHOUGH turnover remained limited, and business was restricted mainly to professional operations, June was more satisfactory than recent months. Dealings began listlessly, with firm prices but poor turnover, gold mines providing the only interesting section. From the middle of June a pronounced improvement occurred in domestic issues under the lead of *rentes*, and Kaffirs receded into the background. The strength of Wall Street and an improvement in international politics helped the recovery and activity became broader. The advance, however, was checked periodically by profit-taking, and the last few days of the month showed some hesitation. Prices were stimulated by rumours that the Bank of France would be empowered to conduct open-market operations, but reacted somewhat on the actual announcement, as the authorisation was more limited than had been anticipated.

	June 1, 1938	June 29, 1938		June 1, 1938	June 29, 1938
3% Rentes	73·85	74·25	Chargeurs Reunis ...	470	519
4%Rts. '17	71·20	72·35	Rio Tinto ...	2,315	2,524
Banque de France ...	6,950	6,850	R. Dutch...	61,200	67,800
Credit Lyonnais..	1,572	1,578	Mex. Eagle	46¼	48¼
Suez Canal	23,550	22,610	Chartered	227½	241
Wag. Lits...	87·00	83·50	Ford	66	64
			De Beers...	1,323	1,457
			"Johnnies"	490½	480

Berlin

EXCEPT at the beginning and end of the month, shares were reactionary, touching the lowest average of the year. Selling for Jewish and emigrant accounts, the later fears of exporters regarding the possibility of breakdown in the Anglo-German debt negotiations, and the May import surplus accounted for the depression, but most of the declines were not considerable. Farbenindustrie for a time took the lead on the dividend

increase, and potash and certain automotive issues were firm. In the middle of the month both professional and the public operators held aloof, and some leading shares were at times unquoted, but there were temporary rises in specialities such as South German Sugar and Continental Rubber, while utilities were relatively firm. In the third week, utilities attracted further support, chemical shares were firm for a time, and the month ended with a recovery. Reichsbank was little changed and despite a favourable reception of the annual reports, leading shipping shares were lower. Home bonds weakened slightly, the German section of the Young Loan dropping 2 points. Among certificated dollar loans the Dawes and Young issues were quoted lower, but trading in all certificated loans was nominal. The official share index (1924-26 = 100) for May was 112.71, against 114.83 for April; bonds 99.70, against 99.78.

	June 1, 1938	June 29, 1938		June 1, 1938	June 29, 1938
Reichsbank ...	193·00	194·75	Nord. Lloyd...	77·60	77·50
D.D. Bank ...	120·00	120·25	A.E.G....	120·00	118·10
Dresdner	111·90	111·60	Siemens & H. ...	203·00	200·50
I.G. Farbenind.	161·00	155·90	Stahlwerke...	108 90	107·25
			Hamburg-Amer.	75·75	75·25

Amsterdam

LIKE other centres, Amsterdam enjoyed a considerable improvement in security prices last month, and the increase in activity eventually attracted public support. A slightly improved tendency was apparent quite early in the month, but the main trading feature at first was a revival of interest in commodity shares, Wall Street's recovery being transmitted to all sections of the market. Rubber shares responded to the quota cut, but relapsed on consideration of its effect on costs, and were hardly changed on balance, until a general improvement in commodity prices began in mid-month. Tin shares were firm on the quota news. Wall Street's recovery brought more cheerful conditions all round, with rising prices and turnover, though, as in London, the last days of the month were irregular.

	June 1, 1938	June 29, 1938		June 1, 1938	June 29, 1938
2½% Dutch	86⅞6	85⅝	A. K. U.	35¾	40⅜6
5½% Ger.*	26	27	Ford Motor	288½	297
Philips Lp.	248¼	259	Deli B. To.	209	217
Neth. Ship.	112¾	115	Ryl. Dutch	305⅝	342½
Lever Bros. & Unilever	142⅛	146½	Hand. Am.	416¼	465¼

* Without transfer certificate.

Canada

DURING the latter half of May, Canadian stock prices declined irregularly, but last month spasmodic upward movements occurred, which produced an appreciable net improvement. Gains, however, were not always held, and the volume of trading generally remained low. Stocks of western grain companies found some support on good crop prospects, and construction and building supply issues were helped by the Government's new housing programme. Industrials generally shared in the recovery in world markets towards the end of June. In the mining market, considerable strength developed in gold mining issues, largely on rumours that gold prices might again be raised, but attention was diverted later to base metals, and gold stocks reacted. The bond market was firm and steady, western provincial bonds rising on the defeat of the Social Credit invasion of Saskatchewan. The Bureau's "Investors" Index for common stocks was 99.9 on May 19th, 95.3 on June 1st, 96.0 on June 10th, and 94.7 on June 16th. The index of long-term Dominion bond prices, for the week of June 10th-16th, averaged 118.0, compared with 118.1 for the previous week and 114.8 for the corresponding week of 1937.

	June 1, 1938	June 29, 1938		June 1, 1938	June 29, 1938
Bell Tel.	163	161½	Int. Petrol ...	25	25⅞
Can. Car	11	12¼	Brazil Trac ...	10¼	11⅜
Do. prefd. ...	27⅛	27⅝	Brit. Col. Power "A"	29¼	29½x
Power Corp...	10½	13½x	Do. "B" ...	3	3½
Dome Mines	58½	28½(s)	Can. Cement	8	10¾
Hollinger ...	13⅞	14¼	Int. Nickel ...	42⅝	50
McIntyre ...	41¼	42⅛	Massey Harris	6⅛	7⅞
B. of Canada..	56⅝	57½	Montreal Lt.	28¼	29¼x
B. of Montr'l	203	216	Quebec. Pow.	15	15¾
Bk. of Nova Scotia	296	295	Shawinigan Water	19	20¾
R. Bk. of Can.	171	186	Steel Co. of		
C.Bk of Com.	162	170	Canada	62	66
Can. Pac.....	5⅜	6¾			
Cock. Plow ...	7¼	10			

(s) New Shares.

Capital Issues

CAPITAL ISSUE TOTALS

Week ending July 2	Nominal Capital £	Conversions £	New Money £
To the Public ...	2,000,000	...	1,960,000
To Shareholders	104,733	...	120,006
By S.E. Intrc. ...	300,000	...	402,477
By Permis. to Deal	4,858,155	...	19,137,763
Say. Certs. w/e June 25	*Dr. 200,000*	...	...

Year to date	Including Conversions £	Excluding Conversions £
1938 (New Basis)	197,652,596	182,884,543
1937 (New Basis).....	*343,255,299*	*296,661,603*
1938 (Old Basis)	150,196,859	136,378,901
1937 (Old Basis)	*233,754,883*	*189,593,122*

Destination (Excluding Conversions)

Year to date	U.K. £	Brit. Emp. ex U.K. £	Foreign Countries £
1938 (New Basis)	141,705,617	38,749,697	2,429,229
1937 (New Basis)	*249,820,564*	*45,637,579*	*1,193,460*
1938 (Old Basis)	118,281,026	15,698,751	2,399,124
1937 (Old Basis)	*175,604,086*	*13,989,036*	*Nil*

Nature of New Borrowing (Excluding Conversions)

Year to date	Deb. £	Pref. £	Ord. £
1938 (NewBasis)	125,751,256	7,745,409	49,387,878
1937 (NewBasis)	*151,115,985*	*19,939,146*	*125,606,472*
1938 (Old Basis)	116,965,223	2,702,496	16,711,182
1937 (Old Basis)	*137,477,067*	*13,432,231*	*38,683,824*

NOTE.—"Old Basis" includes public issues only; "New Basis" includes all new capital in which permission to deal has been granted.

PUBLIC OFFER

Leeds Corporation.—Issue of £2,000,000 3¼ per cent. stock at 98. A trustee stock. Redeemable at par July, 1962, or from 1958 on notice. Ranks *pari passu* with other stocks. Estimated population, 491,880; rateable value, £3,705,640; rates, 15s.; total loan debt March last, £27,195,438; capital assets, £49,000,000,

BY STOCK EXCHANGE INTRODUCTION

Cow and Gate, Ltd.—Particulars of issue of £350,000 4 per cent. first mortgage debenture stock. Trust deed in favour of Prudential Assurance, who take issue at 97. Redeemable by 1966 by drawings from 1942 or on notice at varying rates.

PRIVATE PLACINGS

African Explosives and Industries.—There has been placed privately £1,000,000 4 per cent. first mortgage debenture stock at 100 free of stamp.

Sutton District Water.—This Company has placed privately £45,000 5 per cent. debenture stock.

BY TENDER

Deal and Walmer Gas Company.—Sale by tender of 4 per cent. redeemable preference stock (redeemable at par July, 1965), to produce up to £24,256, minimum price 99.

ISSUES TO SHAREHOLDERS ONLY

Associated London Properties.—Issue of £40,000 5 per cent. "B" mortgage debenture stock at par.

Hants and Dorset Motor Services.—Issue of 100,000 £1 ordinary shares at par (2 shares for every 9 held on June 17th).

King's Motors (Oxford).—Issue of 24,000 6 per cent. cum. participating £1 preferred shares at par (4 new shares for every 10 held on June 20th).

Ohlsson's Cape Breweries.—Issue of balance of £75,000 ordinary £1 shares at 55s. to present ordinary shareholders, in proportion of one new for seven held. The additional shares will not rank for the final dividend, etc., payable on July 8th.

Renong Tin Dredging.—Issue of 40,733 £1 ordinary shares at 27s. 6d. (3 new shares for every 10 held on June 22nd).

SHORTER COMMENTS

Company Results of the Week.—ANGLO-CEYLON AND GENERAL ESTATES are paying 10 per cent. against 8 per cent., net profits having increased by some £25,600 to £80,016. It seems that the higher tea crop, accompanied by a rise in price from 13·08d. to 13·99d. net per lb., combined with increased sugar production more than offset the decline in cocoa and rubber prices. The war in China has reduced the net earnings of PEKIN SYNDICATE from £38,330 to £23,220, and as £17,929 is being transferred to investment depreciation, no dividend is to be paid. In the first half of 1937, however, the coal output from the Honan mines amounted to 737,018, against 578,162 tons, and considerably higher net sales returns were obtained. Recent rubber company reports, mainly covering the year to March 31 last, show somewhat irregular results. Satisfactory increases are still common, but there are a few instances of lower profits. BUKIT RAJAH RUBBER sales produced 6 per cent. more than in 1936–37, but higher estate expenditure reduced net profits slightly to £18,846. Tea company results continue to show marked improvement. JOREHAUT, for example, earned £81,502 against £44,853. No ordinary dividend is being paid by ATLAS ELECTRIC AND GENERAL TRUST, but net profits have increased from £181,719, to £192,664, and available reserves twice covered the depreciation of investments as at March last. The satisfactory increase in the earnings of SANGERS, LTD., is due to a rise of about £7,000 in trading profits, and a special profit of £14,750 arising from a sale is being distributed as a special payment of 1·479d. per share, tax free. SPIERS AND POND have experienced a 9 per cent. drop in trading profits, to £71,617. A profit of £12,789 was, however, realised from the sale of land, and roughly half of the proceeds was applied to various improvements to properties. OHLSSON'S CAPE BREWERIES report earnings of £195.543, against £188,978. The 17½ per cent. dividend is repeated, and a new issue of one new ordinary share for seven held, at 55s. is proposed. It is expected that the Bolsover coal oil refinery of LOW TEMPERATURE CARBONISATION will begin operations shortly, and the new "Coalite" plant in South Wales should be completed for next winter's trade. Although

(*Continued on page* 34.)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields of fixed interest stocks 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 increase or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1937 Highest	Lowest	Prices, Year 1938 Jan. 1 to June 29, inclusive Highest	Lowest	Name of Security	Price June 29, 1938	Change since June 22, 1938	Yield June 29, 1938 £ s. d.
				British Funds			
84 15/16	73⅛	79¼	71	Consols 2½%	74¼	– ¼	3 7 9
113	105¾	111¾	107	Do. 4% (aft. 1957)	109½x	+ ½	3 6 5n
101 5/16	94⅜	100¼	96	Conv. 2½% 1944-49	99⅝	+ ⅜	2 12 0
103 9/16	97½	103¼	99	Do. 3%, 1948-53	101½	...	2 18 6
106 25/32	99	104⅜	98¼	Do. 3½% after 1961	102¼	...	3 7 3n
108	105	104 21/32	104 3/16	Do. 4½% 1940-44	104½	...	2 3 6
117½	111¼	115⅝	112¾	Do. 5% 1944-64	114	...	2 12 6
92½	89	91⅜	87⅝	Fund. 2½% 1956-61	90½	...	3 2 0
96⅞	89⅞	97 13/16	94	Fund. 2¾% 1952-57	96½	...	3 1 0
101⅝	92⅞	99 5/16	95⅛	Fund. 3% 1959-69	97½	...	3 2 6
116⅜	109	114⅞	110½	Fund. 4% 1960-90	113¼	+ ¼	3 3 0
99 5/16	96	101⅛	97¾	Nat. D. 2½% 1944-48	100¾	+ ¼	2 9 9
114¾	107⅛	112 13/16	107¾	Victory Bonds 4%	111½	...	3 11 6f
105 13/16	99⅝	103⅝	99½	War L. 3½% aft. 1952	101⅞	+ ⅛	3 6 6n
96⅞	84 5/16	90⅛	84⅛	Local Loans 3%	87¾	+ ¼	3 8 3
102	99½	102	99½	Austria 3% 1933-53	101¾	...	2 18 9
72	62	67⅞	63¼	India 2½%	65½	...	3 16 3
85¼	74¼	81	75	Do. 3%	79	...	3 16 0
98¾	87	94	88½	Do. 3½%	92½	...	3 15 8
119½	112¼	117	114¾	Do. 4½% 1958-68	115½	...	3 8 6
				Dom. & Col. Govts.			
109⅞	105	108⅞	104¾	Austr. 5% 1945-75	105	...	4 3 3
105⅜	101	104 15/16	100¼	Canada 4% 1940-60	103	...	3 6 0
118	114½	115	113	Nigeria 5% 1950-60	115	...	3 9 6
110	104¼	108	101¾	N. Zealand 5% 1946	102	...	4 13 11
107⅜	103¼	107 19/32	102	Queens. 5% 1940-60	104	...	3 7 6
114⅛	110½	112 15/16	109¾	S.Africa 5% 1945-75	110	...	3 7 5
				Foreign Governments			
103	93	96½	89	Arg. 4½% Stg. Bds.	91	...	4 18 9f
105½	97¾	102	24	Austria 7% 1957	39	+ 7	?
91¾	84¼	89	48	Do. 4½% 1934-59	60	+ 2	8 14 10
102⅛	95¼	99	95	Belg. 4% red. by 1970	98	...	4 1 4
33¼	24½	34½	31½	Bulgaria 7½%	33½	...	7 9 3m
89¾	37	37½	16	Brazil 5% Fd. 1914	19½	+ 1	Nil
28	15	19⅝	16¼	Chile 6% (1929)	18½	+ 1	4 4 6v
95¾	54½	60½	40½	China 5% (1912)	47½	+ 6	10 10 6f
101⅞	59	73½	43	Do. 5% (1913)	61½	+ 5	8 2 9f
108⅜	101½	105¾	58	Czechoslovakia 8%	77½	+ 3	10 6 6f
100	92½	98½	94	Denmark 3%	97½	...	3 2 0
106½	100½	104	100¼	Egypt Unified 4%	101½	...	3 18 6
18½	11	13	9¼	French 4% (British)	10½	...	5 10 0e
66	52¾	60	43½	Ger. 7% Dawes Ln.	50	+ 2	14 0 0
49¼	35	45¾	32½	Do. 5½% Young Ln.	38	+ 2	14 9 6
40¾	30	34½	25	Greek 6% Stab. Ln.	32½	...	7 7 7w
62	47⅛	58½	30	Hungary 7½%	43½	...	8 12 3h
88¾	53	60	38	Japan. 5½% 1936-65	51	– 1	10 12 6f
94¾	57½	64½	43	Do. 6% ('24) red. 1959	53	– 1	11 6 3f
121¾	110½	124	115	Norwegian 4% 1911	117½	...	3 8 0
61½	40¾	50	36	Peru 7½% 1922	45	...	...
83	56	72	54	Poland 7%	70	+ 3	7 17 2s
20½	13	15	11	Roum. 4% Con. 1922	13½	+ 1	13 18 0y
96⅜	88¼	92	78	U.K. & Arg. C. 3%	81	...	3 14 1
				Corporation Stocks			
118	111½	115¾	110½	Bir'ham 5% 1946-56	112½	...	3 4 9
118¾	112¾	117	112	Bristol 5% 1948-58	114½	...	3 5 6
95¼	82½	87½	83	L.C.C. 3%	86	...	3 9 9
101	93	97½	94	Liverpool 3% 1954-64	96	...	3 5 0
104⅝	100⅝	105⅛	101½	Middx. 3½% 1957-62	104	...	3 4 9

Prices, Year 1938 Jan. 1 to June 29, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price June 29, 1938	Change since June 22, 1938	Yield June 29, 1938 £ s. d.
				Public Boards			
114½	110½	2½	2½	C. Elec. 5% 1950-70	114	...	3 14 8
				Lon. Pass. Transport			
119½	112	2¼	2¼	4½% "A" 1985-2023	116	+ ½	3 14 0
129¼	125	2¾	2½	5% "A" 1985-2023	126½	+ 1	3 14 0
122⅝	116½	2½	2½	5% "B" 1965-2023	117½	+ 1	3 16 0
84	73¼	2¾ b	1½ a	"C" 1956 or after	74	+ ½	5 14 10
91⅛	85	1½	1½	Met. W.B. "B" 3%	89½	...	3 7 0
118	114¼	2½	2½	P. of Lon. 5% 50-70	116	...	3 7 0
				British Railways			
65	46	½ a	3½ b	G.W. Ord.	47	– ½	8 10 2
4⅝	2¼	Nil	Nil	L. & N.E.R. Def.	3	+ ⅛	Nil
8⅜	4⅜	Nil	Nil	Do. 5% Pref. Ord.	5	...	Nil
97	73	1¼ a	3¾ b	Do. 5% Pref. 1955	74	...	7 16 8
27⅛	13½	½ c	1¾ c	Do. 4% 2nd Pf.	15	...	11 13 4
68¼	42½	1 a	3 b	Do. 4% 1st Pf.	46	+ 1½	8 14 0
30⅛	15⅝	1¼ c	1½ c	L.M.S. Ord.	16½	– ½	9 1 9
70¼	44	4 c	4 c	4% Pf. 1923	46½	...	8 12 0
82¼	62¼	2 a	2 b	4% Pf.	66½	+ 2	6 0 4
21⅝	16¼	½ c	1½ c	Southern Def.	16½	– 1	9 1 9
87	64	2 a	3 b	Do. 5% Pf. Ord.	68	...	7 7 1
115½	104½	2½ a	2½ b	Do. 5% Pf.	107	+ 2½	4 13 6
				Dom. & Foreign Rys.			
14	7 7/16	Nil	Nil	Antofagasta Ord.	10	+ ½	Nil
6½	3⅜	Nil	Nil	B.A. & Pac. Ord.	5	...	Nil
17	8¾	Nil	Nil	B.A. Gt. Sthn. Ord.	13	+ 1	Nil
12½	6⅛	Nil	Nil	B.A. West. Ord.	8½	+ ½	Nil
13¼	6½	Nil	Nil	C. Arg. Ord.	9	+ ½	Nil
8 7/16	5	Nil	Nil	Can. Pac. Com. $25	6½	+ 1	Nil
28½	25¼	2 c	2 c	Costa Rica Ord.	26½	...	7 10 11
43/9	33/9	Nil	1 c	Nitrate Rlys. £10	40/-	...	5 0 0
66	35	†2 a	†2 b	San-Paulo Ord.	38½	+ 2½	10 5 9†
16/3	14/3	1 c	1 c	Taltal Rly. Ord. £5	15/-	...	6 13 3
				Banks and Discount			
75/6	59/-	7½ a	10 b	Alexanders £2, £1 pd.	62/6	+ 1/3	5 12 0
35/-	32/6	5 a	5 b	Bk. of N. Zealand £1	35/-	...	4 11 5e
352½	330	6 a	6 b	Bk. of England	343½	+ 1	3 9 9
76/6	71/3	7 a	7 b	Barclay B. £1	75/6	+ 1/-	3 14 9
43/1½	41/-	3¼ b	3 a	Barcl. (D.,&c.) A £1	43/-	...	2 15 6
8 9/16	7¼	3½ a	4½ b	*Bk. of Aust. £5	7½	...	5 6 8
£44	£39½	8 c	8 c	*Bk. of Mont. $100	£44	+ £3	3 13 6c
26½	24	o 5¼ c	o 6 c	Bk. of N.S.W. £20	25	...	3 16 8e
55/-	32/6	6 c	Nil c	Brit. Overseas A £5	35/-	...	Nil
12 19/32	11 5/16	7 a	7 b	Chtd. of India £5	11¾	...	6 0 0

Prices, Year 1938 Jan. 1 to June 29, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price June 29, 1938	Change since June 22, 1938	Yield June 29, 1938 £ s. d.
13/4½	12/-	3½ b	3½ a	Com. Bk. of Aus. 10/-	12/6	...	4 6 3e
53/9	50/-	5 a	5 b	District B. £1 fy pd.	53/9	...	3 14 5
90/-	74/6	3½ b	3½ a	En. S. & Aust. £5 £3p.	75/-	...	5 12 0
10⅝	9 11/16	10 b	8 a	Hambros £10, £2½ p.	9⅞	...	4 10 6
£96¼	£82	£2½ a	£3 b	Hong. and S. $125.	88	+ 1	6 4 4
64/6	56/9	6 a	6 b	Lloyds £5, £1 pd.	60/6	...	3 19 9
9¾	8⅞	7 a	9 b	Martins £20, £2½ pd.	8¾	...	4 0 0
89/3	78/3¾	8 a	8 b	Midland £1, fy. pd.	86/-	+ 6d	3 14 0
6 5/16	5¾	5 a	5 b	Nat. Dis. £2½ fy. pd.	6	...	4 3 3
41	34¾	4 a	11 b	Nat. of Egypt £10	35	– 1	4 5 0
41¼	37½	9 a	9 b	N. of Ind. £25, £12½ p	36	...	5 19 6
3⅞	3 7/16	7½ a	7½ b	N. Prov. £5, £1 pd.	3⅞	+ ½	4 0 0
488	444	8½ a	8½ b	Roy. Bk. of Scotland	455	+ 2	3 14 9
15 19/32	13⅞	5 a	10 b	St. of S.A. £20, £5 pd.	15¼x	+ ¼	4 18 0
51/3	43/-	3¾ a	6¼ b	Union Dis. £1	46/10½	+ 7½d	4 5 0
99/-	90/-	9 a	11 b	West. £4, £1 pd.	98/-	+ 2/6	4 1 3
				Insurance			
28⅝	24½	40 a	50 b	Alliance £1, fully pd.	26½	+ ½	3 8 0
15⅜	12¾	†3/6 a	†4/6 b	Atlas £5, £1¼ pd.	15¼	+ ⅛	2 12 6†
10 5/16	9⅛	20 a	20 b	Com. Un. £1, fy. pd.	10⅛	...	3 19 0
5½	4⅞	1/6 a	2/- b	Gen. Acc. £1, 5/ pd.	4⅝	+ ⅛	3 15 6
31	26⅛	25 a	25 b	Lon. & Lanc. £5, £2pd.	28	+ 1½	3 11 9
11⅝	9½	3/2 a	3/1 b	N.Brit.&Mer.£1¼,f.p.	10½	+ ¼	2 19 9
20⅝	18½	†25 a	†30 b	Pearl (£1), fy. pd.	19¼	+ ¼	2 18 0†
16	13¾	6/- a	6/- b	Phœnix £1, fy. pd.	15¼	...	3 18 6
35⅝	29½	†25 a	†72¼ b	Prudential £1 A	34	+ ¾	2 18 6†
106/-	81/3	†50 c	†50 c	Do. £1, with 4s. pd.	95/-	...	2 1 3†
10	8¼	11 a	19 b	Royal Exchange £1.	9⅞	+ ¼	3 0 0
8 25/32	7½	3/3 a	3/3 b	Royal £1, 10/- pd.	8½	+ ¼	3 16 0
16¾	15¼	6/6 a	6/6 b	S.U.& N.I.A £20, £1pd	16¼	+ ¼	3 18 0
87/-	69/8¼	1/3 a	1/6 b	Sun In., £1 with 5/pd.	82/6	+ 5/-	3 6 6
8⅝	7¼	†10 a	†10 b	Sun Lf. Ass., £1 fy.pd.	8⅝	+ ¼	2 6 6†
				Investment Trusts			
267	230	4 a	8 b	Anglo-Amer. Deb.	230	...	5 4 0
65½	47½	3 c	3½ c	Anglo-Celtic Ord.	47½	...	7 7 4
11/3	7/6	7½ c	10 c	Brit. Assets Trust 5/-	8/9	...	5 14 3
233	208	6 b	4 a	Debenture Corp. Stk.	213x	...	4 13 11
75	55½	1½ a	3 b	For. Amer. &c., Def.	62½	...	7 4 0
137½	120	4½ b	2½ a	Guardian Investment	120½	...	5 16 2
254	201	4 a	8 b	Ind. and Gen. Ord.	225	...	5 15 7
275½	223	5 a	8 b	Invest. Trust Def.	229	+ 4	5 13 6
17/-	14/9	2½ a	6½ b	Lake View Inv. 10/-	15/6	+ 3d	5 9 0
252½	233	3½ a	8½ b	Mercantile Inv.	240	...	5 0 0
154	123	3 a	4½ b	Merchants Trust Ord.	124½	...	6 0 0
251½	223	5 a	7 b	Metropolitan Trust	228	+ 3	5 5 3
5/-	3/4½	2½ c	4 c	Scottish Inv. 5/-	3/6	...	5 14 0
218	178	3½ a	6 b	Scottish Mort., &c.	180	– 3	5 5 7
221	190½	3 a	9 b	Trustees Corp. Ord.	192½	...	5 3 11
193	167	4 a	6 b	United States Deb.	177½	...	5 12 8
				Financial Trusts, &c.			
11/9	6/3	2½ c	4 c	Argentine Land, &c. 10/	7/6	...	5 6 9
35/-	22/9	10 c	13⅓ c	Brit.S.Afr. 15/- fy. pd.	26/3	+ 6d	7 12 5
23/9	15/7½	10 c	10 c	Charterhouse Inv. £1	17/6	...	11 8 0
16/10½	13/10½	2 a	2 b	C. of Lond.R.Pty. £1	15/-	...	5 6 9
33/9	25/7½	†2½ a	†8¾ b	Daily Mail & Gen. £1	29/6	+ 2/-	7 12 6†
7	6 1/16	4¼ b	3 a	Dalgety £20 £5 pd.	6⅜	...	5 14 0
23/6	19/3	3 a	6 b	Forestal Land £1	21/-	+ 6d	8 11 9
25/10½	19/-	Nil c	z 4 (c)	Hudson's Bay Co. £1	22/6	+ 1/6	4 0 0
20/-	13/9	2½ a	5 b	Java Invest. £1	17/6	+ 1/3	8 11 6
5⅜	2¼	Nil	Nil	Peru. Corp. Pref.	3	+ ½	Nil
10/6	7/-	3 c	3½ c	Primitiva Hold. £1	7/6	...	9 6 9
17/3	12/6	7½ c	7½ c	Staveley Trust £1	14/4½	...	10 9 1
34/10½	23/9	10 c	12½ c	Sudan Plant. £1	30/7½	+ 1/3	8 3 0
				Breweries, &c.			
77/6	61/3	12½ b	5 a	Ansell's Brewery £1	75/-	+ 2/-	4 13 0
32/-	21/9	5½ b	2½ a	Barclay Perkins £1	27/-x	+ 1/-	5 19 0
131/-	103/9	†20 b	†5 a	Bass Ratcliff Ord. £1	125/-	+ 3/6	4 0 0†
67/-	51/-	3 a	12 b	Charrington & Co. £1	64/6	+ 4/-	4 14 0
82/6	70/-	6 a	14 b	Courage Ord. £1	78/6	+ 2/-	5 1 6
107/9	85/-	15 b	7½ a	Distillers Ord. £1	99/-	– 1/-	4 10 6
125/-	102/6	17 b	12 a	Guinness Ord. £1	118/-	+ 4/6	4 19 0
113/6	91/-	20 b	7½ a	Ind Coope & All. £1	98/6	+ 6d	5 11 9
43/-	34/-	3½ a	7½ b	Meux's Ord. £1	39/-	+ 6d	5 12 6
93/-	76/3	15 b	8 a	Mitchells & Butlers £1	88/-	+ 3/6	5 4 0
75/-	63/9	5 a	12½ b	Ohlsson's Cape £1	66/3x	...	5 5 0
78/-	65/-	14 b	4 a	Simonds (H.&G.) £1	67/-	+ 1/-	5 6 0
107/3	87/6	†5 a	†17½ b	S. African Bws. £1	100/-x	+ 2/-	4 10 0†
42/-	30/-	4 a	6 b	Taylor Walker Ord. £1	37/-	+ 1/-	5 2 0
26/3	19/4½	2 a	5½ b	Walker (P)&R.Cain £1	21/9	+ 6d	6 19 0
77/9	62/6	13 b	6 a	Watney Combe Def. £1	74/6	+ 3/6	5 2 0
				Iron, Coal and Steel			
24/6	19/9	4 a	6 b	Allied Ironfound. £1	21/3	– 7½d	9 8 3
44/-	37/3	4 a	6 b	Babcock Wilcox £1	38/9	...	5 3 3
9/4½	4/7½	10 c	10 c	Baldwins 4/-	5/9	– 3d	7 0 0
46/3	37/3	4 a	10 b	Bolsover Col. Ord. £1	40/-	+ 1/3	7 0 0
32/3	24/9	†5 a	†12½ b	Brown (J.) Ord. 10/-	29/-x	– 3d	6 0 0†
36/7½	28/1½	†2 a	†6 b	Butterley Co. Ord. £1	28/9x	...	5 11 4†
11/3¾	6/9	5 c	8⅓ c	Cammell Laird 5/-	8/-	+ 3d	5 1 0
25/7½	19/9	3 a	5 b	Colvilles Ord. £1	23/3	+ 9d	7 4 0
11/10½	7/5¼	7½ c	10 c	Consett Iron Ord. 6/8	9/-	...	7 8 3
87/6	78/6	5 a	15 b	Cory, William, Ord. £1	82/6	...	4 18 9
34/3	19/9	6 c	10 c	Dorman Long Ord. £1	24/-	+ 2/3	8 6 0
55/3	34/3	14 c	18 c	Do. Pref. Ord. £1	42/6	+ 3/9	8 9 6
07/-	62/6	†6 a	†11½ b	Firth Brown £1	65/-	+ 2/6	5 8 0†
31/1½	22/6	†3 a	†4½ b	GuestKeen &c. Ord. £1	26/3x	...	5 14 3†
33/9	26/6	7½ a	15 b	Hadfields 10/-	30/-	– 6d	7 10 0
31/4½	21/6	7½ b	2½ a	Horden Collieries £1	24/4½	+ 1/3	8 4 2
29/-	25/9	5 c	9½ c	Lambert Bros. Ord. £1	26/3	...	7 4 0
13/10½	7/7½	2 c	3½ c	Ocean Coal & Wilson £1	9/-	+ 3d	7 14 6
12/3	8/10½	5 c	10 c	Pease and Partners 10/	10/3	+ 3d	9 18 0
23/9	16/9	2 a	5½ b	Powell Duffryn £1	18/9	...	8 0 0
48/4½	36/2¼	†7½ b	†5 a	Sheepbridge C.&I. £1	37/6	+ 6d	6 12 6†
35/4½	24/4½	3½ a	8½ b	Shipley Coll. Ord. £1	26/3	+ 1/3	9 2 10
40/-	28/9	12 c	13 c	S. Durham } Ord. £1	31/10½	+ 7½d	8 3 0
20/-	12/-	6 c	7 c	Steel & Iron } B Ord £1	13/1½	+ 7½d	10 14 0
46/3	40/7½	4 a	6 b	Stanton Iron. £1	45/7½	+ 1/-	4 7 6
58/-	46/-	†9½ b	†3 a	Staveley Coal, etc. £1	47/6	+ 7½d	5 4 6†
40/3	31/6	7½ c	12½ c	Stewarts & Lloyds £1	38/-	+ 6d	6 12 0
28/9	23/3	6 b	4 a	Swan, Hunter £1	26/3	+ 7½d	7 12 5
10/10½	3/-	10 b	5 a	Thomas (Rich.) 6/8	4/-	+ 9d	25 0 0

(a) Interim dividend. (b) Final dividend. (c) Dividends for full year. (d) Paid in £N.Z. (e) Allowing for exchange. (f) Flat yield. (h) Yield on 3¾% basis. (m) Based on payment of 2½%. (n) To redemption at par, in year shown. (v) Yield on 15.8% basis. (s) Yield worked on a 5½% basis. (w) Yield based on 40% of coupon. † Free of Income Tax. (y) Yield based on 45% of coupon. (t) Yield worked on a 14% basis. (z) 1% paid free of income tax.

Prices, Year 1938 Jan. 1 to June 29, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, June 29, 1938	Change since June 22, 1938	Yield June 29, 1938 £ s. d.
				Iron, Coal, &c.—cont.			
25/3	20/9	Nil	Nil	Thornycroft, John £1	21/3	...	Nil
$62¼	$38½	1 c	Nil c	U. States Steel $100	$53½	+ $7	Nil
27/6	20/-	6 b	3 a	Un. Steel Cos. Ord. £1	23/6	+ 1/-	7 13 6
26/10½	19/9	10 c	10 c	Vickers 10/-	22/3	+ 3d	4 9 0
29/6	21/-	10 c	3¾ a	Ward (Thos. W.) £1.	25/7½	+ 1/3	7 16 3
36/6	33/1½	10⅔ c	12⅔ c	Weardale S. etc. Df £1	33/9	...	7 8 0
5 15/16	4½	12½ a	22½ b	Whitehead I. & S. £1	4¾x	+ ¼	7 6 0
50/-	40/7½	15 c	15 c	Yarrow & Co. £1	47/6	...	6 6 4
				Textiles			
5/9	2/9	Nil	Nil	Bleachers £1	3/9	+ 4½d	Nil
5/6	2/10½	Nil	Nil	Bradford Dyers £1	4/6	+ 9d	Nil
5/4½	2/4½	Nil	Nil	Brit. Cel. Ord. 10/-	3/3	+ 6d	Nil
7/6	4/-	Nil	Nil	Calico Printers £1	4/9	+ 4½d	Nil
41/9	32/6	10 c	10 c	Coats, J. and P. £1	37/9	+ 9d	5 6 0
48/1½	33/6	3½ a	7 b	Courtaulds £1	36/3	– 6d	5 17 0
39/9	26/9	2½ a	7½ b	English Swg. Ctn. £1	28/1½	+ 1/7½	7 2 0
6/9	3/4½	Nil	Nil	Fine Cotton Spin. £1	4/4½	...	Nil
33/9	25/-	3 a	5½ b	Linen Thread Stk. £1	27/6	...	6 4 0
49/4½	36/3	†12½ c	†10 c	Patons & Baldwins £1	43/9	+ 3/9	4 17 6†
18/9	6/3	6 c	Nil a	Whitworth & Mit. £1	6/3	– 1/3	19 4 0
				Electrical Manufactg.			
45/3	34/9	10 c	10 c	Associated Elec. £1	37/6	+ 1/6	5 6 9
95/6	77/6	5 a	15 b	British Insulated £1	88/9	+ 3/9	4 9 0
89/4½	78/9	5 a	15 b	Callenders £1	90/-	+ 2/6	4 8 10
30/-	18/9	6½ b	6 a	Crompton Park. A 5/-	27/6	...	2 7 6
31/6	24/4½	Nil c	10 c	English Electric £1	28/-	+ 1/6	7 2 0
77/3	67/-	17½ c	20 c	General Electric £1	75/-x	+ 2/6	5 6 8
20/-	16/-	5 a	15 b	Henleys (W. T.) 5/-	20/-	...	5 0 0
41/3	34/-	5 a	7½ b	Johnson & Phillips £1	37/6	+ 1/3	6 13 3
30/6	22/9	7½ c	7½ c	Siemens £1	25/-	+ 1/3	6 0 0
				Electric Light, &c.			
$13	$7⅜	Nil	$1 c	Brazil Trac., no par	$11½	...	8 13 11
68/-	62/6	6 a	9 b	Bournemouth & Ple.	63/9	...	4 14 0
39/3	24/6	2 a	5 b	British Pow. & Lt. £1	28/6	...	4 19 0
34/3	33/-	3½ a	4 b	City of London £1	33/6	...	4 8 6
42/-	33/6	3 a	5 b	Clyde Valley Elec. £1	36/6	+ 6d	4 7 0
51/-	45/3	3 a	7½ b	County of London £1	48/6	...	4 6 6
38/6	34/-	4 a	5 b	Edmundsons £1	38/6	+ 6d	4 12 0
35/-	31/6	2½ a	5 b	Lancashire Elec. £1	32/-	...	4 12 6
32/4½	28/9	3 a	4 b	Lond. Ass. Elec. £1	30/-	...	4 13 4
50/3	43/6	3 a	9 b	Metro. Electric £1	49/-	...	4 17 6
38/-	33/3	2½ a	5½ b	Midland Counties £1	36/6	...	4 7 6
32/-	26/6	2½ a	4½ b	North-East. Elec. £1	32/-	...	4 8 0
48/9	44/6	4 a	6 b	North Metro. £1	46/3	...	4 6 6
37/9	34/-	2½ a	5½ b	Scottish Power £1	36/-	...	4 8 3
40/8	37/6	3 a	5 b	Yorkshire Electric	40/6	...	3 19 0
				Gas			
25/-	21/6	5⅗ a	5⅗ b	Gas L. & C. £1	24/-	+ 1/-	4 18 0
138	117	4 a	6 b	Imp. Cont. Stk.	117½	...	8 10 3
23/9	21/6	2½ a	2⅞ b	Newc.-on-Tyne £1	23/-	...	4 12 0
109¾	101¾	2½ a	3 b	S. Metropolitan Stk.	105½	...	5 4 3
				Motors and Cycle			
51/3	36/3	15 c	12½ c	Albion Motors Ord. £1	40/-	+ 1/3	6 5 0
39/4½	31/-	†7½ c	†2½ a	Assoc. Equip. Ord. £1	33/9	+ 1/3	4 8 11†
32/6	22/-	50 c	50 c	Austin 5/-	25/7½	+ 1/3	9 14 0
23/-	18/3	Nil	Nil	Birm. Sml. Arms £1	21/3	+ 3d	Nil
22/9	18/-	83⅓ b	33⅓ a	Dennis 1/-	18/9	...	6 6 0
23/1½	16/3	6 c	5 c	Ford Motors £1	18/1½	+ 7½d	5 11 3
57/6	48/-	12½ b	2½ a	Lucas, J. (£1)	52/6	+ 2/6	5 15 0
89/4½	71/3	20 c	25 c	Leyland Motors £1	82/6	+ 3/9	6 1 9
33/3	24/9	45 c	45 c	Morris Motors 5/- Od.	28/3	+ 6d	8 0 0
61/3	38/1½	20 b	5 a	Ral. Cycle Hold. £1	41/3	+ 1/3	12 2 6
100/7½	81/3	6 a	16½ b	Rolls-Royce £1	100/-	+ 3/9	4 10 0
16/7½	9/9	25 c	40 c	Stand. Motor 5/-	12/9	+ 6d	7 19 0k
				Shipping			
7 3/16	3⅞	5 a	15 b	Clan Line Steam. £1	4¾	+ ½	4 4 3
4/6	2/7½	Nil	Nil	Cunard £1	3/3	+ 3d	Nil
24/6	15/7½	Nil c	3 c	Furness, Withy £1	18/6	+ 1/6	3 4 6
24/6	17/6	4 c	2½ a	P. & O. Def. £1	22/-	+ 1/-	3 12 6
23/7½	16/9	4½ c	5 c	Royal Mail Lines £1.	18/6	+ 1/-	5 8 0
22/3	13/6	Nil c	Nil c	Union Castle Ord. £1	16/-	+ 6d	Nil
				Tea and Rubber			
18/6	9/6	2½ c	5 c	Allied Sumatra £1	15/-	+ 9d	6 13 3
30/-	18/1½	4 a	5 b	Anglo-Dutch £1	27/3	+ 1/6	6 12 0
29/4½	18/3	5 a	10 b	Bah Lias £1	25/-	+ 1/10½	12 0 0
27/-	22/6	2 a	6 b	Jhanzie Tea £1	25/-	+ 2/6	6 8 0
38/6	31/6	5 a	7½ b	Jorehaut Tea £1	30/-x	+ 1/3	7 2 9
37/6	29/6	2½ a	10 b	Jokai (Assam) £1	32/6x	+ 1/3	7 14 0
18/10½	10/-	5 c	5 c	Linggi Plant. £1	17/6	+ 1/10½	5 14 0
3/10	2/0¾	5 a	7½ b	London Asiatic 2/-	3/6	+ 1½d	7 2 9
29/-	17/6	4 a	6 b	Rubber Trust £1	27/6	+ 1/-	7 5 5
3/8¼	2/-	5 a	10 b	United Serdang 2/-	3/4½	+ 1½d	9 0 0
				Oil			
91/6¾	67/-	5 a	20 b	Anglo-Iranian £1	91/3x	+ 5/7½	5 9 0
32/6	24/9	32½ a	12½ b	Apex (Trinidad) 5/-	28/-x	+ 3d	8 0 0
36/-	25/-	Nil	Nil	Attock £1	35/-	...	Nil
6 1/16	4	5 a	25 b	Burmah Oil £1	4 3/32x	+ 3/32	4 17 6k
12/10½	3/7½	10d ps c	11d ps c	Mexican Eagle M.$4	4/10	+ 1d	?
£42	£33⅞	6 a	11 b	Royal Dutch fl.100	£37⅞	+ ⅝	4 15 0
5 1/16	3½	†7½ a	†12½ b	Shell Transport £1	4⅜	+ 1/16	4 11 0
5⅛	4 1/16	20 b	10 a	Trinidad Lease. £1	4 31/32	+ 3/32	6 0 0
				Miscellaneous			
20/6	17/3	5 c	5 c	Aerated Bread £1	20/-	...	5 0 0
25/-	20/-	9 c	8 c	Allied News. £1	21/-	+ 9d	7 12 0
25/9	18/-	7 c	7 c	Amal. Metal £1	20/7½	+ 1/3	6 16 0
16/6	11/3	5 a	3 b	Amal. Press 10/-	13/-x	+ 3d	6 2 0
15/-	11/-	11 b	10 a	Assoc. Brit. Pic. 5/-	12/3	+ 3d	8 13 0
17/9	10/3	26⅔ c	25 c	Assoc. News. Df. 5/-	12/-x	+ 6d	10 8 0
88/1½	67/6	7½ a	15 b	Assoc. P. Cement £1	83/9	+ 2/6	5 7 0
72/6	56/10½	5 a	10 b	Barker (John) £1	57/6	...	5 4 0
65/7½	41/3	60 c	85 c	Beechams Pills Df. 5/-	52/6	+ 1/3	8 0 0
49/9	37/6	m 29 c	s 32⅓ c	Boots Pure Drug 5/-	43/1½	+ 7½d	4 5 0
29/9	23/1½	7½ c	10 c	Borax Deferred £1	25/-	+ 1/3	8 0 0
17/9	12/6	9 c	Nil c	Bow. Paper Mills £1	15/3	– 3d	Nil
55/4½	44/3	15 b	7½ a	Bristol Aero. 10/-	53/9	+ 1/3	4 4 0
53/1½	40/6	4 a	8½ b	Brit. Aluminium £1	51/3	+ 1/3	4 17 0
36/3	31/-	2¾ a	5 b	British Match £1	32/6	+ 6d	4 15 0
5 7/16	4 13/32	†20 c	†21¼ c	Brit.-Amer. Tob. £1	4 15/16	...	4 6 0†
84/4½	64/4½	7 a	10 b	British Oxygen £1	72/6	+ 2/6	4 13 0
62/-	46/3	17½ b	7½ a	Brockhouse (J.) £1	53/1½	+ 3/1½	9 8 0
68¾	45½	Nil c	4 c	Cable & Wir. Ord.	48½	+ 2	8 5 0
7⅝	6	20 b	15 a	Carreras A Ord. £1	7	...	5 0 0
14/-	8/3	20 c	25 c	Crittall Mfg. Ord. 5/-	13/-	+ 1/6	9 12 0
45/-	38/3	10 c	12½ c	De Havilland Air. £1	41/3	+ 1/3	6 0 0
33/-	25/3	9 c	9 c	Dunlop £1	28/9	– 3d	6 5 3
37/6	35/-	10 b	5 a	Eastwoods Ord. £1	37/6	+ 2/6	8 0 0
16/3	9/9	10 c	10 c	Elec. & Mus. Ind. 10/-	12/-	+ 1/3	8 6 9
26/3	18/-	15 a	20 b	Ever Ready Co. 5/-	18/6	– 6d	9 8 0

Prices, Year 1938 Jan. 1 to June 29, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, June 29, 1938	Change since June 22, 1938	Yield June 29, 1938 £ s. d.
26/4½	17/-	10 c	†12½ c	Fairey Aviation 10/-	26/-	...	4 16 0†
55/-	45/-	5 a	7½ b	Finlay (Jas.) & Co. £1	52/6	+ 1/3	4 14 0
6 21/32	5 5/16	7½ a	20 b	Gallaher Ltd. Ord. £1	6⅛	+ 1/16	4 8 0
7/-	3/9	Nil c	Nil c	Gaumont-Brit. 10/-	4/6	...	Nil
20/6	11/3	8 a	8 b	Gen. Refract's 10/-	12/9	+ 3d	12 10 0
35/3	23/-	22½ b	15 a	Gestetner (D) (5/-)	27/6	...	6 6 0v
90/7½	68/9	5 a	20 b	Harrisons & Cros. Df. £1	80/-	+ 2/6	(d)
76/6	60/7½	5 a	13½ b	Harrods £1	62/6	– 1/3	6 0 0
30/-	19/10½	27½ b	15 a	Hawker Siddeley (5/-)	26/9	– 9d	7 14 0
27/-	21/-	8 c	9 c	Imp. Airways £1	26/3	+ 1/3	6 17 2
35/3	27/6	3 a	5½ b	Imp. Chem. Ord. £1	31/3	...	5 15 3
13/7½	8/-	Nil c	5 c	Imp. Smelting £1	10/7½	+ 1/10½	9 8 9
7¾	6	†7½ a	†17½ b	Imp. Tobacco £1	6⅞	+ ⅛	3 13 0†
$51⅝	$38⅞	c $1·30	c $2·25	Inter. Nickel n.p.	$49	+ $3½	4 1 8n
12/9	9/4½	8 b	5 a	International Tea 5/-	10/6	+ 6d	6 3 0
40/3	32/9	4 a	6 b	Lever & Unilever £1	37/6	...	5 6 8
60/-	43/9	22½ c	20 c	London Brick £1	52/6	+ 1/10½	7 12 6
5 13/16	5	8⅓ a	14⅙ b	Lyons (J.) Ord. £1	5 7/16	+ ⅛	4 2 0
60/7½	42/6	15 a	27½ b	Marks & Spen. 'A' 5/-	55/7½	+ 1/10½	4 10 6
4 11/16	3⅜	12½ b	7½ a	Murex £1 Ord.	4⅛	...	4 19 9
37/-	32/6	2½ a	9⅜ b	Phillips (Godfrey) £1	34/4½	+ 1/3	6 18 0
35/6	26/3	7½ a	10 b	Pinchin Johnson 10/-	29/6	+ 1/6	5 19 0
40/6	26/3	32½ b	12½ a	Prices Trust Ord. 5/-	35/-	...	6 8 0
58/9	42/6	3⅛ a	11⅞ b	Radiation Ord. £1	52/6	+ 1/3	5 14 3
5 15/32	4⅞	22½ c	22½ c	Reckitt & Sons Ord. £1	5¼	+ ⅛	4 6 0
14/3	11/-	†5 a	†8⅓ b	Sears (J.) Ord. 5/-	11/9	...	5 15 0
14/6	8/9	2½ c	4 c	Smthfld. & Arg. Mt. £1	9/6	+ 3d	8 11 0
60/6	51/6	2½ a	12½ b	Spillers Ord. £1	53/1½	– 7½d	2 16 0
25/7½	21/-	Nil	Nil	Swed. Match, B.kr.25	23/9	+ 1/10½	Nil
83/-	70/-	14 b	4¼ a	Tate and Lyle £1	77/6	+ 2/6	4 14 0
46/9	36/6	5 a	5 b	Tilling, Thos. £1	46/3	+ 2/6	4 6 6
68/4½	52/6	11 b	5 a	Tob. Secrts. Ord. £1	65/-	...	4 19 0
53/-	30/7½	60 c	w 35 c	Triplex Safety G. 10/-	40/7½	+ 7½d	8 10 0
89/4½	74/4½	16¼ b	10 a	Tube Investments £1	80/-	...	6 10 0
87/6	70/-	16¼ b	3¾ a	Turner & Newall £1	79/4½x	+ 7½d	5 0 9
57/4½	46/3	7½ b	5 a	United Dairies £1	55/6	+ 1/-	4 12 0
27/7½	18/4½	15 b	7½ a	United Molasses 6/8	22/6	...	6 13 3
39/8¼	33/9	7½ b	5 a	W'llpapr Mfrs. Def. £1	34/4½	– 7½d	7 4 0
39/3	32/6	3 a	7 b	Wiggins, Teape Ord. £1	36/-	+ 3d	5 11 0
70/-	60/6	15 a	45 b	Woolworth Ord. 5/-	63/9	+ 1/3	4 14 0
				Mines			
70/7½	52/6	95 c	95 c	Ashanti Goldfields 4/-	65/7½	...	5 17 0
12/10½	8/0¾	p 11 b	p 6 a	Burma Corp. Rs. 9	9/9	+ 1/1½	12 10 0r
3/6	1/6	Nil c	Nil	Commnwlth. Mng. 5/-	2/6	+ 1½d	Nil
81/3	62/6	32½ c	6¼ a	Cons. Glds. of S. Af. £1	73/-	+ 6d	5 8 0
16⅞	14¾	95 b	95 a	Crown Mines 10/-	15¾x	...	6 0 0
13 5/16	6	30 a	Nil b	De Beers (Def.) £2½	8¼	+ ⅛	8 9 0
69/4½	51/10½	20 c	20 c	Jo'burg. Cons. £1	55/-	...	7 5 6
48/3	30/10½	11⅓ b	11¼ a	Randfontein £1	33/-x	– 9d	13 12 0
12⅔	9⅓	37½ b	25 a	Rhokana Corp. £1	11⅛	– ⅛	5 15 0
19⅞	12¾	Nil	Nil	Rio Tinto £5	14¼	...	Nil
21/7½	13/7½	80 c	10 a	Roan Antelope Cpr. 5/-	16/9	+ 6d	(b)
11½	9⅜	75 a	75 b	Sub Nigel 10/-	10½x	+ ⅛	7 2 0
8¾	7	2/6 a	6/- b	Union Cp. 12/6 fy pd.	8½	– ⅛	5 0 0
9 25/32	5 13/16	Nil	Nil	W. Witwatersrand 10/-	7⅝	– ⅛	Nil
19/1½	5/2¼	10 c	Nil c	Wiluna Gold £1	15/-	– 1/3	Nil

NEW ISSUE PRICES

Issue	Issue price	June 29, 1938	Change since June22	Issue	Issue price	June 29, 1938	Change since June22
As-ManS.A.5/-	...	5/4½-5/10½x	...	Ind. Coope £1	£3	38/6-39/6	+ 1/6
7% Pref.	...	5/6-6/-x	...	L.C.C. 3½%	101½	¼-⅛ dis	+ 1/16
Austla. 3¾%	99	1/16-7/16 dis	+ 3/16	Natl. Def. 3%	98	1 3/16-1 5/16 pm	+ ¼
B.C&H.P 3½%	99	⅛ dis-⅛ pm	...	Odhams Ps 5/-	8/9	8/3-8/9	...
BeiraWks 5½%	101	1½-½ dis	...	Do. 4% debs.	£100	100½-101½	– ½
Chich. 3½%	...	101¼-101½	...	Plym'th 3¼%	98	1⅜-1⅝ pm	...
Gt.Un.S. 4½%	99	⅛ dis-⅛ pm	+ 1½	Stntn Iron 4%	102½	⅛ dis-⅛ pm	...
Hillman 5/-	10/6	9/3-9/9	...	Wick (A.C.) 5/-	7/-	6/9-7/3	...
Holt B. 4% db.	101	1⅝-1⅞ pm	...	6% pref. £1	£1	17/6-20/-	...

UNIT TRUST PRICES

as supplied by managers and Unit Trusts Association

(Table does not include certain closed trusts)

Name and Group	June 29, 1938	Change since June22	Name and Group	June 29, 1938	Change since June 22
Municipal & Gen.			Gold 3rd Ser.	12/9-13/9x	– 1½d
For. Govt. Bond	14/3-15/3	+ 6d	Keystone	15/9-16/9	+ 3d
Limited Invest.	18/6-19/3x	+ 6d	Keystone 2nd	13/10½-14/10½	+ 3d
Mid. & Southern	18/6-19/3	+ 3d	Keystone Flex.	14/6-15/6	+ 3d
Scottish & Northn.	17/3-18/-	+ 6d	Key. Consol.	14/-15/-	+ 3d
Bank-Insurance			**Allied**		
Bank & Insur.*	18/3-19/3	+ 3d	Brit. Ind. 1st	17/-18/-	+ 3d
Insurance*	20/3-21/3	+ 3d	Do. 2nd	14/9-15/9x	+ 3d
Bank*	17/3-18/3	+ 3d	Do. 3rd	14/6-15/6	+ 3d
Invest. Trust*	13/3-14/-	...	Do. 4th	16/3-17/3	+ 3d
Scot. B.I.I.T.*	14/10½-15/9	+ 3d	Elec. Inds.	16/-17/-	+ 3d
Cornhill deb.*	21/1½-21/10½	[illegible]	Metals & Min.	13/6-14/6	...
Cornhill def.*	13/-13/9	+ 3d	**Other Groups**		
National			Brit. Emp. 1st Unit.	16/9-17/9	+ 4½d
National C.	17/6-18/6	...	Brit. Gen. "C"	14/9-15/9	+ 4½d
National D.	16/3-17/-x	...	Rubber & Tin	1/2½-1/4	+ 2d
Nat. Invest.	13/-14/-	+ 3d	Producers	7/9-8/3	+ 6d
Amalgamated	20/-21/-	+ 3d	Domestic	7/3-7/9	+ 3d
Century	16/7½-17/7½	+ 3d	Do. Priority	9/3-9/9	...
Gilt-edged	17/9-18/3x	+ 3d	1st Prov. "A"	19/3-20/3	...
Scottish	16/6-17/6	+ 3d	Do. "B"	14/6-15/6	+ 3d
Universal	17/7½-18/7½	+ 1½d	Do. Reserves	15/-16/-	+ 3d
"15 Moorgate"			Selective "A"	15/4½-16/4½	+ 3d
Inv. Flexible	12/6-13/6	+ 3d	Selective "B"	15/6-16/6	+ 1½d
Inv. Gas & El.	12/4½-13/4½	+ 1½d			
Inv. General	16/3-17/3	+ 9d	Brit. Trans.	13/-14/-	+ 6d
Inv. 2nd Gen.	13/10½-14/10½	+ 6d	Bank, Ins. & Fin.	15/3-16/3	...
Inv. Gold	16/1½-17/1½	+ 1½d	British Bank Shrs.	19/6-20/6x	...
Hundred	17/1½-18/1½	+ 4½d	Do Insur. Shrs.	16/3-17/3	+ 6d
Provident	13/3-14/3	+ 1½d	Brewery	14/3-15/3x	+ 3d
Savings Unit	8/7½-9/3	...	Protected 1st	18/9-19/9	+ 6d
Security First	14/1½-15/1½	+ 7½d	Do. 2nd	16/3-17/3x	+ 3d
Keystone			Do. 3rd	11/6-12/6	+ 3d
Gold 2nd Ser.	17/3-18/3x	...			

* Bid and offered prices are free of Commission and Stamp Duty. (a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (k) Yield on 20% basis. (m) Including bonus of 5% free of tax. (n) Yield worked on a 2 per cent. basis. (r) Calculated at 18½ annas per share of Rs. 9. (p) Annas per share. (s) 8⅓% paid free of income tax. † Free of Income Tax. (v) Yield worked on 35% basis. (w) Paid on £300,000 more capital than in preceding year. (d) 17½ per cent. cash dividend and 7½ per cent. in deferred ordinary stock. (y) Dividend before the 200% capital bonus 4s. per share.

Industry and Trade

Retail Trade in May.—*The Economist's* Trade Supplement, which was published last week, came too early in the month for the inclusion of the usual statistics on the value of retail sales in the previous month. According to the *Board of Trade Journal*, the total value of sales per selling day in May was 6.1 per cent. below the corresponding figure for May, 1937; the decline was greatest in Central and West End London (8.6 per cent.) and least in the South of England (4.8 per cent.). Sales were lower this May in all the categories of merchandise, particularly for boots and shoes and for sports and travel goods. These comparisons must not be pressed too far, however, owing to the incidence of the Coronation and the Whitsun holiday in May of last year, but they show that the rise recorded in April was only a temporary check to the downward trend which has been noticeable for some months past.

* * *

Sectional Changes in Steel Output.—A noteworthy feature of the recession in steel output is that the decline in activity is unevenly distributed among the individual sections. Whereas employment in all sections of the industry declined by 9.3 per cent. between December, 1937, and May, 1938, employment in open-hearth melting furnaces fell by 14.1 per cent. and in the rolling mills by 12.1 per cent. On the other hand, the fall in employment of mechanics and labourers was only 2.4 per cent., in the founding department 6.7 per cent., in the forging and pressing department 1.7 per cent., and in puddling forges 5.7 per cent. A more comprehensive survey of the changes in the various sections of the steel industry is given in the following table:—

OUTPUT OF FINISHED STEEL PRODUCTS

	April, 1938		Monthly average, 1937		Monthly average, 1932	
	'000 tons	Per cent. change from 1937	'000 tons	Per cent. change from 1932	'000 tons	Per cent. change from 1929
Forgings	28·5	+ 3·3	27·6	+220·9	8·6	−57·6
Plates & sheets, raw	190·0	−10·6	212·5	+165·6	80·0	−52·9
Tinplates	41·7	−47·7	79·8	+ 28·5	62·1	−15·3
Galvanised sheets	17·9	−37·8	28·8	− 3·7	29·9	−57·4
Railway material	47·2	+ 1·3	46·6	+ 55·3	30·0	−50·4
Sections, rounds, flats, etc.	263·7	− 7·0	283·6	+174·8	103·2	−42·5
Wire rods	31·2	−33·1	51·1	+ 97·3	25·9	+25·1
Hoops and strips	31·4	−43·1	55·2	+180·2	19·7	−30·1
Total finished products	667·2	−17·0	803·6	+117·8	369·0	−41·9
Total raw steel	938·6	−13·3	1082·0	+146·7	438·6	−15·4

It will be seen that output of sections, rounds, etc., and of raw plates and sheets, which are extensively used in the building industry, had decreased substantially less than the average in April, compared with last year, whereas the decline in output of tinplates and galvanised sheets, a large part of which is exported, was considerably greater than the average. The production of forgings, widely used for armaments, and of railway material has actually risen. Compared with the fairly even decline in the production of all types of steel products between 1929 and 1932, the variations in the present recession are marked. As the output of structural steel and plates constitutes about 70 per cent. of the total finished steel production and as demand from the building and construction trades is not likely to fall considerably in the immediate future, there are at present no prospects of a sharp fall in the total output.

* * *

Strong Rubber Prices.—Rubber, which was priced at the opening of the current month at 5§d. per lb., has developed an unusual strength during the past week. The price once touched the 7d. limit for the first time since early last March, and although since then a slight reaction has taken place, the product is still talked to higher levels. The better sentiment is due not only to the revival of speculation, but also to an increase in consumptive demand. According to Messrs Symington and Wilson, stocks of the product outside the regulated areas declined by 17,251 tons in May to 546,825 tons. Although the latter level is still 154,723 tons above the figure of May 31, 1937, the reduction must be regarded as most encouraging, because it represents the first major fall for exactly one year. The new quota of 45 per cent., which came into force on July 1st, will reduce world shipments during the next three months to about 170,700 tons (including outside supplies), while absorption during the same period will almost certainly exceed 200,000 tons. It must be kept in mind, however, that plantations have proved to be unwilling sellers at current prices for weeks past, and as they are now entitled to pile up stocks within the restricting countries, actual new supplies might even be lower than the small quota suggests. The optimism regarding the future of the price of rubber thus appears not unfounded. Naturally, under the influence of the high world stocks, the trend of rubber quotations will be more affected by the outlook of consumption than by the state of supplies, but the market is inclined at present to take a more hopeful view of the future level of consumption than for several months past.

* * *

Oil in Great Britain.—Early this week, the Anglo-American Oil Company stated that during test operations at its experimental well near Dalkeith (Scotland) three and a half barrels of crude oil were produced. This oil, which came from oil sands 1,733 to 1,760 feet below the surface, represents the first oil produced since the start three years ago of the large-scale prospecting campaign under the Petroleum (Production) Act of 1934. As yet, it is not known whether the find is of any commercial value, but it is in so far interesting as the D'Arcy Exploration Company (a subsidiary of the Anglo-Iranian group) has recently encountered natural gas in substantial quantities at its experimental Cousland well, which is also situated near Dalkeith. This find of oil in Scotland will naturally encourage the supporters of the drilling campaign, but at the same time it is not convincing enough to satisfy those critics who found it an unnecessary waste of money to start a second vast search for oil in this country after the discouraging results of the drilling campaign in the years immediately following the last war. So far, the evidence obtained in the past three years seems to support the views of the critics. The five firms engaged in the drilling campaign have abandoned already a substantial number of shallow borings, together with some of the deep test wells in various parts of the country, and the D'Arcy Exploration Company has surrendered seven of its original 52 prospecting licences since the beginning of this year. The centre of the drilling activities, which was originally situated in the South of England, has now been transferred to the North of England and to Scotland, where, according to the views of some experts, the possibilities of finding oil are better. Only the future can tell whether the optimism and energy with which the prospecting campaign is being carried through are justified. This optimism will receive an important stimulus if the new Dalkeith find should prove of commercial value, but even if a close examination of the well should lead to disappointing results, the search for oil in Great Britain will be continued with undiminished vigour.

* * *

Difficulties in the Paper Trade.—Last year's sharp rise in wood pulp prices caused the British paper industry to cover its requirements of this raw material for a very long time ahead in order to be protected against a further rise in prices and against a scarcity of supplies. The actual trend of markets during this year has belied these apprehensions, since supplies are plentiful and prices have dropped sharply. Simultaneously, however, paper manufacturers, in possession of large and expensive pulp stocks and contracts, had to face a recession of demand and a substantial decline in paper prices. The precarious situation is largely attributed to the sales policy of the Scandinavian pulp and paper producers, who, it is alleged, after having induced the British paper manufacturers to purchase large quantities of pulp, have now sharply reduced their paper prices for the British market, thus completely offsetting the protection, and severely endangering the existence of the British paper industry. The Government has been urged to use the lever of the trade pacts to induce a change of policy among Scandinavian manufacturers. Meanwhile, a number of Scandinavian paper producers' conventions have undertaken a sharp restriction of output, as the lower prices failed to lead to an improvement of demand, and the British paper industry, too, had to reduce operations considerably. Partly owing to these measures, the heavy paper stocks in this country, which largely contributed to the lack of new orders, have recently been brought down to a more reasonable level, but holders have been left with considerable losses, since the fall in price for many papers has amounted to 30 per cent. Paper manufacturers, still burdened with substantial stocks of wood pulp and high-priced contracts, hope that arrangements will be made to overcome the present difficulties.

* * *

America and the Steel Pact.—An agreement between the Continental Steel Cartel and the American producers, which might have a great influence on the international steel markets and on the buying policy of consumers, was not obtained at last week's meeting of the Cartel in Brussels. The American producers who are prepared to join the agreement account for only 60 to 70 per cent. of the total American output, but they were required to guarantee a maximum export tonnage for the whole of the American output, including the outsiders; in other words, the export of the outsiders would have to be deducted from the quotas of the participating producers, and should the former increase their sales abroad, the latter would have to diminish their shipments accordingly.

(*Continued from page* 31)

the Bolsover refinery contributed nothing to 1937–38, total profits for the year to March 31 were £116,683, against £97,686 for the year to October 31, 1936, and £55,885 for the following five months. The trading profits of WILLIAMS AND WILLIAMS are 4 per cent. higher than in 1936–37, but owing to the provision of £9,500 against £5,000 for tax and exchange fluctuations, net profits are a little lower.

MISCELLANEOUS

Gas Consolidation, Ltd.—Net profit for year to May 31, 1938, £29,899, an increase of £4,923. Dividends on investments rose from £27,231 to £35,358. Total income £7,431 higher at £41,342. Ordinary dividend raised from 5½ to 6 per cent. Carry forward raised from £3,579 to £6,005.

Reynolds Brothers, Ltd.—Net profit for year to March 31, 1938, £135,013 (an increase of £43,141), after reserving £25,000 against nil for debenture redemption. Proceeds from sugar crop £752,568 against £598,028. To depreciation £28,310 (£15,994). Ordinary dividend 10 per cent. plus a bonus of 2½ per cent. against a dividend of 9 per cent. Carry forward raised from £35,532 to £79,920. Cash and sugar stocks £230,891 against £106,072. Season's total output of manufactured sugar 59,384 tons.

Stanley Motors, Ltd.—Profit for nine months to March 31, 1938, £25,051. Profits for half-year to December 31, 1937, £21,677. Initial report for period September 21, 1936, to June 30, 1937, showed a net loss of £4,584. Preference dividend for half-year to June 30, 1938, will be paid. No ordinary dividend yet.

Williams and Williams, Ltd.—Trading profit for year to April 30, 1938, £71,172 against £69,152. Net profit £44,501 against £46,686. Ordinary dividend and bonus 15 per cent. as before. To general reserve £15,000 against £16,011. Carry forward raised from £10,846 to £11,064.

Anglo-Ceylon and General Estates.—For year to March 31, 1938, profits rose by £25,606 to £80,016. Ordinary dividend 10 against 8 per cent. To buildings, etc., replacement account £6,339. Carry forward raised from £37,356 to £38,911.

Pekin Syndicate, Ltd.—After £17,929 to investment depreciation reserve, net profit for 1937 was £5,291 against £36,503 for 1936. No dividend is to be paid. To staff fund £1,000 (£2,000). Carry forward raised from £7,166 to £11,457. Sales of coal for 1937 reached 1,118,910 tons.

Atlas Electric and General Trust.—Net revenue for year to March 31, 1938, £192,664, an increase of £10,945. Preference dividend absorbed £158,407. Carry forward raised from £37,929 to £72,546. Value of investments at March 31, 1938, showed a depreciation of about 19 per cent. on the balance sheet figure of £5,790,765. Reserve accounts and unappropriated revenue amount to £2,281,558.

Jorehaut Tea Co.—Net profit for 1937 £81,264 compared with £44,853. To renewals and improvements account, £30,000 against £12,500. Ordinary dividend raised from 8 to 12½ per cent. Carry forward raised from £4,236 to £5,738. The crop harvested increased from 5,619,180 lb. to 6,247,105 lb.

Spiers and Pond, Ltd.—Net profit for year to March 31, 1938, £52,041, a fall of £13,057. Ordinary dividend reduced from 7 to 6 per cent. Carry forward raised from £12,513 to £13,501. Properties have been fully maintained, the amount charged against revenue for this purpose being £46,474 compared with £49,086.

Blackburn Aircraft.—Profits for year to March 31, 1938, £137,957, against a trading profit of £121,175 for previous period, which (after £32,500 for tax) left a net amount of £87,980. Ordinary dividend 15 per cent. on £400,000 against 12½ per cent. on £380,000.

Low Temperature Carbonisation.—Trading profit for year to March 31, 1938, £116,683 against £55,885 for preceding five months. Ordinary dividend maintained at 4 per cent. Carry forward raised from £11,149 to £32,450.

Cable and Wireless, Ltd.—Traffic index for May, 1938, is 6·53, against 78·6 in May, 1937, and 67·6 in May, 1936. For April, 1938, the index was 71·5, and for March, 74·7.

Lancegaye Safety Glass.—Net profit for year to March 31, 1938, £14,358, a fall of £27,209. Ordinary dividend reduced from 24 to 10 per cent. Carry forward £2,065. Stocks up from £25,204 to £66,923; cash reduced from £136,345 to £22,736.

Buenos Ayres and Pacific Railway.—A payment of one half-year's interest to July 1, 1934, will be made on July 28th next, on the 4½ per cent. consolidated debenture stock to holders registered July 1st. The Argentine Great Western Railway will distribute one half-year's interest to October 1, 1934, on its 5 per cent. debenture stock on the same date.

Southern Life Association.—In 1937 4,355 policies were issued, assuring £3,440,549. Premium income was £726,149, and interest revenue £329,689, an average of £4 14s. gross or £4 12s. 8d. net per cent. Life assurance fund is £7,355,756, an increase of £353,207. An interim bonus of 40s. per cent. compound is payable on assurances becoming claims this year. During 1937, the Association's activities were extended to general insurance, including fire.

Ohlsson's Cape Breweries, Ltd.—Net profit for year to March 31, 1938, increased by £6,565 to £195,543 before N.D.C. Tax takes £37,165 against £22,979, and depreciation £10,000 (same). Ordinary dividend and bonus maintained at 17½ per cent. To reserves: contingencies, £60,000 (£70,000); tax, £20,000 (nil); staff pensions reserve, £10,000 (nil). Carry forward £2,168 higher at £88,693. Stocks valued at £272,475 against £256,954. Cash £75,443 against £66,356.

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Whether the large American producers will ultimately agree to this condition remains to be seen. In the meantime, the whole question may gain a different aspect in consequence of this week's reports from the United States. Several producers have made reductions in prices for domestic requirements, and there is a tendency to abandon the old-established "basing-point" system, which provides for uniform price schedules and thus eliminates competition through regional advantages. Such a recurrence of competition on the domestic market may well induce certain prejudiced producers, e.g. in the Pittsburgh district, to promote their export trade.

INDUSTRIAL REPORTS

THE more cheerful tone noticeable in some markets last week has continued and our correspondents from the principal industrial centres report increased business inquiry and in some cases an improvement in the volume of new business. The textile markets, in particular, have experienced increased turnovers in both cotton and jute. The heavy sections of the steel industry continue to be fully employed and there has been a slight expansion in demand in the lighter trades which have been suffering from a lack of orders recently. The seasonal decline in the demand for coal continues and most collieries now are working short time. The figures for retail sales during May show a decrease of 6.1 per cent. in daily turnover compared with May, 1937, according to the returns published in this week's *Board of Trade Journal*. It must be remembered, however, that both Whitsuntide and the Coronation fell in May last year so that a decrease was to be expected.

Coal

Sheffield.— Inland demand is satisfactory in view of existing industrial conditions. Industrial needs are somewhat less heavy, but are sufficient to keep stocks of steam coal at a moderate level. There is a reduced demand for household sorts. Gas coal is only slowly taken up. Stocks of coke are accumulating with the sharply lessened consumption. Coke makers are somewhat concerned about the decision of the Stanton Ironworks—the biggest consumers of furnace coke in the Midlands—to construct their own coke works. There are no price changes on the week.

Export business continues to be very unsatisfactory. Shippers are confining purchases to actual requirements. Midland collieries have failed to secure any share of the Swedish State railways contract, the bulk going to Northumberland steams on the basis of 16s. 3d. per ton f.o.b.

★

Newcastle-on-Tyne.—Whilst there is more inquiry for delivery ahead in North-East coals with a fair amount of business booked, the current position is a weak one and collieries are considered fortunate to be able to work a full week. In Northumberland, home trade has fallen away considerably, whilst in the export section contracts made last year at higher prices are not being implemented. With less activity in the local industrial trade Durham manufacturing coal is now plentiful and collieries are having some difficulty in finding trade. There is little inquiry from abroad for patent oven coke and the market is weak.

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Glasgow.— Shipments of coal from Scottish ports during the first half of 1938 are fully 1,000,000 tons below the corresponding total for 1937. This results mainly from the slower conditions of general trade on the Continent, heavy stocks at importing depôts, and the higher prices quoted for Scottish than for competitive fuel. A steady downward revision of prices has been made in the past few months, but the market is now a buyers' one, and there is little extensive business. There has been a seasonal decline in inland and industrial demand and the recent reduction in house coal prices has not yet stimulated a stocking movement. Short-time working is therefore necessary, and even then large fuel is in abundant supply.

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Cardiff. — Depressed conditions continue on the Cardiff coal market. New business is very restricted, and under the pressure of increasing stocks and a relative scarcity of empty wagons prices have been reduced for prompt shipment. Coke is also suffering from nearly 50 per cent. contraction in demand of the blast furnaces as well as from a reduction in foundry requirements. Shipments at the South Wales docks last week totalled 416,100 tons, compared with 428,200 tons the previous week, and 468,089 tons in the corresponding week last year.

Iron and Steel

London. — A rather brighter tone has made itself felt in the iron and steel markets during the past week, and although conditions generally are quiet inquiry has been more active, says the official report of the London Iron and Steel Exchange.

Buying in the pig-iron market remains at a low level, but the demand normally declines during the summer months. The movement is accentuated this year by heavy stocks and it is not anticipated that consumers will resume large-scale purchasing until early in the autumn. Current business is not sufficient to absorb the entire production, and in some districts producers' stocks are increasing.

The demand for semi-finished steel shows little improvement, and most consumers appear to have sufficient stocks to last some time, whilst others have contracts covering their forward requirements.

In the finished steel section conditions have been more cheerful than for some weeks. The heavy steel department of the industry is well provided with work and lately consumers have shown rather more interest in new business. The lighter branches of the trade, which have been suffering from a lack of orders for some weeks, have also experienced a slight expansion in demand. Export business remains quiet, but with some overseas markets business has been a little more active.

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Sheffield.— There is no change of note in the iron and steel market. The volume of business in forge and foundry iron has not increased, and consumers are almost entirely off the market, stocks being sufficient for current requirements. Confidence in a good revival at the close of the holiday season is general, although forward buying may be delayed in the expectation of more favourable quotations at the close of the period of fixed prices in December. Basic pig is fairly well taken, but there is little business in hematites; some buying is reported, but the tonnage is limited.

Basic steel billets and acid billets are in steady demand. Good business continues to be done in strip and stainless steel sheets and wire rods.

The official figures of the May output of steel ingots and castings in Sheffield are a gratifying commentary on talk of depression. The total tonnage was 145,300, an increase of 10,300 on May, 1937. For the first five months of the year the output was 749,400 tons, compared with 705,100 tons in the corresponding period of last year.

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Middlesbrough.—Conditions in the local market remain dull and owing to the limited demand for Cleveland foundry pig iron another blast furnace is to be put out of operation this week. East Coast hematite pig iron production exceeds requirements and further curtailment is expected unless there is an early change in the position. Buyers are discouraged by the fact that prices are maintained on the official base rates until the end of the year.

Semi-finished steel is in good supply, and whilst departments producing heavy steel continue to be fully occupied, orders would now be welcomed for the later part of the year in order to keep the plant running.

Blast-furnace coke is understood to be subject to negotiation, but prices are expected to be based at about 30s. per ton f.o.t at the ovens. There is no business in foreign ore and reduced quantities are demanded under contracts. Steel scrap is extremely plentiful with works retarding deliveries.

★

Glasgow. — Steelmakers continue working to capacity and are being pressed for deliveries. The demand for semis and for lighter sections is still quiet, but there has been an improved volume of inquiry within the past week or two. Inquiry from local consumers shows some falling off owing to approach of holidays in Glasgow and elsewhere, but there is a good deal of new business on the market for export buyers and users in other parts of the country for all classes of material. Manufacturers in Glasgow and district continue fully employed and a gratifying amount of new business has been placed just recently.

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Cardiff. — There has been little indication this week of an improvement in the trend of business in the tinplate trade, as will be seen from the statistics given below. The position is relatively a great deal better in other finishing sections, particularly those engaged in the manufacture of sections, rods, wire, and nails, but the output of steel ingots is now only just a little more than half what it was in the early summer of 1937. Prices, however, remain nominally unchanged.

Tinplate Industry Statistics

	Week ended June 19, 1937	Week ended June 11, 1938	Week ended June 18, 1938
Production—per cent. of capacity	75·99	27·09	38·47

	Week ended June 22, 1937 Tons	Week ended June 16, 1938 Tons	Week ended June 23, 1938 Tons
Shipments	11,384	3,002	3,185
Stocks (warehouse and in vans)	3,475	6,207	6,437

	Twenty-five Weeks ended June 22, 1937 Tons	Twenty-five Weeks ended June 23, 1938 Tons
Shipments	209,279	121,931

Textiles

Cotton (Manchester).—There has been a more cheerful tone in the Manchester market, caused by the increased activity on the Stock Exchange. Turnover in American yarns has been larger than for several months back. The increased demand has been stimulated by the advance in raw cotton prices, and the opinion is gaining ground that values were on too low a level a month ago and that the recent advance has been fully justified. Latest news from the American belt is that the crop is making steady progress. The cloth market has also been busier than for some time and manufacturers have been giving out quotations for a wide range of fabrics. Most buyers have been rather slow in putting forward prices which are acceptable, but an increased turnover has taken place. Exporters of cloth are still harassed by the unsettled conditions in many foreign markets. There has, however, been a more persistent demand for India and fairly substantial sales have been arranged in light fabrics.

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Jute (Dundee). — A rapid change came over the jute market last week-end. In many of the jute-growing districts rain and flooding were reported, causing immature cutting, and the prospects for the new crop are less satisfactory. Speculative sellers rushed to cover "bear" sales, and prices were advanced anything from 10s. to 20s. per ton. The position is now quieter and some of the rise has been lost.

The Indian jute mills appear to be nearer a solution of their troubles in regard to working hours. An improved inquiry has been made for Dundee yarns and cloth, but there has not yet been any noticeable increase in business, so that spinners and manufacturers are unable to insist upon any advance in their prices.

THE COMMODITY MARKETS

THE commodity markets continue to reflect the improved sentiment on the New York Stock Exchange, and the general trend of prices is upward. The movement is, however, still largely due to speculative buying and may prove very sensitive to reactions from Wall Street.

Metal prices continued to rise during the early part of the week, but both copper and tin relapsed towards the close. At one time rubber touched 7d. per lb. and though this level was not maintained, the market is very strong. Cotton prices showed a further rise, but the grain markets have been irregular. Moody's daily index of staple commodities rose from 137.2 (December 31, 1931 = 100) to 140.8 in the week ending last Wednesday, thus continuing the rise which was begun early in June.

Metals

Copper. — After rising to £37 16s. 3d. the price of standard copper fell back to £36 13s. 9d. per ton and closed only 10s. up on the week. Under the influence of the Wall Street boomlet, speculative demand for copper reached a respectable level at times, but consumers did not join the buying rush. Consequently prices reacted sharply on the first deterioration in the Wall Street tendency.

★

Tin. — After the large gains of last week, the cash price closed at £184 per ton, a decline of £3 5s. on the week. The feature of the week was the revival of United States buying, which, however, stopped again after the first reaction of Wall Street. The I.T.C. decided on June 20th to return 37.5 per cent. of the carry-over which was surrendered by Belgian-Congo, Bolivia and French Indo-China at the beginning of this year. This step, which became effective from July 1st, will increase the permissible exports of the three countries by a total of 2,008 tons. Apparently the measure has been taken as some form of compensation for the 7.5 per cent. increase in the Dutch East Indian and Malayan standard tonnages.

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Lead and Spelter. — While the closing price of spelter, at £13 8s. 9d. per ton, showed no change on the week, lead lost on balance 10s. to close at £14 6s. 3d. per ton. Both markets moved more or less in sympathy with copper, but spelter received some additional encouragement from the revival of rumours that the formation of an international cartel is being planned by the leading producers. So far, however, no new negotiations on the subject have taken place and further discussions are not expected within the next few weeks.

Grains

PRICE movements in the wheat market have been rather erratic, owing to conflicting accounts of the new American crop. Old crop Manitoba is somewhat cheaper on the week, but the market generally has been steady, though quiet. The maize market is unchanged, but the better weather in Argentine has facilitated the conditioning of the crop, and growers' marketings are expected to increase in the immediate future. There is little demand for feeding barley and prices are unchanged.

Other Foods

Provisions.—There was a better demand during the week for mutton and pork and prices rose; elsewhere the meat market was quiet. Butter and cheese prices were little changed on the week; all types of bacon were about 1s. per cwt. dearer than last week, and egg prices continue their seasonal rise.

Colonial Produce. — Sugar and coffee prices were unchanged, and the tea and cocoa markets were generally quiet.

★

Fruit. — Strawberries have been the main interest this week; the crop generally is of poor quality, according to *The Fruitgrower*, and prices have ranged from 6d. to 1s. per lb. for the bulk, with a few good samples fetching up to 2s. per lb. English cherries, currants, gooseberries and raspberries are now coming on to the market.

★

Vegetables.—Tomato prices were little changed, and all forms of salad were in good demand. Good English new potatoes sold from 16s. to 20s. per cwt. and the old crop were still fetching between £9 and £12 per ton.

Miscellaneous Commodities

Oils and Oilseeds.—The markets have been steady, but business has been restricted. Demand for linseed has been small, after the considerable purchases of the last few weeks. The price of Egyptian cottonseed has risen by 20s. per ton since the beginning of June and the new crop is being quoted at £6 5s. per ton for November shipment. The price of linseed oil also showed a further advance of 15s. per ton during the week. The demand for oil cakes is good and prices are unchanged.

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Rubber. — Prices on the week show a gain of about ½d. per lb. Prospects in this market are discussed in a Note on page 35.

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Potash. — According to a statement made at the annual meeting of the Mines de Kali Ste. Thérèse (the only privately owned Alsatian potash company), the world potash output reached 2,706,000 metric tons in 1937, an increase of 403,000 tons on the year. Of this tonnage the two cartel countries (Germany and France) produced no less than 2,254,000 tons. World consumption of potash, outside the two cartel countries, last year amounted to 1,225,000 tons, an increase of 195,000 tons over the preceding year. Of this tonnage the cartel countries supplied no less than 713,000 tons. In recent months the position of the international potash market has remained satisfactory, as Spain (the most efficient cartel outsider) is at present prevented from exporting. Simultaneously, the demand for potash has been maintained by the continued war scare which has stimulated the agricultural production in a number of industrial countries.

★

Furs. — Sentiment on the fur market this week has improved slightly under the influence of the better Wall Street advices. Prices, however, remained low and the current demand is but small. The interest of the trade is at present being concentrated on the fifteenth Leningrad sale, which will take place next week and at which a fine selection of the typical Russian furs is being offered. The market expects from the Leningrad sale a lead for the autumn business, particularly as the attendance at the sale will be fairly large and will be composed of representatives from all leading buying countries.

BRITISH WHOLESALE PRICES

	June 22, 1938	June 29, 1938
CEREALS AND MEAT		
GRAIN, etc.		
Wheat—	s. d.	s. d.
No. 2, N. Man. 4 6 lb.	45 3	...
Eng. Gaz. av., per cwt.	7 10	7 11
Liv. July, per cental	6 5	6 5
Flour, per 280 lb.—		
Straights, d/d London	32 0	32 0
Manitoba, ex store	34 0	33 0
	35 6	34 6
Barley, Eng. Gaz. av.	10 8	9 5
Oats, „ „	8 10	8 3
Maize, La Plata, landed, 480 lb.	30 3	30 3
Rice, No. 2 Burma, per cwt.	8 7½	8 7½
MEAT—		
Beef, per 8 lb.—		
English long sides	4 8	4 6
	5 4	5 4
Argentine chilled hinds	4 2	4 2
	4 5	4 6
Mutton, per 8 lb.—		
English wethers	4 0	4 8
	5 4	5 8
N.Z. frozen wethers	3 0	3 0
	4 2	4 2
Lamb, per 8 lb.—		
N.Z. frozen	4 10	4 10
	5 8	5 8
Pork, English, per 8 lb.	4 6	5 0
	5 0	5 6
BACON (per cwt.)—		
English	98 0	99 0
Danish	98 0	99 0
Dutch	97 0	98 0
Irish	93 0	95 0
	98 0	99 0
HAMS (per cwt.)—		
Canadian	102 0	102 0
United States	96 0	97 0
	96 0	98 0
OTHER FOODS		
BUTTER (per cwt.)—		
Australian	122 0	122 0
New Zealand	124 0	125 0
Danish	127 0	126 0
CHEESE (per cwt.)—		
Canadian	78 0	78 0
	80 0	80 0
New Zealand	68 6	68 6
English Cheddars	...	...
	...	...
Dutch	45 0	46 0
	56 0	55 0
COCOA (per cwt.)—		
Accra, g.f.	22 0	22 3
	22 0	22 3
Trinidad	37 0	37 0
	45 0	45 0
Grenada	37 0	37 0
	38 0	38 0
COFFEE (per cwt.)—		
Santos supr. c. & f.	29 6	29 6
Costa Rica, medium to good	42 0	42 0
	62 0	62 0
Kenya, medium	45 0	45 0
	70 0	70 0
EGGS (per 120)—		
English (15–15½ lb.)	14 0	14 6
	14 6	15 0
Danish (15½ lb.)	11 3	11 3
	11 9	11 9
FRUIT—		
Oranges, Jaffa ... boxes	...	...
	...	...
„ Brazilian ... boxes	7 0	7 6
	11 6	11 0
Lemons, Malaga ... ½cases	18 9	18 9
	23 0	23 0
„ Sicilian ... boxes	12 9	14 0
	22 0	19 0
Apples, Amer. (var.) ... barrels	...	...
	...	...
„ Virginian 2¼/2¾	9 6	9 6
„ No. 1 Albermarle		
Grapes, Almeria ... barrels	...	...
	...	...
Grapefruit, Jaffa	10 9	10 9
	14 3	14 3
LARD (per cwt.)—		
Irish, finest bladders	56 0	56 0
	62 0	62 0
U.S.	48 0	47 6
	50 6	50 0
PEPPER, per lb.—		
Black Lampong (in Bond)	0 2¾	0 2¾
„ „ (Duty paid)	0 3¼	0 3¼
White Muntock (in Bond)	0 3⅞	0 3⅞
	0 4	0 4
„ „ (Duty paid)	0 4⅜	0 4⅜
	0 4½	0 4½
POTATOES (per cwt.)—		
English (new)	...	16 0
	...	20 0
SUGAR (per cwt.)—		
Centrifugals, 96°, prpt. shipm. c.i.f. U.K./Cont.	5 3	5 0¾
REFINED London—		
Yellow Crystals	18 6	18 6
Cubes	22 9	22 9
	23 3	23 3

* Weeks ended June 16th and 23rd.

	June 22, 1938	June 29, 1938
SUGAR (per cwt.)—cont.	s. d.	s. d.
Crushed	21 0	21 0
Granulated	18 10½	18 10½
	19 9	19 9
Home Grown	18 9	18 9
	19 0	19 0
TEA* (Auction Average) (per lb.)—	d.	d.
N. India	13·43	14·15
S. India	13·77	13·43
Ceylon	14·43	14·18
Java	12·49	12·19
Sumatra	11·07	11·00
Africa	11·98	11·89
Total	13·61	13·68
TOBACCO (per lb.)—	s. d.	s. d.
Virginia stemmed and unstemmed, common to fine	0 8	0 8
	2 6	2 6
Rhodesian stemmed and unstemmed	0 9	0 9
	1 10	1 10
Nyasaland stemmed and unstemmed	0 7	0 7
	1 4	1 4
East Indian Stemmed	0 6	0 6
	2 0	2 0
East Indian Unstemmed	0 5	0 5
	1 6	1 6
TEXTILES		
COTTON (per lb.)—	d.	d.
Raw, Mid-American	4·94	4·90
„ Sakellaridis, F.G.F.	7·77	7·52
„ Giza, F.G.F.	7·17	6·92
Yarns, 32's Twist	9⅝	9⅝
„ 40's Weft	10	10
„ 60's Twist (Egyptian)	17¼	17¼
Cloth, 32 in. Printers, 116 yds., 16×16, 32's & 50's	s. d. 17 0	s. d. 17 0
„ 36 in. Shirtings, 75 yds., 19×19, 32's & 40's	23 3	23 3
„ 38 in. ditto, 38 yds., 18×16, 10 lb.	9 10	9 10
„ 39 in. ditto, 37½ yds., 16×15, 8¼ lb.	8 11	8 11
FLAX (per ton)—	£ s.	£ s.
Livonian ZK	61 10	61 10
	62 0	62 0
Pernau HD	64 0	64 0
Slanetz Medium, 1st sort	83 0	83 0
	84 0	84 0
HEMP (per ton)—		
Italian PC	70 0	70 0
Manilla, June–Aug. "I2"	21 10	21 10
JUTE (per ton)—		
Native 1st mks., c.i.f. H.A.R.B., June–July	16/17/6	17/10/0
Daisee 2/3 c.i.f. Dundee, June–July	16/10/0	16/17/6
SISAL, (per ton)—	£ s.	£ s.
African, June–Aug.	15 10	16 0
	17 0	18 0
SILK (per lb.)—	s. d.	s. d.
Canton	7 3	7 3
Japan	6 6	6 9
	7 3	7 6
Italian, raw, fr. Milan	8 0	8 0
	7 3	7 3
WOOL (per lb.)—	d.	d.
English, Southdown, greasy	14	10½
„ Lincoln hog, washed	10	10
Queensland, scd. super combg.	22½	22½
N.S.W. greasy, super combg.	13	13
N.Z., greasy, half-bred 50–56	12½	12½
„ Crossbred 40–44	11½	11½
Tops—	26½	26½
Merinos 70's average	26½	27½
„ 64's „	25½	26
Crossbred 48's	16	16
„ 46's	15½	15½
MINERALS		
COAL (per ton)—	s. d.	s. d.
Welsh, best Admiralty	19 6	19 6
	22 6	22 6
Durham, best gas, f.o.b. Tyne	19 9	19 9
	20 0	20 0
Sheffield, best house, at pits	22 0	22 0
	24 0	24 0
IRON AND STEEL (per ton)—		
Pig Cleveland No. 3, d/d	109 0	109 0
Bars, Middlesbrough	265 0	265 0
Steel rails, heavy	202 6	202 6
Tinplates per box	21 6	21 6
NON-FERROUS METALS (per ton)—		
Copper—		
Standard cash	36/3/9	36/13/9
	36/6/3	36/16/3
Three months	36 8 9	37 0/0
	36 10 0	37 1/3
Tin—		
Standard cash	187 5 0	181 0 0
	187 15 0	184 10/0
Three months	188 5 0	185 5/0
	188 10 0	185 10/0
Lead, soft foreign—		
Cash	14 16 3	14 6/3
	14 18 9	14 7/6
English, pig	17 0/0	16 10/0
Spelter, G.O.B.—		
Spot	13 8 9	13 8 9
	13 10/0	13 11/3
Aluminium, ingots and bars	100 0 0	100 0 0
„ rolling billets	102 0 0	102 0 0
Nickel, home and export	180 0 0	180 0 0
	185 0 0	185 0 0
Antimony, Chinese	53/0/0	52 0 0
	54/0/0	
	s. d.	s. d.
Wolfram, Chinese per unit	57 0	52 0
	60 0	55 0
	£ s. d.	£ s. d.
Platinum, refined per oz.	6/12/6	6/12/6
Quicksilver per 76 lb.	13/18/0	13/18/0
	13/18/6	13/18/6

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

	June 22 1938	June 29, 1938
GOLD, per fine ounce	s. d. 140 10	s. d. 140 8½
SILVER (per ounce)—		
Cash	1 6 7/16	1 7 0/2
MISCELLANEOUS		
CEMENT, best Eng. Portland, d/d site, London area in paper bags 20 to ton (free, non-returnable)—		
4-ton loads and upwards	42s. per ton	
CHEMICALS—	s. d.	s. d.
Acid, citric, per lb., less 5%	1 0	1 0
	1 0¼	1 0¼
„ Nitric	0 2	0 2
	0 3	0 3
„ Oxalic, net	0 5	0 5
	0 6	0 6
„ Tartaric, English, less 5%	1 1	1 1
	1 1¼	1 1¼
Alcohol, Plain Ethyl	12 0	12 0
Ammonia, carb. ton	20/0/0	20/0/0
	21/0/0	21/0/0
„ Sulphate	7/14/0	7/14/0
Arsenic, lump per ton	35 0 0	35/0/0
	s. d.	s. d.
Borax, gran. per cwt.	13 0	13 6
„ powder	15 0	15 0
Nitrate of soda per cwt.	8 0	8 0
	0 4	0 4
Potash, Chlorate, net	0 4½	0 4½
Sulphate per cwt.	10 0	10 0
Soda Bicarb. per cwt.	10 0	10 0
	11 0	11 0
Crystals per cwt.	5 0	5 0
	5 3	5 3
Sulphate of Copper per ton	117/0/0	17/5/0
COPRA (per ton)—		
S.D. Straits, c.i.f.	11/0/0	11/1/3
HIDES (per lb.)—	s. d.	s. d.
Wet salted, Australian	0 4	0 4
	0 4¾	0 4¾
West Indian	0 2¾	0 2¾
	0 3	0 3
Cape	0 4¼	0 4⅜
	0 4½	0 4¾
Dry and Drysalted Cape	0 6¼	0 6¼
	0 6½	0 6¾
Market Hides, Manchester—	0 4½	0 4¼
Best heavy ox and heifer	0 5¾	0 5½
Best cow	0 3⅝	0 3⅝
	0 3¾	0 3¾
Best calf	0 4⅝	0 4¾
	0 6	0 5¾
INDIGO (per lb.)—		
Bengal, gd. red.-vio. to fine	5 0	5 0
	6 0	6 0
LEATHER (per lb.)—		
Sole Bends, 8/14 lb.	1 0	1 0
	1 10	1 10
Bark Tanned Sole	2 0	2 0
	2 10	2 10
Shoulders from DS Hides	0 5½	0 5½
	0 7½	0 7½
„ Eng. or WS do.	0 7½	0 7½
	1 1	1 1
Bellies from DS do.	0 4¾	0 4¾
	0 5¾	0 5¾
„ Eng. or WS do.	0 6	0 6
	0 8	0 8
Dressing Hides	1 0	1 0
	1 8	1 8
Ro. Eng. Calf, 20/35 lb. per doz.	3 6	3 6
	4 6	4 6
PETROLEUM PRODUCTS (per gall.)—		
Motor Spirit No. 1, London	1 6	1 6
Petroleum, Amer. rfd. brl. Lond.	0 10	0 10
Fuel, oil, in bulk, for contracts ex. instal. Thames—		
Furnace	0 3¾†	0 3¾†
Diesel	0 4½†	0 4½†
ROSIN (per ton)—		
American	13/0/0	13/15/0
	17/5/0	18/0/0
RUBBER (per lb.)—	s. d.	s. d.
St. ribbed smoked sheet	0 6¼	0 6 13/16
Fine hard Para	0 6	0 6¾
SHELLAC (per cwt.)—		
TN Orange	37 0	39 0
	40 0	42 0
TALLOW (per cwt.)—		
London town	17 6	17 6
TIMBER—		
Swedish u/s 3×8 ... per std.	21/15/0	21/10/0
„ 2½×7 ... „	21/5/0	21/0/0
„ 2×4 ... „	18 15/0	18/10/0
Canadian Spruce, Dis. „	22 15/0	22 10/0
Pitchpine per load	11/0/0	11 0/0
Rio Deals per std.	35/0/0	35 0/0
Teak per load	27/0/0	27 0/0
Honduras Mahogany logs c. ft.	0/12/0	0/12/0
English Oak Planks „	0/6/0	0/6/0
English Ash Planks „	0/7/0	0/7/0
VEGETABLE OILS (per ton net)—		
Linseed, naked	22/15/0	23/2/6
Rape, refined	33 0/0	33 0/0
Cotton-seed, crude	17 0/0	19 0/0
Coconut, crude	15 10/0	15 12/6
Palm	12 12/6	13 2/6
Oil Cakes, Linseed, Eng.	9 2/6	9 2/6
Oil Seeds, Linseed—		
La Plata, June	11 7/6	11 12/6
Calcutta	12 10/0	12 17/0
	s. d.	s. d.
Turpentine per cwt.	31 3	31 9

COMMODITY STATISTICS

Coal

COAL OUTPUT ('000 tons)

District	Week ended June 11, 1938	Week ended June 18, 1938	Jan.–May 1937	Jan.–May 1938
Northumberld.	215·2	262·5	5,828·0	5,909·7
Durham	521·7	650·7	13,426·6	14,353·4
Yorkshire	424·1	846 5	19,339·5	19,890·6
Lancs, Cheshire and N. Wales.	235·1	348·4	7,510·5	7,690·6
Derby, Notts & Leicester	307·6	606·7	14,802·1	15,181·1
Staffs, Worcs, Salop & Warwick	198·8	390·5	8,686·5	8,936·8
South Wales & Monmouth	464·2	758·5	15,227·3	16,266·3
Other English districts*	64·4	105·8	2,228·0	2,412·9
Scotland	529·1	562·4	13,594·6	13,424·3
Total	2,960·2	4,532·0	100643·1	104065·7

* Including Cumberland, Gloucester, Somerset, and Kent.

Cotton

RAW COTTON delivered to Spinners ('000 bales)

Variety	Week ended June 17, 1938	Week ended June 24, 1938	Total Deliveries Aug. 1, 1936–June 25, 1937	Total Deliveries Aug. 1, 1937–June 24, 1938
American	17·6	19·4	1,106	1,119
Brazilian	3·7	2·6	339	254
Peruvian, etc.	1·0	1·5	130	104
Egyptian	9·9	7·4	376	320
Sudan Sakel	2·4	3·1	149	131
East Indian	7·1	12·0	515	344
Other countries	1·6	0·9	203	154
Total	43·3	46·9	2,818	2,426

Metals

SALES ON LONDON METAL EXCHANGE

	Week ending June 22, 1938	Week ending June 29, 1938	From Jan. 1 to June 29, 1938
Copper	Tons 9,450	Tons 12,750	Tons 223,275
Tin	3,010	2,725	43,760
Lead	8,550	8,650	168,200
Spelter	6,900	12,350	147,275

U.K. STOCKS

	June 18, 1938	June 25, 1938
Copper (Br. official w'houses):	Tons	Tons
Refined	7,106	6,443
Rough	27,537	28,537
Tin (London and Liverpool)	6,344	6,524

Foods

WORLD SHIPMENTS OF WHEAT AND FLOUR ('000 quarters)

	Week ended June 18, 1938	Week ended June 25, 1938	Season to June 26, 1937	Season to June 25, 1938
From—				
N. America	452	262	24,644	21,509
Argentina and Uruguay	272	119	19,772	7,768
Australia	180	318	12,428	14,850
Russia	29	35	11	5,190
Danube and dist.	68	60	9,572	6,270
India	68	80	1,598	1,426
Other Countries	...	...	2,099	691
Total	1,069	874	70,124	57,704
To—				
U.K.	213	106	16,469	14,079
"Orders"	360	262	18,535	12,949
France	26	2	1,467	829
Belgium	65	71	4,348	4,578
Holland	30	35	2,350	2,911
Italy	62	46	5,259	1,105
Greece	5	77	1,755	2,208
Scandinavia	24	16	1,835	1,481
Austria, etc.	46	38	2,027	1,916
Other European Countries	3	...	2,264	3,197
Ex-European Countries	235	221	13,815	11,451
Total	1,069	874	70,124	57,704

WORLD SHIPMENTS OF MAIZE AND MAIZE MEAL ('000 quarters)

From	Week ended June 18, 1938	Week ended June 25, 1938	From Apr. 1 to June 26, 1937	From Apr. 1 to June 25, 1938
Argentina	202	242	10,965	1,599
Atlantic America	407	385	...	5,326
Danube Region	101	71	1,331	1,767
S. & E. Africa	...	1	270	30
Indo-China, etc.	28	29	55	274
Total	738	728	12,621	8,996

SALES OF BRITISH CEREALS

	Week ended June 18, 1938	Week ended June 25, 1938	From Aug. 1 to June 26, 1937	From Aug. 1 to June 25, 1938
Wheat...cwt.	54,910	73,588	10,592,025	10,584,568
Barley...cwt.	1,630	853	10,323,756	10,290,292
Oats ..cwt.	13,942	9,731	2,191,339	2,159,992

OTHER FOODS

	Week ended June 18, 1938	Week ended June 25, 1938
BACON:		
Arrivals in London (bales):		
Danish	13,067	13,181
Canadian	5,434	4,381
Dutch	1,915	1,671
Lithuanian	1,398	1,381
Polish	2,170	2,424
COCOA:		
Movements in Lond. (bags):		
Landed	2,612	7,897
D/d for home consumption	4,177	4,502
Exports	2,243	828
Stocks, end of week	81,311	83,878
COFFEE:		
Movements in Lond. (cwt.):		
Brazilian—Landed	77	...
D/d for home consn.	68	63
„ Exports	6	...
„ Stocks, end of week	2,641	2,578
Central and S. American:		
Landed	4,893	4,242

OTHER FOODS—(contd.)

	Week ended June 18, 1938	Week ended June 25, 1938
COFFEE (*contd.*):		
D/d for home consumption	2,243	2,088
Exports	1,763	1,737
Stocks, end of week	148,781	149,198
Other kinds—Landed	745	416
„ D/d for home consn.	3,318	3,558
„ Exports	997	688
„ Stocks end of week	111,947	108,117
MEAT:		
Supplies at Smithfield (tons):		
Total	8,521	7,778
Beef and veal	4,508	4,268
Mutton and lamb	3,106	2,633
Pork and bacon	471	435
Poultry, etc.	436	442
PEPPER:		
Movements in Lond. (tons):		
Black—Landed	...	...
„ Delivered	3	5
„ Stocks, end of week	1,934	1,929
White—Landed	5	...
„ Delivered	19	50
„ Stocks, end of week	9,423	9,373
SUGAR:		
Movements, London and Liverpool (tons):		
Imports	38,252	17,604
Deliveries	12,937	16,911
Stocks, end of week	210,876	211,569
TEA:*		
Sales on Garden A/c. (pkgs.):		
N. India	23,518	13,980
S. India	11,011	11,056
Ceylon	28,181	28,122
Java	4,672	4,633
Sumatra	990	415
Africa	5,935	5,349
Total	74,307	63,555

* Weeks ended June 16 and 23.

Miscellaneous Commodities

MOVEMENTS OF RUBBER IN LONDON AND LIVERPOOL

	Week ended June 18, 1938	Week ended June 25, 1938
Landed tons	3,676	2,099
Delivered tons	1,613	1,003
Stocks, end of week tons	89,989	91,085

WORLD SHIPMENTS OF LINSEED ('000 tons)

	Week ended June 4, 1938	Week ended June 11, 1938	From Jan. 1 to June 12, 1937	From Jan. 1 to June 11, 1938
Argentine to—				
U.K. and Orders	6·7	...	314·0	160·3
Continent	13·3	9·8	277·8	339·8
U.S.A. and Canada	...	...	472·4	152·3
Australia, Brazil, etc.	...	...	13·9	10·7
Calcutta to—				
U.K. and Orders	1·7	5·4	48·2	35·1
Continent	0·1	...	...	0·7
Bombay to—				
U.K. and Orders	5·9	7·3	23·1	71·2
Continent	0·1	0·1	7·6	3·3
Madras to U.K.	...	...	...	...
India to—				
Australia, etc.	...	...	5·1	4·3
U.S.A.	...	...	...	...
Sundries	...	...	...	...
Total	27·8	22·6	1162·1	777·7

AMERICAN WHOLESALE PRICES

	June 22, 1938 Cents	June 29, 1938 Cents
GRAINS per bushel)—		
Wheat, Chicago, July	57⅞	75¼
Winnipeg, July	108⅞	102
Maize, Chicago, July	57½	57¼
Oats, Chicago, July	26⅜	26⅜
Rye, Chicago, July	52½	51⅜
Barley, Winnipeg, July	54⅝	51½
METALS (per lb.)—		
Copper, N.Y., Domestic spot	8·80	9·02½
Producers' export	9·07½	9·30
METALS (per lb.)—*cont.*		
Tin, N.Y., Straits spot	42·25	42·60
Lead, N.Y., spot	4·25	4·50
Spelter, East St. Louis, spot	4·25	4·50
MISCELLANEOUS (per lb.)—		
Cocoa, N.Y., Accra, July	4·43	4·89
Coffee, N.Y., cash—		
Rio, No. 7	4⅝	4¾
Santos, No. 4	7¼	7¼
Cotton, N.Y., Am. mid., spot	8·68	8·85

	June 22, 1938 Cents	June 29, 1938 Cents
MISCELLANEOUS (per lb.)—*cont.*		
Cotton, Am. Mid., July	8·58	8·75
Lard, Chicago, July	8·45	8·52½
Petroleum, Mid-cont. crude 33 deg. to 33·90, at well, per barrel	116	116
Rubber, N.Y., smkd. sheet spot	13 5/16	14 1/16
Do. do. July	13 5/16	14¼
Sugar, N.Y., Cuban Cent., 96 deg., spot	2·66	2·68

COMPANY MEETINGS

BLEACHERS' ASSOCIATION LIMITED

NEED FOR FAIR OPPORTUNITIES IN WORLD MARKETS

SIR ALAN SYKES' REVIEW

The thirty-ninth ordinary general meeting of Bleachers' Association Limited was held at the Registered Office, Blackfriars House, Manchester, on Friday, June 24, 1938. Sir Alan Sykes, Bt. (the chairman), presided.

Before dealing with the accounts, the Chairman referred to the recent retirement of Mr R. H. Eccles, who had occupied the position of secretary of the company since its formation thirty-eight years ago, and who held what must be almost a unique record in never having missed either a directors' meeting or an annual general meeting during the whole of that time. The Chairman said that he thought the stockholders would wish to join the directors in thanking Mr Eccles for his services to the company, and in wishing him long life and good health in which to enjoy his retirement. Mr H. Johnson, who had acted as assistant secretary for some years, had been appointed to the position of secretary.

In reviewing the changes in the balance sheet in comparison with that for the previous year, the Chairman referred to the reduction in the value of land, buildings, machinery, etc., which he explained to be due to writing down the value of works which had been closed, and which had involved the transfer of £73,609 from the general reserve fund and the transfer of £53,248 to the depreciation and obsolescence fund from the profits earned during the year. The directors were adopting the prudent course of writing down the value of assets which ceased to be productive.

An increase of £116,165 in the value of shares in subsidiary companies and a reduction of more than £128,000 in the value of cash with bankers and investments were explained by changes in and sales of investments to finance the new plant which the association had erected at their Holden Vale Works, in conjunction with the Hercules Powder Company of America, for the production of bleached cotton linters or chemical cotton. This plant was just entering the stage of production and it was hoped that, when it was fully working, it would provide a useful contribution to the profits of the association. The Chairman explained that the production of chemical cotton was almost entirely for the artificial silk, lacquer and plastics trades, and that it was unaffected by the present re-armament programme.

The trading profit for the year at £297,547 showed a decrease of £23,201 in comparison with the previous year, and there had been a small profit of £3,248 on the sale of some of the investments. After providing for directors' fees, depreciation and debenture interest, there was a balance available for the year of £57,197, and the directors had decided to transfer £53,248 of this amount to the depreciation and obsolescence fund, leaving £3,949 to be added to the balance of the profit and loss account which was carried forward.

TRADE OUTLOOK UNCERTAIN

In making this decision the directors had been influenced by the uncertainty of the outlook for the trade in the current year, which rendered any payment of a further instalment of the arrears of preference dividend unwise, and by the necessity of protecting the ultimate interests of all stockholders by writing down the value of assets which had ceased to be productive, for which purpose it was essential to make adequate provision to avoid the undue depletion of the depreciation and obsolescence fund.

The Chairman continued: It would be idle to pretend that the results of the past year's trading are not disappointing, and, for reasons which I will explain, they are even more disappointing to us as directors of the company than they must be to you as stockholders. You will recollect that, at our meeting last year, although there had been no material increase in the volume of our trade, we were able to show an increase of about £50,000 in our trading profit and to make a small beginning in paying off the arrears of preference dividend. In concluding my speech on that occasion I expressed the hope that, when I was privileged to address you this year, I should be able to report a continuation of the slight improvement which the accounts then under review had shown.

That hope was completely justified in the first half of the past year's trading. Up to September 30th, when our accounts for the first six months of the financial year were closed, the trading profit showed a substantial improvement in comparison with the figure for the corresponding period of the previous year. This improvement was due, not only to the continuation of the economies which were mainly responsible for the larger profits in the preceding year, but to a small expansion in the demand for bleached goods. Trade with India, which had been declining continuously for several years, had been fairly well maintained, and although the volume was but a fraction of what we used to finish for India, at least the decline appeared, for the moment, almost to have been checked. In total, our exports of bleached goods to all markets showed a definite increase over the corresponding period of the previous year. If this improvement could have continued throughout the second half of our financial year there is no doubt that my hope would have been realised and that we should have shown a further substantial increase in our trading profit.

Unfortunately, there were several factors entirely beyond our control which combined to change the trend of trade. The price of American cotton, which had remained at nearly 8d. per lb. during the first half of 1937, began to fall in July on the receipt of favourable crop reports, and it continued to fall on still more favourable reports as the season advanced, until, by the end of September, it was below 5d. per lb.; by November it was down to 4½d., and a few weeks ago a further break took the price down to less than 4¼d. A fall of 40 per cent. in the price of raw material is more than sufficient to destroy the confidence of buyers in world markets, with the result that orders are cancelled, deliveries suspended, and no fresh business is entertained until there is a reasonable certainty that prices will fall no further.

LANCASHIRE AND INDIA

There are two other factors of importance to which I should refer. In the case of India, a further hindrance to trade was created by the uncertainty arising from the prospective revision of the Trade Agreement with this country. It will be within your knowledge that about the middle of last year the Government of India and the British Government entered into discussions which it was expected would lead to the conclusion of a new Trade Agreement. Considerable difficulties and delays have occurred in those discussions; one of the difficulties arose from the fact that no trade agreement between this country and India could be regarded as satisfactory unless it contained some measure of relief for the export of British cotton piece goods to India.

Lancashire as a whole considers that this relief is long overdue. India, during the past twelve months, has increased its output of cotton cloth by approximately five hundred million yards. Simultaneously with this great increase in internal production, our exports to India have been reduced from their already low figure by a further sixty-odd million yards, and not only have we lost that volume of trade, but India herself has been penetrating our Colonial markets and has increased her exports within the Empire very considerably.

It is therefore a reasonable claim for Lancashire to make that we should be given an opportunity to share in the increased consumptive power in India which is demonstrated by these figures. We do not expect a full return to the position we once held, but we do expect a square deal, and we do not feel that we are getting it.

It is therefore with disappointment that we have learned that the unofficial negotiations undertaken at the invitation of the Indian Government between Lancashire and Indian interests have, for the time being, broken down. We sincerely hope that wiser counsels will ultimately prevail, and that India will be able to see her way to give Lancashire that measure of help of which she stands so greatly in need.

DECLINE IN WEST AFRICA

In West Africa, which now ranks amongst our larger markets, the fall in exports was even more serious than in India, the decline in the second half of the year amounting to nearly 60 per cent. Here the trouble was due to the very heavy fall in the price of cocoa, which greatly curtailed the purchasing power of the native population and which led to a somewhat short-sighted policy of boycott. The position was relieved by the intervention of the Administration, and although, in the meanwhile, there are considerable stocks to be cleared, it is hoped that the equilibrium of the market will soon be restored; but, unfortunately, the price of cocoa still remains at a much lower level than that upon which our previously improved trade with West Africa was built up.

The net result of these disturbances was that our total exports of bleached cotton piece goods, which increased by approximately 5 per cent. in the first half of the financial year, fell in the second half of the year by nearly 25 per cent.—the comparison in both cases being with the corresponding period of the previous year. There are no means within our power to counteract the effect of such a sudden and severe contraction in the volume of our trade.

Much as we must regret this sudden reversal in the more favourable trend of trade, and much as we regret the effect which it has had upon our profit and loss account, I am confident that the results would have been even worse if it were not for the policy of economy and concentration which we have consistently followed in recent years. It has been hard to face the necessity of closing down old-established works with a reputation extending back, in some cases, for more than a century, and it has been harder still to part with old employees because we can no longer find work for them to do. I should fail in my duty if I omitted, on your behalf, to thank not only our branch managers and our administrative staff, but also our workpeople and employees in all grades, for their cordial co-operation and for the help and assistance which they have given to the directors in a time of great difficulty.

At least, we can take some comfort from the fact that the moderate improvement in trade in the first half of the financial year was sufficient to show us that our organisation is lacking neither in efficiency nor in economy. Improved results must remain dependent upon an improvement in demand, and particularly in the demand from overseas markets.

NEW PROCESSES' GOOD PROGRESS

In the meanwhile, we are employing our resources in new developments and new processes, and, in this connection, you will be interested to know that we are rapidly extending the production of our Bleacraft Sanforized Shrunk Finishes. By this process, cloth is fully shrunk in the piece, and garments made from such fabrics cannot subsequently lose their fit through shrinkage. This characteristic, hitherto unattainable, is of the greatest value, not only to the trade in made-up garments but also in the use of cotton cloth for curtains—especially casements—for furnishing fabrics of all descriptions, and particularly for loose covers for upholstered furniture. If, by our efforts, you can now be sure that garments returned from the laundry will fit your figure as well as they did before and that, after cleaning, loose covers can be replaced upon the furniture to which they belong, we shall feel that we have made an important contribution to your comfort and to the amenities of your homes.

By another process we are producing, under the name of Bleapel, a finish which is permanently water repellent and also resistant to spots and stains. This finish greatly extends the range of usefulness of cotton and rayon cloth for dress fabrics and materials for outdoor use, and for tablecloths and other purposes where wetting or staining would be liable to cause damage.

Satisfactory progress is also being made with the production of Crease Resisting Finishes, which greatly enhance the value of cotton linen and rayon cloth for many purposes. It must be realised, however, that these developments can never fully replace the loss in our main trade, and especially our export trade, in bleached cotton piece-goods.

ENABLING BILL

The intimation received recently from the President of the Board of Trade that the Cabinet have authorised the drafting of a Cotton Trade Enabling Bill is to be welcomed both for the opportunity which it will afford to clarify and to remove the differences of opinion which appear to exist and for the prospect that facilities may be provided to encourage that orderly reorganisation within the trade which is essential to accommodate it to present conditions. The furtherance of these objects will always command our interest and help, especially where they may improve conditions in our own section of the trade. The need for internal reorganisation, however, should not be allowed to obscure the need for greater opportunities in world markets, and it is to be hoped that this, which is essentially a function of the Government, will continue to receive their unremitting attention.

I am reluctant to speak of the future, but I think you are entitled to expect that I will say something of the prospects before us. The current year has opened under depressing conditions. The decline in trade during the second half of our last financial year was progressive, and the falling off in exports—which over the whole of that six months amounted to nearly 25 per cent.—was made up of a decline of about 20 per cent. in the first three months and of nearly 30 per cent. in the last three months. It is at the latter level that the current year starts, and the figures for April and May show no improvement. The prices of the materials we use are generally higher and, although we have been obtaining better prices for our work since July of last year, the increase is not sufficient to cover the rise in the cost of production.

As I have already said, improved results in the future must be dependent upon an improvement in the volume of trade, and this again depends very largely upon the extent to which we can rely upon the good offices of the Government in securing fair opportunities for our trade in world markets. Without such improvement it will be difficult to secure results in the current year equal to those of the year which we have just closed.

The resolution approving the report and accounts was moved by the Chairman, seconded by Sir William Clare Lees, Bt., and carried.

The retiring directors were re-elected, and Messrs Jones, Crewdson and Youatt, and Messrs P. and J. Kevan, were re-appointed joint auditors.

The meeting terminated with a vote of thanks to Sir Alan Sykes for presiding, which was proposed by Mr E. R. Clark, and seconded by Mr A. W. Hewetson.

BANK OF BRITISH WEST AFRICA, LIMITED

DIVIDEND MAINTAINED

The 44th annual general meeting of the Bank of British West Africa, Ltd., was held on the 30th ultimo, in London.

The Rt. Hon. the Earl of Selborne, K.G., G.C.M.G. (the Chairman) said that the general fall in commodity prices had been particularly severe where West Africa was concerned, and the year had been a very difficult one for the Bank. For the first time, he imagined, in its history, there had been no season for selling and buying cocoa on the Gold Coast. Before the usual season commenced the principal buyers of cocoa had made some agreement among themselves in regard to the marketing of cocoa, which was resented by the native cocoa farmers and their Chiefs, and they had made a combination not to sell their cocoa, and had not done so.

The result was that the export of cocoa from the Gold Coast had been brought to a standstill. Since March 31st last the Governor of the Gold Coast had been able to bring about a truce between buyers and sellers, since when some exportation had taken place, but this truce ended on October 31st next. It was greatly to be hoped that before that truce expired an amicable understanding would have been reached between the parties concerned.

The net profit for the year was £60,105, as compared with £90,635 in the previous year, and the directors recommended a final dividend of 3 per cent., making 5 per cent. for the year, less tax, the same as for the previous year. Although that dividend absorbed practically the whole amount of the profit available after the necessary provisions had been made, the directors had decided to pay it because, in their view, the conditions prevailing on the Gold Coast during the last half of the Bank's financial year had been abnormal. The Bank had always reaped a substantial part of its income in normal years from financing the Gold Coast cocoa crop, the value of which at, say, £20 per ton, amounted to not less than £5,000,000. During the last season, owing to the unfortunate dispute between the local farmers, their Chiefs and the merchants, practically none of the cocoa crop was marketed. It was inconceivable that this unhappy dispute would continue during the next season, but, if it did, the directors might be forced to consider a reduction in the dividend next year.

The report was unanimously adopted.

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GENERAL ELECTRIC COMPANY, LIMITED

CONTINUED PROGRESS

The annual general meeting of this company was held, on the 27th ultimo, in London.

The Rt. Hon. Lord Hirst of Witton (chairman and managing director) said: The company is entering on its fiftieth year, and the figures we are presenting this year are a worthy result of 50 years' continuous endeavour. The profit and loss account shows a total of £1,772,000, an increase of £168,000 over last year.

The improvement which this year's figures show is not due to any particular fluke or piece of luck. Practically all our departments and all the territories in which we operate have contributed to this satisfactory result, and we are particularly pleased to have made considerable advance in our export business in spite of great demands on our resources in the home market. Last year I regretted that our total export was still below our top figure of 1929–30. I am glad to state we have beaten that record by nearly half a million pounds additional export. We are in the habit of comparing our exports with the export of the total electrical industry as published by the Board of Trade, and it is satisfactory to know that we are holding our position very well. Our exports to the extent of 78 per cent. have gone to the Empire.

OVERSEAS PROGRESS

Though all our overseas organisations have done better, we are particularly delighted with the progress we have made in the Crown Colonies during the last year.

We are continuing our efforts to increase export business, and this year we have sent representatives to the British West Indies; they have also paid visits to the Near East, including Turkey, Palestine, Cyprus and Malta, some with definitely good results, and others have led to an improved outlook for the future.

As regards home business, we have continued the policy outlined last year. Whilst coping with a record demand for our products, we have not neglected new developments.

At our Witton Works we have now erected an entirely self-contained shop for the manufacture of mercury arc rectifiers, of types in which I believe I can honestly say we are at the moment leading the world. We have had satisfactory contracts for these rectifiers from the London Passenger Transport Board, and we have also received a number of orders from abroad, from Athens, Canton, Melbourne, Perth, Johannesburg, and Hongkong.

We have also made further progress in the design and building of turbo sets of unusually high generating voltage at 3,000 revolutions per minute. Some of these sets, with a capacity up to 40,000 k.v.a. and 22,000 volts at 3,000 revolutions, are in hand for Stockport, Stepney, Darlington, Woolwich, and overseas.

We have been very successful in a number of big contracts in the paper industry and in the steel industry. I may add that our development of electric furnaces has been particularly useful to the latter industry. One contract that has given us particular satisfaction is for the Karabuk Steel Works in Turkey.

In the field of communications, our telephone works have been engaged to their full capacity throughout the year.

A fact which will interest all is that we have been entrusted with the whole of the new central automatic exchange equipment for Glasgow. Apart from the fact that this is a contract running into between £400,000 and £500,000, some of you may remember that the exchange which is to be replaced was the first public exchange built by this company.

JUBILEE BONUS

Under conditions of great activity, and with the results we have achieved, we feel justified in celebrating our Jubilee Year by an increased bonus, and we have therefore decided, in addition to the normal 10 per cent., to recommend an increase in the bonus from 7½ to 10 per cent.

I am still an optimist as regards the immediate future. Any recession in activity, in my opinion, is more due to psychological effects than due to economic setbacks. We may not quite reach the achievement of 1937, which was an exceptional year, but I am informed by our own industry and by many other industries that if you were to compare with the last normal year—1936—we are ahead over that year, and I believe that can be said of the country as a whole. I see no excuse for pessimism. In the hope that no international complications may arise, and also hoping that that great country, the United States of America, may soon recover its economic equilibrium, I am even hopeful we are steering towards better times than ever.

The report and accounts were unanimously adopted.

ALLIED IRONFOUNDERS, LIMITED

PROFIT SATISFACTORILY MAINTAINED

The ninth annual general meeting of Allied Ironfounders, Limited, was held, on the 28th ultimo, at Winchester House, Old Broad Street, London.

Mr A. W. Steven, the chairman, said, in the course of his address:—Dividends declared by subsidiary companies amount to £231,318, which falls short of last year's dividends by £43,861. This reduction in disposable profits is accounted for to the extent of £28,664 by increased taxation and the remaining £15,000 is more than accounted for by exceptional expenditure on wages paid for the holiday on the occasion of the Coronation in May, 1937, by provision for wages to be paid for holidays this year, and by special development expenditure. On the other hand, we have received £2,000 more in respect of interest, and we carry to profit and loss appropriation account £235,766. The aggregate of additions to reserves and to carry-forward represents a total of £61,351 retained in the business.

In a trading year which was subject to so many fluctuations, to earn a profit equal to that of last year but for the increased taxation and exceptional expenditure will, I believe, be regarded as highly satisfactory.

FEATURES OF YEAR'S BUSINESS

In reviewing the general trading conditions during the year it will be noted how closely our experience ran parallel to that of many other industrial companies. The first quarter ended June, 1937, showed great activity both in demand and in output. During the summer pressure on our works relaxed, and for the remainder of the year the volume of orders fell considerably below that which ruled in the corresponding period of the previous year. Again, like many other manufacturing companies, prices of all our raw materials were sharply advanced. These high prices still persist. It is indeed doubtful if the suppliers of raw materials are acting in their own best interests in maintaining prices at their present high levels, having regard to prevailing world conditions. On the other hand, there is no doubt that our business is adversely affected by high costs of materials.

We are subject in some goods to subsidised competition from abroad, and in other classes to increasing competition at home from producers of goods which serve the same purpose as ours, but which are composed of raw materials of lower cost. During the year wages and working conditions of our employees have been substantially improved. In May, 1937, a general increase in wages of 4s. per week was granted. Improvements in the physical conditions and environment within the works have been effected, and recently, by agreement with the trades unions, payment for holidays has been established as a general rule of the whole industry.

In addition to these increased costs, exceptional expenditure has been incurred in other directions. We have established a well-staffed research department and we have put in hand a number of important developments on which a large preliminary expenditure has been incurred, but which are not yet complete, and some of which cannot reach the production stage for several months to come. Although the trading year ended March last obtained little or no benefit from this expenditure, the whole amount has been charged to revenue.

THE OUTLOOK

In the circumstances at present prevailing, no reliable estimate of the future trend of business is possible. Nevertheless, there seem to be many reasons for believing that we need not anticipate a serious or immediate slump. We believe we are justified in anticipating a somewhat reduced but still healthy demand for our products for some time to come.

Business in export markets is still extremely difficult. On all sides we are met by acute competition, in many cases subsidised by Governments intent on securing foreign credits at any cost. We have, however, endeavoured to stimulate sales by special visits by directors and managers to South Africa, Canada, the Near East and Egypt. At the present moment our sales director is touring India. We have been encouraged by the reception given to several of our newly designed models which appear to be well adapted to foreign conditions. In spite of all obstacles our total overseas trade has increased by 24 per cent. as compared with last year.

While the future remains uncertain and obscure, we will best serve the interests of the company and its shareholders by building on the foundations we have laid and by doing all within our power progressively to improve its efficiency in manufacture, in design and in marketing.

The report and accounts were unanimously adopted.

GUEST, KEEN AND NETTLEFOLDS, LIMITED

FURTHER IMPROVEMENT IN EARNINGS

The annual general meeting of Guest, Keen and Nettlefolds, Limited, was held, on the 28th ultimo, at Birmingham.

Mr S. R. Beale (the chairman), in the course of his speech, said:—It has been a year of further improvement in earnings. Our profits have increased by £176,209, which I hope you will consider as satisfactory as we do. The dividend we recommend on the ordinary shares will increase it from 6 per cent. to 7½ per cent., free of tax.

It has been a year of most marked variations as far as our business is concerned. As I told you last year, that year's working was distinguished by a growing demand for all our products, and we were frequently hampered by shortage of material. I told you, too, that in June of last year the demand was still increasing. I thought at the time, and I still think, that the demand we were then experiencing was at its peak abnormal, and I told you that we always had it in mind that demand might not continue at its then level. I will confess that that prophecy has turned out to be more accurate sooner than I expected. I wish I could say to-day, as I did then, that the output since the period we are reviewing was higher than it was in the corresponding months of last year.

Looking back, one can see that what it is apparently fashionable to refer to as the "recession in business activity" began last autumn and, as far as some of our products are concerned, developed so fast that during the first quarter of this year we occasionally had works standing for want of orders, whereas during the previous quarter they had been standing for want of material.

LOWERING OF THE STEEL TARIFFS

Political and economic affairs in the United States, and on the Continent of Europe, killed that confidence without which trade cannot flourish. Political considerations in this country resulted in considerable lowering of the steel tariffs from last July until the end of last March. However, if similar conditions occur again, we should do well to remember that when we wanted the steel the removal of the tariff made little difference to the supply available, and that which did eventually arrive came at a time when it would have been better for the country that we should have supplied it ourselves.

In some quarters talk is heard of the inevitability of another slump such as that experienced six or seven years ago. I do not anticipate any such unhappy state of affairs, but I do think we must look forward to another few months of much reduced demand.

Every branch of our business has contributed to the improved earnings. The same applies to the subsidiary companies, not one of which shows a loss.

At Cardiff our steel-making interests are contained in the works owned by Guest, Keen, Baldwins. I think the best thing I can do is to give you a quotation from the speech of Sir Charles Wright, the chairman of this company. He said:—"The Cardiff works, which were completed at the beginning of 1936, have continued to work satisfactorily and have come up to our expectations. During 1938 we will complete a programme of extensions which comprises, in addition to our coke oven plant, a fourth blastfurnace stack to ensure continuity and regularity of output, and two additional 250-ton tilting open-hearth steel furnaces.

"The weekly output capacity will then be increased at Cardiff to 7,000 tons of furnace coke, 9,000-10,000 tons of pig iron, and 10,000-11,000 tons of steel ingots. The Port Talbot and Margam works each show an increase of steel and pig iron output. You will be pleased to hear that the company shows an increase in trading profits, which, after transferring £200,000 to depreciation, are sufficient to meet the service on the income notes, to pay the dividends on the preference shares, and 5 per cent. on the ordinary shares."

Referring to the activities in this country which we control directly ourselves, the concentration of the wire-drawing plant and the nail manufacture at Cardiff has been completed. The result of this move is that all the processes of converting iron ore into pig iron and then steel, rolling the steel into billets and then into rods, converting the rods into wire, and making the wire into nails, are carried out on one site, with the natural economies which result from the absence of unnecessary carriage in the various stages of manufacture.

Regarding our shareholdings in the Powell Duffryn Company, and Welsh Associated Collieries, Limited, I am glad to say that it has been a reasonably good year for the coal trade.

Even if the level of business activity does not improve from that which obtains to-day, as we hope it will, we are in a position to benefit from the fact that we are equipped all through the finishing works with the most modern plant. At present we are earning satisfactory profits, if not at the high average rate of last year.

The report and accounts were unanimously adopted.

THE SOUTHERN LIFE ASSOCIATION

BONUS OF 40s. PER CENT. MAINTAINED

The forty-seventh annual general meeting of the Southern Life Association was held at the head office in Cape Town, on Tuesday, April 12, 1938, at which the Chairman, Mr Walter Marshall, presided.

Features from the chairman's speech and annual report are as follows:—

The assets of the Association now exceed £7,500,000.

The financial interests in the United Kingdom are controlled by the Local Board, who pursue a very sound investment policy, as may be seen from the distribution of assets (which more than cover the total liabilities in this country).

	Per cent.
British Government, Dominion Government and Municipal Securities	58
Loans on Association Policies	12
Debenture, Guaranteed, Preference and Ordinary stocks	24
Cash	6
	100

The Association, by reason of the freedom from income tax granted to mutual offices under South African law, earns over 4½ per cent. per annum net on its funds, yet values its liabilities on the assumption that it will earn only 2½ per cent. (with profit contracts) and 3 per cent. (without profit).

The directors have resolved to pay an interim bonus at the compound rate of 40s. per cent. per annum on assurances entitled to participate, which become claims during the current year. This is the twelfth successive year in which the bonus has been maintained at this figure.

MALACCA RUBBER PLANTATIONS, LIMITED

DIVIDEND MAINTAINED AT 7½ PER CENT

The thirty-second annual general meeting of the Malacca Rubber Plantations, Limited, was held, on the 29th ultimo, in London.

Mr Charles Emerson (the chairman) said the balance of the year's working amounted to £88,069 9s. 8d., as compared with £71,050 6s. 6d. for the previous year. The board recommended a dividend of 7½ per cent. on both preference and ordinary stocks and to carry forward £35,665 8s. 8d., subject to Eastern staff commissions. Their exportable crop for the year under the Rubber Regulation scheme after deducting export rights sold was 5,985,628 lbs., and their actual output was 5,497,421 lbs., the balance being taken from stock.

The estates were maintained in good order, and every effort was being made by means of the application of appropriate fertilisers to improve the health of the older trees, prolong their effective life and in certain cases to improve yields. Commencement was made of replanting on a very considerable scale and as part of a definite programme last year, and by the end of the present year they anticipated that they would have dealt with an area of 1,341 acres. They had sanctioned for the year 1939 a further area of 1,019 acres, making 2,360 acres with which they would have dealt by the end of next year. It was inevitable that further areas would have to be treated as time went on. Fortunately, their financial position was a strong one, but at the same time the necessity for strengthening that position was imperative, and the prudence of the transfer to estates reserve of £10,000 which they had made was, he ventured to think, unchallengeable.

They had sold over 1,500,000 lbs. of their standard grades at an average price of just under 9½d. per lb., and from that portion of their crop there would consequently be a substantial profit. That was fortunate, because with prices ruling at the moment the profit on spot rubber was exiguous. If one took the longer view of rubber he was by no means pessimistic. The other factor which had depressed their market as well as many others was the sudden and unexpected recession in the U.S.A. Quite recently signs of a revival had been apparent, and it might well be that recovery would be just as sudden, just as unexpected and just as violent as the present depression.

The report was unanimously adopted.

BARCLAY, PERKINS AND COMPANY, LIMITED

INCREASED HOME AND EXPORT TRADE

The forty-third ordinary general meeting of Barclay, Perkins and Company, Limited, was held, on the 29th ultimo, in London.

Lt.-Col. R. W. Barclay (the chairman), in the course of his speech, said that the profit for the year amounted to £344,645, to which had to be added the carry-forward of £64,987, giving an available total of £409,632. After deducting debenture interest, and the interim dividends on the preference and ordinary shares, they had an available balance of £226,680, from which they proposed a final dividend at the rate of 10 per cent., less tax, on the preference shares and a dividend of 5½ per cent., less tax, on the ordinary shares, making 8 per cent., less tax, the same as the previous year. They proposed transferring £20,000 to reserve, leaving a balance of £70,525 to go forward subject to £5,481 allocation to the workpeople's provident fund.

Last year he had laid particular stress on the amounts they were spending on rebuilding and improving their public houses, and had stated that that expenditure, though absolutely necessary if the houses were to be maintained at the high standard which the directors had adopted, in many cases did not add proportionately to the profit-earning powers of individual houses. The present year would see a continuation of that expenditure at a high level.

During the year under review both home and export trade had increased. The Coronation had come in that period, and it was interesting to note the opinion of Sir John Sykes, chairman of the St. Margaret's licensing division, to the effect that there had been no abuse of the extension of hours, and that the sobriety of the crowds and the conduct of the public houses had been most praiseworthy. Their lager trade had shown a substantial increase, output being the highest since they started brewing that type of beer. Export trade also showed an increase despite the many difficulties, and they had hopes of further progress.

Against that increase of trade they had to set the fact that brewing materials had cost more. Again they had bought their share of English-grown barley. As to the current year, he found it difficult to say something of their prospects. Output would in all probability depend on employment and the country's prosperity generally.

The report and accounts were unanimously adopted.

GLOBE TELEGRAPH AND TRUST COMPANY, LIMITED

INCREASED DIVIDEND AND SPECIAL BONUS

The sixty-fifth ordinary general meeting of this company was held, on the 28th ultimo, in London.

The Rt. Hon. the Earl of Midleton, P.C., K.P. (the chairman), who presided, said that the income for the year amounted to £264,747, against £219,557—an increase of £45,190. It was proposed to pay a final dividend of 3¾ per cent. net—that was 7s. 6d. per share on the ordinary shares, making a total of 7½ per cent. net for the year, comparing with 5½ per cent. General reserve amounted to £297,026, against £120,000 last year, due to the stock received from Cable and Wireless (Holding), Limited, in respect of arrears of preference dividend, less the amount distributed as a special bonus. As that distribution was in respect of dividends due some years ago, and as many of the existing shareholders had not shared the loss of the non-payment of their dividends, the directors felt that those arrears should be considered as available for distribution as and when required, and they had therefore felt justified in declaring a special bonus of 2½ per cent. net on the ordinary shares, the balance being added to general reserve. From the balance of the stock it was proposed to restore to the general reserve a sum equal to the £38,000 taken from reserve in 1931 and 1932 to maintain the preference dividend, making the figure £158,000 as in the former year.

Present world conditions might considerably affect the traffics of Cable and Wireless, Limited, whose stocks figured largely in the Globe company's balance sheet. At the Cable and Wireless meeting the Governor expressed the opinion that providing a cheap flat rate for telegrams within the Empire would be beneficial to the company as well as to the public, and from the figures given a dividend of 4 per cent. on the ordinary stock of that company would appear reasonably assured.

The valuation of the securities was exceptional among trust companies, and was entirely due to the solid foundation supplied by the trust's holding in Cable and Wireless (Holding), Limited, the permanent security of which had been greatly fortified by the arrangements recently announced.

The report and accounts were adopted.

AFRICAN AND EUROPEAN INVESTMENT COMPANY, LIMITED

FACTORS AFFECTING PROFITS

The thirty-third ordinary general meeting of African and European Investment Company, Limited, was held, on the 24th ultimo, in Johannesburg, Mr Louis Marks (the chairman) presiding.

The Chairman, in the course of his speech, said that the net profit for the year amounted to £478,838, as compared with £807,887 for the previous year, the reduction being primarily due to the unfavourable stock markets which had obtained during the year. The regular income of the company derived from rents, dividends and from other investments showed a very considerable increase. Two dividends of 5 per cent. each had been paid in respect of the year, and a balance of £106,862 was carried forward.

There was a large hidden reserve in the appreciation over the book figure of the company's quoted securities, which appreciation amounted to £1,256,449 at the close of the year. The market value of the quoted securities at the close of the year was £3,924,083. During the past five years the company's position had shown very great improvement, their reserves having increased by £1,028,026, while the liabilities had been reduced by £324,910 and the assets increased by £1,253,589. The company's land holdings had been reduced during the year by sales of 521,842 acres to 2,340,572 acres. Their own operations, both ranching and agriculture, had shown good results, and satisfactory results had been obtained from the export of high-grade beef to overseas markets.

Considerable activities were now apparent in the Odendaalsrust District of the Orange Free State, where recent discoveries by Western Holdings, Limited, indicated the possible existence of a new mining field for gold. The company controlled an area of 56,010 acres of mineral rights in the Odendaalsrust Area and were about to prospect actively these new options which adjoined the farm St. Helena, belonging to Western Holdings, where the recent discoveries had been made. In addition, the company held a large share interest in Western Holdings.

Concluding his remarks, the chairman stated that an interim dividend would be declared in July.

The report was unanimously adopted.

CHARTERLAND AND GENERAL EXPLORATION AND FINANCE COMPANY, LIMITED

The ordinary general meeting of this company was held, on the 27th ultimo, in London, Sir Edmund Davis, chairman and one of the managing directors, presiding.

The Chairman, in the course of his speech, said:—We recommend the payment of a dividend of 10 per cent. on the ordinary shares, less income tax.

The balance carried to the balance sheet is £33,646, and I hope that you will agree with me that this profit is very satisfactory in view of the times which have been experienced. The depreciation on investments on our usual basis of valuation of each investment at cost or market price, whichever was the lower, amounted to £62,489, as against £7,640 last year, and we have considered it essential to make special provision for this in the present accounts. Accordingly, the sum of £62,489 6s. 4d. has been set against the general reserve of £100,000, which now stands at £37,510 13s. 8d.

As regards the position of the company at 31st ultimo, if we take the quoted investments at the market price at that date and the unquoted at cost or at directors' valuation, we have £474,824, and, after adding cash and debtors and allowing for creditors, we have a total of £483,391, which represents a surplus of £123,391 over the issued capital of £360,000.

From this you will see that the market value of the investments showed a surplus of £35,875 above the amount at which they stand in the balance sheet. We could have shown an increase in the profit for the year had we realised some of our holdings which show an appreciation, but we preferred to hold such investments, as we considered the market prices to be under their true value.

The report and accounts were unanimously adopted.

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

CURRENT STATISTICS

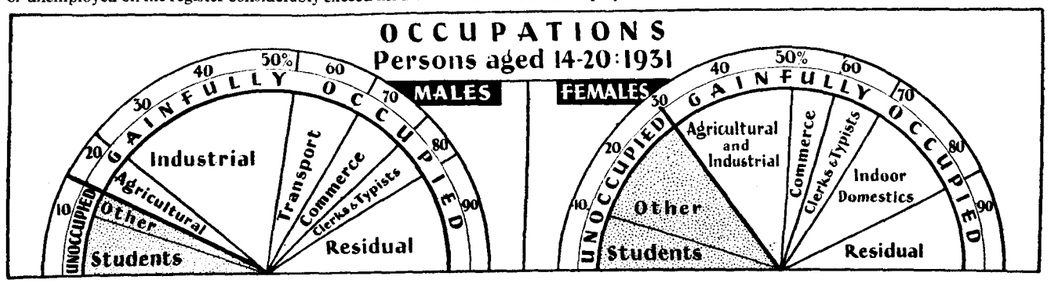
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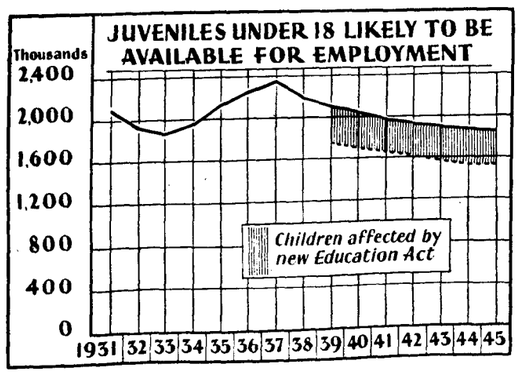
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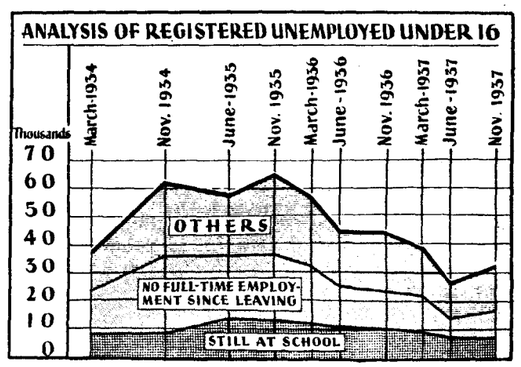
All tables appear regularly except those whose titles are printed in italics, which are special to this issue.

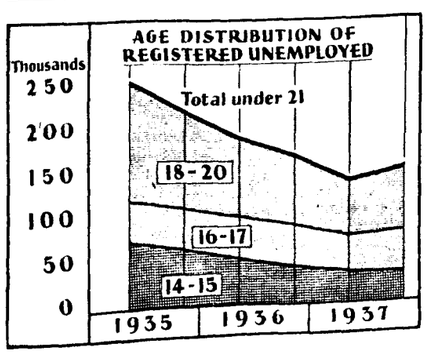
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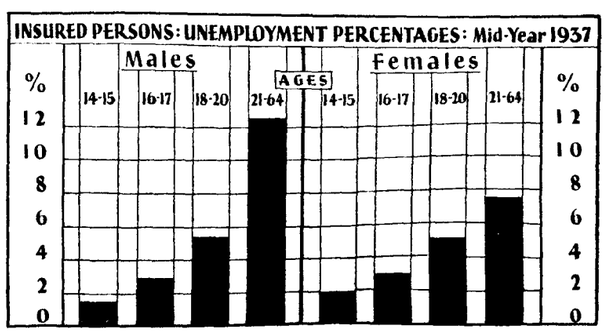
For the following charts we have collected together a number of statistics relating to juvenile employment. In the upper panels we show the occupational distribution of juveniles at the date of the 1931 census. The figures of juveniles under 18 likely to be available for employment are derived from official estimates published in The Ministry of Labour Gazette for October, 1934, and from estimates given in "The Juvenile Labour Market," by John and Sylvia Jewkes, reviewed on page 17. The remaining diagrams have been made possible by various new sets of statistics collected by the Ministry of Labour at intervals since 1934. It should be borne in mind, when examining the chart showing the percentages of insured persons unemployed at different ages, that among juveniles under 18 the numbers of unemployed on the register considerably exceed the numbers of insured unemployed. This does not, however, apply to the age group 18–20.











Finance

GOVERNMENT RETURNS

For the *week* ended June 25, 1938, total ordinary revenue was £6,266,000 against ordinary expenditure of £12,230,000 while self-balancing revenue and expenditure was £3,450,000. For the 12 days ended June 30th, ordinary revenue was £12,797,000, and ordinary expenditure £25,383,000. Thus, excluding sinking fund allocations, the deficit accrued during the quarter ended June 30th last is £103,062,000, against a deficit of £70,215,000 a year ago. The detailed revenue return for the quarter is printed in full on page 52.

ORDINARY AND SELF-BALANCING REVENUE AND EXPENDITURE

Revenue	Receipts into the Exchequer (£ thousands)			
	April 1, 1937, to June 30, 1937	April 1, 1938, to June 30, 1938	11 days ended Jun. 30 1937	12 days ended Jun. 30 1938
ORDINARY REVENUE				
Income Tax	12,810	11,619	1,207	1,214
Sur-tax	4,910	6,120	280	360
Estate, etc., duties	24,100	18,900	3,720	3,900
Stamps	4,440	4,730	1,100	1,260
N.D.C.	...	1,690	...	270
Other Inland Rev.	90	110	...	20
Total I. Revenue	46,350	43,169	6,307	7,024
Customs	54,722	53,718	6,391	7,617
Excise	26,700	26,900	900	1,200
Total Customs and Excise	81,422	80,618	7,291	8,817
Motor duties	4,683	4,580	...	...
P.O. (net receipt)	4,430	1,620	*Dr2345*	*Dr3140*
Crown Lands	260	280	30	40
Receipts from Sun. Loans	362	365	...	...
Misc. receipts	1,306	1,255	254	56
Total Ordinary Rev.	138,813	131,887	11,537	12,797
SELF-BAL. REVENUE Post Office and Broadcasting*	16,420	19,180	4,845	5,490
Total	155,233	151,067	16,382	18,287

Expenditure	Issues out of the Exchequer to meet payments (£ thousands)			
	April 1, 1937, to June 30, 1937	April 1, 1938, to June 30, 1938	11 days ended Jun. 30 1937	12 days ended Jun. 30 1938
ORDINARY EXPENDITURE				
Int. & Man. of Nat. Debt	75,915	76,061	1,957	2,140
Payments to N. Ireland	1,581	1,595	487	406
Other Con. Fund Services	857	592	448	133
Total	78,353	78,248	2,892	2,679
Supply Services†	130,675	156,701	18,083	22,704
Total Ord. Expend.	209,028	234,949	20,975	25,383
SELF-BALANCING EXPENDITURE Post Office and Broadcasting Votes	16,420	19,180	4,845	5,490
Total	225,448	254,129	25,820	30,873

* Revenue required to meet expenditure.
† Excluding Post Office and Broadcasting.

After raising Exchequer balances by £158,797 to £2,850,808 the other operations for the period (as shown below, but excluding £240,000 issued to Sinking Funds), raised the gross National Debt by £12,985,000 to about £8,251 millions. An analysis of the approximate position of the National Debt as at June 30, 1938, appears on page 50.

12 DAYS' CHANGES IN DEBT

(£ thousands)

NET INCREASES IN DEBT		NET REPAYMENTS, ETC.	
Bk. of Eng. Adv.	41,500	Treasury bills	37,414
Pub. Dept. Adv.	2,325	Nat. Savings Certs.	200
3% Defence Ln.	2,834	N. Atlantic Shipping	60
P.O. & Teleg.	4,000		
	50,659		37,674

AGGREGATE ISSUES AND RECEIPTS

The aggregate issues and receipts from April 1, 1938, to June 30, 1938, are shown below :—

(£ thousands)

Ordinary Exp.	234,949	Ordinary Rev.	131,887
Inc. in balances	487	Eire receipts*	1,000
		Gross borr.	104,054
		Less Snkg. Fds.	1,505
		Net borrowing	102,549
	235,436		235,436

* Receipts under Sec. 2 (3) of Eire (Confirmation of Agreement) Act, 1938.

FLOATING DEBT

(£ millions)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt	Floating Assets
1937						
Mar. 31	674·6*		23·5	...	698·1	...*
June 26	545·0	132·2	25·0	...	702·2	157·2
Dec. 31	889·7*		39·4	55·7	984·9	...*
1938						
Mar. 19	512·0	288·5	35·6	...	836·1	324·1
„ 31	828·7*		13·1	...	841·8	...*
Apr. 9	512·0	304·9	30·6	5·0	852·5	335·5
„ 16	522·0	306·8	28·6	1·5	858·9	335·4
„ 23	532·0	296·1	27·2	...	855·3	325·3
„ 30	545·0	288·6	36·5	...	870·2	325·1
May 7	560·0	281·6	35·9	8·0	885·4	317·5
„ 14	570·0	278·1	39·2	...	887·3	317·3
„ 21	570·0	276·0	41·8	...	887·8	317·8
„ 28	570·0	281·4	40·8	...	892·2	322·2
June 4	575·0	308·7	43·9	2·0	929·6	352·6
„ 11	580·0	310·7	41·6	...	932·3	352·3
„ 18	585·0	303·4	40·1	...	928·5	343·5
„ 25	583·0	305·7	44·7	...	933·4	350·4

* Owing to inequalities between Treasury bill payments and maturities at the end of the quarter, it is impossible to separate tender and tap issues or to calculate floating assets.

TREASURY BILLS

(£ millions)

Date of Tender	Amount: Offered	Amount: Applied for	Amount: Allotted	Average Rate %	Per Cent. Allotted at minimum Rate
1937				s. d.	
June 25	50·0	66·9	50·0	11 5·41	76
Dec. 31	50·0	80·5	50·0	10 11·59	47
1938					
Mar. 18	50·0	82·3	50·0	10 1·54	54
„ 25	50·0	84·6	50·0	9 11·31	55
Apr. 1	50·0	77·0	50·0	10 3·24	71
„ 8	50·0	85·2	50·0	10 2·65	56
„ 15	45·0	85·6	45·0	10 2·82	41
„ 22	45·0	88·5	45·0	10 2·95	41
„ 29	45·0	80·3	45·0	10 1·99	60
May 6	45·0	87·8	40·0	10 0·69	29
„ 13	30·0	73·5	30·0	10 1·12	29
„ 20	35·0	74·3	35·0	10 1·11	35
„ 27	45·0	69·0	45·0	10 9·37	57
June 3	50·0	83·1	50·0	12 1·04	51
„ 10	50·0	86·0	50·0	12 9·19	58
„ 17	50·0	80·5	48·0	11 5·68	69
„ 24	45·0	66·7	45·0	10 9·18	57

Bills are paid for during following week, on any working day at applicant's option. When normal length is 92 days, bills paid for Saturday are 91-day bills and there are no Monday maturities. When normal length is 90 days, bills paid for on Monday are 89-day bills. Bills paid for in February are 89-day bills, except those paid for each Tuesday, which are 88-day bills.

On June 24th, applications at £99 17s. 3d. per cent. for bills to be paid for on any day except Saturday of the following week were accepted as to about 57 per cent. of the amount applied for. Applications at higher prices were accepted in full. Applications for bills to be paid for on Saturday at £99 17s. 4d. per cent. and above were allotted in full. £45·0 *millions* of Treasury bills are being offered on July 1st.

NATIONAL SAVINGS CERTIFICATES

Sales in	Number	Purchase Price
22 weeks to :—		
June 5, 1937† ...	14,841,469	11,131,102
June 4, 1938	14,802,611	11,101,956
Week to :—		
June 5, 1937	646,209	484,657
May 28, 1938	543,667	445,250
June 4, 1938	666,537	499,903

† After adjustments to May 29th. *N.B.*—Net Exchequer receipts, week to June 4th 1938, *Dr. £50,000*

BANK OF ENGLAND RETURNS

JUNE 29, 1938

ISSUE DEPARTMENT

	£		£
Notes Issued :		Govt. Debt	11,015,100
In circulation	485,183,532	Other Govt. Securities	188,971,861
In Bnkg. Department	41,228,218	Other Secrs.	1,087
		Silver coin	11,952
		Amt. of Fid. Issue	200,000,000
		Gold Coin & Bullion	326,411,750
	526,411,750		526,411,750

BANKING DEPARTMENT

	£		£
Props. capital	14,553,000	Govt. Secs.	119,491,164
Rest	3,370,101	Other Secs.	
		Disc., etc	7,343,997
Public Depts.	10,537,117	*Securities*	*21,086,302*
Other Deps. :			28,410,299
Bankers	*125,475,934*		41,228,218
Other	*36,136,558*	Notes	
	161,612,492	Gold & Silv. Coin	943,029
	190,072,710		190,072,710

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

THE WEEK'S CHANGES

(£ thousands)

Both Departments	Amt. June 29, 1938	Compared with Last Week	Compared with Last Year
COMBINED LIABILITIES			
Note circulation	485,184	+ 1,911	− 3,261
Deposits : Public	10,537	− 11,119	− 248
Bankers'	125,476	+ 19,963	− 15,058
Others	36,142	+ 830	− 4,018
Total outside liabilities	657,331	+ 11,585	− 22,584
Capital and rest	17,923	+ 42	− 42
COMBINED ASSETS			
Govt. debt and securities	319,478	+ 9,312	− 16,276
Discounts and advances	7,344	+ 1,844	+ 1,065
Other securities	21,067	+ 438	+ 7,452
Silver coin in issue dept.	12	+ 4	+ 3
Gold coin and bullion	327,355	+ 30	+ 35
RESERVES			
Res. of notes & coin in banking department	42,171	− 1,882	+ 3,295
Proportion of reserve to outside liabilities—			
(*a*) Bankg. dept. only ("proportion")	24·4%	− 2·7%	+ 4·1%
(*b*) Gold stocks to deposits and notes ("reserve ratio")	49·8%	− 0·9%	+ 0·4%

COMPARATIVE ANALYSIS

(£ millions)

	1937	1938			
	June 30,	June 8,	June 15,	June 22,	June 29*
Issue Dept. :					
Notes in circ.	488·4	490·7	485·7	483·3	485·2
Notes in banking dept.	38·0	35·7	40·7	43·1	41·2
Govt. debt and securities	195·2	199·9	199·9	200·0	200·0
Other secs.	4·8	0·1	0·0	0·0	0·0
Gold	326·4	326·4	326·4	326·4	326·4
Deposits :					
Public	10·8	11·7	11·6	21·7	10·5
Bankers'	140·5	111·1	109·1	105·5	125·5
Others	40·2	35·4	43·2	35·3	36·1
Total	191·4	158·2	164·9	162·5	172·1
Bkg. Dept. Secs. :					
Government	140·6	111·4	114·4	110·2	119·5
Discounts, etc.	6·3	7·9	5·7	5·5	7·3
Other	23·7	20·2	20·1	20·6	21·1
Total	170·6	139·5	130·2	136·3	147·9
Banking dept. reserve	38·9	36·5	41·5	44·0	42·1
"Proportion"	% 20·3	% 23·0	% 25·3	% 27·1	% 24·4
Reserve ratio†	49·4	50·1	50·4	50·7	49·8

† Gold stocks in both departments to deposits and notes in circulation. * At this date, Government debt was £11,015,100 ; silver coin in Issue Department,

OVERSEAS BANK RETURNS

NOTE.—A return of the Bank of Spain appeared in *The Economist* of May 28th *last*, and of the Banque Mellié Iran, in the issue of June 25th. The latest return of the Bank of Roumania appeared in *The Economist* of April 23rd ; International Settlements, of June 11th ; Denmark, Finland, Hungary, Portugal and Jugo-Slavia, of June 18th ; Bulgaria, Danzig, Egypt, Estonia, Java, Lithuania, Poland and South Africa, of June 25th.

U.S. FEDERAL RESERVE BANKS

Million $'s

12 U.S.F.R. BANKS	July 1, 1937	June 2, 1938	June 23, 1938	June 30, 1938
RESOURCES				
Gold certifs. on hand and due from Treas.	8,835	10,639	10,636	10,636
Total reserves	9,159	11,036	11,057	11,052
Total cash reserves	313	389	412	407
Total bills discounted	10	8	10	10
Bills bt. in open mkt.	4	1	1	1
Total bills on hand	14	9	10	10
Industrial advances	22	17	17	17
Total U.S. Govt. secs.	2,526	2,564	2,564	2,564
Total bills and secs.	2,562	2,590	2,591	2,591
Total resources	12,496	14,320	14,308	14,272
LIABILITIES				
F.R. notes in actual circulation	4,206	4,157	4,109	4,124
Aggregate of excess mr. bank res. over reqts.	870	2,640	2,780	2,900
Deposits — Member-bank reserve account	6,900	7,745	7,922	8,041
Govt. deposits	93	1,093	929	864
Total deposits	7,278	9,231	9,295	9,271
Cap. paid in and surplus	306	309	309	309
Total liabilities	12,496	14,320	14,308	14,272
Ratio of total res. to deposit and F.R. note liabs. combined	79·7%	82·4%	82·5%	82·5%
U.S.F.R. BANKS AND TREASURY COMBINED RESOURCES				
Monetary gold stock	12,318	12,918	12,957	12,962
Treasury and Nat. Bk. currency	2,551	2,703	2,710	2,712
LIABILITIES				
Money in circulation	6,448	6,469	6,402	6,428
Treasury cash and deposits with F.R. Bks.	3,538	3,347	3,222	3,163

NEW YORK FEDERAL RESERVE BANK.—Million $'s

	July 1, 1937	June 2, 1938	June 23, 1938	June 30, 1938
Total gold reserves	3479·0	4744·3	4536·6	4565·9
Total bills discounted	4·9	2·1	3·3	3·6
Bills bt. in open mkt.	1·5	0·2	0·2	0·2
Total U.S. Govt. secs.	725·0	745·8	745·8	745·8
Total bills and securts.	737·4	752·5	753·6	754·0
Deposits — Member-bank reserve account	3064·4	3708·6	3708·1	3822·7
Total res. to dep. and Fed. Res. note liabilities combined	84·3%	87·8%	87·3%	87·3%

FEDERAL RESERVE REPORTING MEMBER BANKS.—Million $'s

	June 16, 1937	May 18, 1938	June 8, 1938	June 15, 1938
ASSETS				
Loans, total	9,741	8,408	8,625	8,361
Investments	12,832	12,271	12,319	12,505
Reserve with Federal Reserve banks	†5,280	6,107	6,355	6,405
Due from domestic bks.	1,774	2,315	2,388	2,446
LIABILITIES				
Deposits : demand (adjusted)	15,242	14,569	15,034	15,065
Time	5,233	5,209	5,230	5,227
U.S. Government	547	545	520	506
Inter-bank	5,633	6,047	6,218	6,236

BANK OF FRANCE.—Million francs

ASSETS	June 24, 1937	May 26, 1938	June 16, 1938	June 23, 1938
Gold	54,859	55,808	55,808	55,808
Advances on gold coin	1,099	...	...	...
Bills : Commercial	10,633	9,639	6,730	7,325
Bought abroad	1,024	774	760	760
Advances on securities	4,013	3,454	3,520	3,454
Thirty-day advances	776	113	673	304
Loans to State without interest : (*a*) general	3,200	3,200	3,200	3,200
(*b*) provisional	21,380	†40134	†40134	†40134
Negotiable bonds, Sinking Fund Dept.	5,641	5,575	5,575	5,575
Other assets	3,828	4,155	4,108	3,980
LIABILITIES				
Notes in circulation	85,985	98,923	99,414	99,191
Deposits : Public	2,209	3,248	3,258	3,233
Private	15,611	17,341	14,966	15,203
Other liabilities	2,648	3,340	2,872	2,914
Gold reserve to sight liabilities	52·8%	46·6%	47·4%	47·4%

† Of which Frs. 18,050 millions under Convention of June 30, 1937 (permissible limit, Frs. 20,000 millions).

BANK OF CANADA

Million $'s

ASSETS	June 23, 1937	May 25, 1938	June 15, 1938	June 22, 1938
Reserve, of which	212·2	211·3	221·1	227·8
Gold coin and bullion	181·1	182·3	182·1	181·8
Securities	139·3	172·3	172·7	169·9
LIABILITIES				
Note circulation	131·2	155·8	154·8	153·8
Deposits : Dom. Govt.	18·8	22·5	36·6	40·6
Chartered banks	191·9	194·1	191·9	192·8
Reserves to notes and deposit liabilities	61·9%	56·3%	57·4%	58·5%

REICHSBANK

Million Reichsmarks

ASSETS	June 22, 1937	May 23, 1938	June 15, 1938	June 23, 1938
Gold	68·9	70·8	70·8	70·8
Of which deposd. abroad	19·4	20·3	20·3	20·3
Res. in foreign currencs.	6·1	5·6	5·7	5·9
Bills of exchange and cheques	4469·0	5022·4	5387·5	5204·7
Silver and other coin	264·7	251·8	227·9	254·2
Advances	44·4	45·9	64·7	57·8
Investments	404·0	844·1	844·9	845·7
Other assets	730·2	1273·9	1170·1	1239·8
LIABILITIES				
Reserves	493·2	514·4	514·4	514·4
Notes in circulation	4428·8	5608·3	5845·0	5724·3
Other daily maturing obligations	706·0	1007·5	1009·9	1029·5
Other liabilities	209·4	234·4	252·2	260·7
Cover of note circulatn.	1·69%	1·36%	1·30%	1·33%

CENTRAL BANK OF ARGENTINA

Million paper pesos

ASSETS	May 31, 1937	Apr. 30, 1938	May 15, 1938	May 31, 1938
Gold at home	1,224	1,307	1,307	1,298
Gold abroad & foreign exchange	262	32	39	48
Non-int.-bearing Govt. bond	119	119	119	119
Treasury bonds	399	398	398	398
LIABILITIES				
Notes	1,137	1,128	1,108	1,100
Government deposits	135	113	136	142
Bank deposits	363	355	374	327
Certs. of participation in Treasury bonds	367	268	241	291
Gold and for. exch. to note and sight liabs.	90·5%	83·8%	83·0%	85·7%

AUSTRALIAN COMMONWEALTH BANK.—Million £'s

ASSETS	June 28, 1937	May 30, 1938	June 20, 1938	June 27, 1938
Gold and English stg.	16·01	16·01	16·01	16·01
Other coin, bullion, &c.	5·53	5·35	4·80	5·24
Money at short call—				
London	36·48	26·72	28·46	28·62
Short-term loans	2·57	...	...	...
Secrts. and Treas. bills	76·59	90·16	87·70	87·96
Discounts and advances	9·33	12·78	12·83	12·83
LIABILITIES				
Notes issued	47·04	49·03	49·03	49·03
Res. pm. on gold sold	7·75	7·75	7·75	7·75
Deposits, etc.	86·78	86·11	85·03	85·79

NATIONAL BANK OF BELGIUM

Million belgas

ASSETS	May 25, 1938	June 9, 1938	June 16, 1938	June 23, 1938
Gold	2,693	2,737	2,777	2,818
Silver and other coin	55	51	53	55
Foreign exchange, etc.	742	742	742	742
Bills and securities	872	867	841	835
Advances	133	94	74	51
LIABILITIES				
Notes in circulation	4,116	4,141	4,109	4,091
Deposits : Govt.	14	11	15	11
Other	279	254	279	314

NATIONAL BANK OF CZECHOSLOVAKIA.—Million Cz. Kr.

ASSETS	June 15, 1937	May 15, 1938	June 6, 1938	June 15, 1938
Gold	2,578	2,655	2,651	2,651
Balance abroad and foreign currencies	413	400	353	344
Discounts and advances	1,899	2,876	3,702	3,667
State notes debt	2,018	2,007	2,007	2,006
LIABILITIES				
Bank notes in circulatn.	5,454	6,800	7,810	7,538
Deposits	710	731	588	838

BANK OF GREECE.—Million drachmae

ASSETS	June 15, 1937	May 15, 1938	June 7, 1938	June 15, 1938
Gold and gold exchange	3,336	3,642	3,559	3,539
State gold bonds	547	522	522	522
Bills discounted	529	630	643	647
Advances	3,445	5,727	5,886	6,116
State debt	3,557	3,832	3,835	3,836
LIABILITIES				
Notes in circulation	6,303	6,503	6,436	6,415
Dep. and current accts.	5,158	7,411	7,668	7,911
Foreign exch. liabilities	185	252	238	231

BANK OF JAPAN.—Million yen

ASSETS	June 12, 1937	May 14, 1938	June 4, 1938	June 11, 1938
Coin and bullion : Gold	533·9	801·1	801·3	801·3
Other	53·8	38·3	49·1	49·6
Discounts and advances	814·4	501·6	505·2	495·5
Government bonds	666·0	1015·8	1127·1	1013·5
Agencies' accounts	88·9	102·3	93·3	87·6
LIABILITIES				
Notes issued	1367·0	1700·7	1837·4	1763·2
Deposits : Government	336·0	380·6	320·5	267·6
Other	75·1	122·1	127·4	121·2

RESERVE BANK OF INDIA

Million Rupees

ASSETS	June 25, 1937	May 27, 1938	June 17, 1938	June 24, 1938
Gold coin & bullion	444	444	444	444
Rupee coin	564	600	616	628
Balances abroad	228	20	21	20
Sterling securities	803	788	761	761
Indian Govt. rupee securities	274	324	324	323
Investments	74	67	67	66
LIABILITIES				
Notes in circuln. : India	1,835	1,726	1,709	1,682
Burma	24	76	74	72
Deposits : Govt.	126	194	186	207
Banks	296	145	163	180
Gold and sterling to liabilities	59·8%	57·2%	56·2%	55·9%

BANK OF LATVIA

Million lats

ASSETS	June 21, 1937	May 23, 1938	June 13, 1938	June 20, 1938
Gold coin and bullion	77·46	77·58	77·59	77·59
Silver coin	15·30	13·65	13·80	13·77
Foreign currency	40·98	43·43	40·85	39·66
Treas. notes and change	8·71	8·90	9·42	8·60
Short-term bills	51·56	50·27	50·28	50·24
Loans against securities	70·90	82·47	82·60	81·68
LIABILITIES				
Notes in circulation	46·87	64·83	61·73	63·39
Deposits & currnt. accs.	135·64	132·61	133·59	130·99
Government accounts	74·68	66·35	68·02	66·26

NETHERLANDS BANK

Million florins

ASSETS	June 28, 1937	May 30, 1938	June 20, 1938	June 27, 1938
Gold	1245·9	1480·8	1481·2	1481·2
Silver	19·1	20·3	21·1	21·2
Home bills, &c.	18·0	9·2	8·4	8·4
Foreign bills	2·4	5·4	5·4	5·4
Loans and advances in current account	178·2	330·7	328·4	329·8
LIABILITIES				
Notes in circulation	820·6	944·3	905·5	911·3
Deposits : (*a*) Govt.	74·9	135·6	152·6	145·0
(*b*) Other	589·6	785·9	806·9	809·0

RESERVE BANK OF NEW ZEALAND

Million £'s

ASSETS	June 21, 1937	May 23, 1938	June 13, 1938	June 20, 1938
Gold	2·80	2·80	2·80	2·80
Sterling exchange	21·18	18·12	16·94	17·02
Advances to State	5·11	3·25	4·57	4·56
Investments	2·91	2·73	2·73	2·73
LIABILITIES				
Bank notes	12·76	14·00	13·70	13·71
Demand liabs. : State	7·64	4·09	5·00	4·47
Banks and others	10·16	7·35	7·04	7·64
Reserves to sight liabs.	78·5%	82·2%	76·7%	76·8%

BANK OF NORWAY

Million kroner

ASSETS	June 22, 1937	May 23, 1938	June 15, 1938	June 22, 1938
Coin and bullion (gold reserve)	118·8	134·0	134·0	134·0
Bal. abroad & for. bills	101·5	227·4	237·7	238·6
Funds provisionally in gold, not in gold res.	75·9	64·8	64·8	64·8
Norwegian and foreign Govt. securities	79·6	112·2	102·0	100·6
Discounts and loans	180·3	103·1	105·8	105·6
LIABILITIES				
Notes in circulation	404·4	432·0	433·3	435·1
Deposits at sight	102·5	171·9	189·4	185·1

BANK OF SWEDEN.—Million Kronor

ASSETS	June 22, 1937	May 23, 1938	June 15, 1938	June 22, 1938
Gold reserve	464·8	523·5	524·5	524·7
Govt. secs. : Swedish	2·0	36·1	41·1	41·1
Foreign	30·9	39·0	40·4	40·6
Gold abroad not in gold reserve	69·0	54·1	85·7	85·7
Balances with foreign banks	210·8	241·3	242·1	250·9
Bills payable in Sweden	12·3	13·0	12·9	12·8
Bills payable abroad	655·9	562·5	525·3	523·3
Advances	26·6	19·9	21·9	21·9
LIABILITIES				
Notes in circulation	821·6	855·6	897·1	910·6
Deposits : Government	197·0	391·3	404·0	381·7
Com. banks	618·9	414·9	415·9	437·4
Other	12·1	12·5	7·0	5·7

SWISS NATIONAL BANK

Million francs

ASSETS	June 23, 1937	May 23, 1938	June 15, 1938	June 23, 1938
Gold	2624·4	2838·9	2831·8	2805·7
Of which held abroad	534·5	968·3	988·5	990·9
Foreign exchange	36·4	397·0	380·4	379·0
Discounts, etc.	11·4	6·3	5·6	13·0
Advances	30·0	20·9	21·4	21·0
Securities	14·9	95·1	95·1	95·1
LIABILITIES				
Notes in circulation	1330·2	1467·4	1472·1	1475·9
Deposits	1360·2	1883·9	1854·8	1830·3

N.B.—Exchange Equalisation Fund and assets included in returns December 31, 1936, onwards at 538,583,653 frs.

CLEARING BANKS

LONDON

(£ thousands)

	Month of May			Week ended Wednesday		Aggregate from January 1 to	
	1937	1938	Change †	June 30, 1937	June 29, 1938	June 30, 1937	June 29, 1938
Number of wkg. days:	24	26	%	6	6	150	151
Town	2,775,567	2,853,182	− 5·1	822,641	655,958	19,041,776	16,663,880
Metropolitan	174,660	172,562	− 8·8	41,545	38,173	1,095,262	1,050,397
Country	305,523	311,262	− 6·0	65,655	61,469	1,898,536	1,855,696
Total	3,255,750	3,337,006	− 5·4	929,841	755,600	22,035,574	19,569,973

† Based on average working day.

PROVINCIAL

(£ thousands)

	Month of May			Week ended Saturday		Aggregate from January 1 to	
	1937	1938	Change †	June 26, 1937	June 25, 1938	June 26, 1937	June 25, 1938
No. of working days:	24	26	%	6	6	148	149
BIRMINGHAM	10,275	9,982	− 10·3	2,016	2,169	67,820	60,488
BRADFORD	4,397	3,218	− 32·4	1,074	656	27,171	20,184
BRISTOL	4,959	5,857	+ 9·0	1,171	1,139	32,715	31,920
HULL	3,900	3,422	− 16·9	794	679	23,360	21,490
LEEDS	3,972	4,047	− 6·0	793	776	26,719	25,193
LEICESTER	3,049	2,991	− 9·4	639	583	19,388	17,778
LIVERPOOL	27,769	22,434	− 25·4	5,598	4,532	183,374	134,119
MANCHESTER	45,969	40,088	− 19·5	10,504	7,933	283,108	239,054
NEWCASTLE	6,486	6,705	− 4·6	1,025	1,055	36,689	39,250
NOTTINGHAM	2,200	2,091	− 12·3	412	370	13,435	12,838
SHEFFIELD	4,174	4,487	− 0·8	829	712	27,798	28,290
Total: 11 Towns	117,050	105,322	− 18·9	24,855	20,604	741,577	630,604
DUBLIN	...	...	...	5,308	4,853	152,395	162,661

† Based on average working day.

MONEY RATES

LONDON

	June 23, 1938	June 24, 1938	June 25, 1938	June 27, 1938	June 28, 1938	June 29, 1938	June 30, 1938
Bank rate (changed from 2½% June 30, 1932)	% 2	% 2	% 2	% 2	% 2	% 2	% 2
Market rates of discount:							
60 days' bnkrs.' drafts	9/16–19/32	9/16–19/32	9/16–19/32	9/16–19/32	9/16–19/32	9/16–19/32	9/16–19/32
3 months' do.	9/16–19/32	9/16–19/32	9/16–19/32	9/16–19/32	9/16–19/32	9/16–19/32	9/16–19/32
4 months' do.	9/16–5/8	9/16–5/8	9/16–5/8	9/16–5/8	9/16–5/8	9/16–5/8	9/16–5/8
6 months' do.	9/16–5/8	9/16–5/8	9/16–5/8	9/16–5/8	9/16–5/8	9/16–5/8	9/16–5/8
Discount Treasury Bills							
2 months'	9/16–19/32	9/16–19/32	9/16–19/32	9/16–19/32	9/16–19/32	19/32	19/32
3 months'	7/32–9/16	7/32–9/16	7/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16
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	1–1¼	1–1½	1–1
Deposit allwncs.: Bk.	½	½	½	½	½	½	½
Discount houses at call	½	½	½	½	½	½	½
At notice	⅝	⅝	⅝	⅝	⅝	⅝	⅝

Comparison with previous weeks

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1938	%	%	%	%	%	%	%
June 2...	½–1	17/32–9/16	17/32–9/16	⅝	2–2½	2¼–2½	2½–3
» 9...	½–1	19/32–⅝	9/16–⅝	⅝	2–2½	2¼–2½	2½–3
» 16...	½–1	⅝	⅝	⅝	2–2½	2¼–2½	2½–3
» 23...	½–1	9/16–19/32	9/16–⅝	9/16–⅝	2–2½	2¼–2½	2½–3
» 30...	½–1	9/16–19/32	9/16–⅝	9/16–⅝	2–2½	2¼–2½	2½–3

NEW YORK

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

	June 30, 1937	June 1, 1938	June 8, 1938	June 15, 1938	June 22, 1938	June 29, 1938
Call money	% 1	% 1	% 1	% 1	% 1	% 1
Time money (90 days' mixed coll.)	1¼	1¼	1¼	1¼	1¼	1¼
Bank acceptances:—	Selling Rates					
Members—eligible, 90 dys.	½	½	½	½	½	½
Non-mem.—eligible, 90 dys.	½	½	½	½	½	½
Commercial accept., 90 dys.	1	1	1	1	1	1

EXCHANGE RATES

LONDON—SPOT

(a) Active Exchanges

(Range of the day's business)

London on	Par of Exch. per £	June 24, 1938	June 25, 1938	June 27, 1938	June 28, 1938	June 29, 1938	June 30, 1938
New York, $...	‡4·86⅝	4·95⅞–96⅛	4·96–3⅛	4·95–96¼	4·95¼–95¾	4·95⅛–95⅝	4·95⅛–95⅝
Montreal, $...	4·86⅝	5·00¾–01¼	5·00¾– 01	5·00¼–01	5·00⅛–00⅝	5·00– 00⅝	5·00– 00⅝
Paris, Fr.....	124·21	177 15/16–178	177 13/16–178	177 15/16–178	177 13/16–178	177 13/16–178	177 13/16–178
Brussels, Bel..	35·00a	29·19–23	29·20–22	29·20–23	29·21–23	29·21–23	29·21–24
Milan, L.....	92·46	94 1/8–94 3/8 94·25	94 5/16–94 3/8 94·25	94 1/16–94 3/8 94·30	94 1/16–94 5/8 94·15	94 1/16–94 5/16 94·15	94 1/16–94 4 94·15
Zurich, Fr. ...	25·22½	21·59–62	21·60–62	21·59–62	21·60–63	21·61–63	21·60–63
Athens, Dr....	375	540–555	540–555	540–555	540–555	540–555	540–555
Amst'd'm, Fl.	12·107	8·94⅜–95¾	8·95–95⅜	8·95–95¾	8·95–95½	8·95–95½	8·95–95½
Berlin, Mk. ...	20·43	12·29–31	12·29–32	12·29–31	12·29–31	12·29–31	12·29–31
Registered Marks	(c)	51 1/2–56 1/2	51 1/2–56 1/2	51–56	51–56	51–56	51–56
Br. India Rup.	†18d.	17 3/4–15/16	17 3/4–15/16	17 3/4–13/16	17 3/4–13/16	17 29/32–27/32	17 29/32–2 7/32
Hong Kong, $	† ...	1 4 3/4–15 1/16	1 4 13/16–15 1/16	1 4 13/16–15 1/8	1 4 13/16–15 1/8	1 4 13/16–15 1/8	1 4 7/8–15 1/8
Shanghai, $...	† ...	8 1/4–9 1/4 *f*	8 1/4–9 1/4 *f*	8 1/4–9 1/4 *f*	8 1/4–9 1/4 *f*	8 1/4–9 1/4 *f*	8 1/4–9 1/4 *f*
Rio. Mil.	†5·899d.	213/16 *m*	213/16 *m*	213/16 *m*	213/16 *m*	213/16 *m*	213/16 *m*
B. Aires, $ ...	11·45	18·98–19·04 *g* 16 12/16 *h*	19·00–19·05 *g* 16 12/16 *h*	19·01–19·06 *g* 16 12/16 *h*	19·00–19·05 *g* 16 12/16 *h*	18·99–19·04 *g* 16 12/16 *h*	18·19–19·04 *g* 16 12/16 *h*
Valparaiso, $..	40	125 *(e)* *l*	125 *(l)*	125 *(e)* *l*	124 *(e)* *l*	124 *(e)* *l*	124 *(e)* *l*
M'video, $ ...	†51d.	19 5/4–20 3/4	19 3/4–20 3/4	19 3/4–20 3/4	19 1/2–20 1/2	19 3/4–24 5/4	19 1/2–20 1/2
Lima, Sol. ...	17·38	21–22 *l*	21–22 *l*	20–21 *l*	20–21 *l*	20–21 *(l)*	20–21 *(l)*
Mexico, Pes....	9·76	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd
Manila, Pes....	†24·66d.	24–24 1/4	24–24 1/4	24–24 1/4	24–24 1/4	24–24 1/4	24–24 1/4
Moscow, Rbls.	...	26·28 7/8–29 1/8	26·29 1/2–30 1/8	26·28 7/8–29 1/2	26·25 1/2–26 1/8		

Usance: T.T., Rio de Janeiro, Lima, Valparaiso (90 days). *Sellers. †Pence per unit of local currency. ‡ Par 8·23⅜₃₂ since dollar devaluation on February 1, 1934. (a) Prior to devaluation on April 2, 1935. (c) Per cent. discount. (e) Latest "export" rate. (g) Official rate is $15 sellers. (h) Average remittance rate for importers. (i) Rate for payments to the Bank of England, for account Controller of Anglo-Italian debts. (l) Nominal. (m) Official.

(b) Other Exchanges

London on	Par of Exch. per £	June 24, 1938	June 29, 1938	June 30, 1938
Helsingfors, M.	193·23	226 1/4–227	226 1/2–227	226 1/2–227
Madrid, Pt.....	25·22½	80–150 *(l)* 77*f*	80–150 *(l)* 77*f*	80–150 *(h)* 77*f*
Lisbon, Esc.	110	110–110 3/8	110–110 3/8	110–110 3/8
Budapest, Pen.	27·82	24 7/8–25 3/8	24 7/8–25 3/8	24 7/8–25 3/8
Prague, Kc.	$164 1/2	142 1/2–143	142 1/2–142 7/8	142 3/8–142 7/8
Danzig, Gul.	25·00	26–1/2	26–26 1/2	26 1/8–26 3/8
Warsaw, Zl.....	48·38	26–1/2	26–26 1/2	26 1/8–26 3/8
Riga, Lat.	25·22½	24 3/4–25 3/4	24 3/4–25 3/4	24 3/4–25 3/4
Bucharest, Lei	813·8	660–685	660–685	660–685
Constantinople, Pst. ...	110	618* 623 *k*	618*	618*
Belgrade, Din.	276·32	212–222	212–222	212–222
Kovno, Lit	48·66	29–30	29–30	29–30
Sofia, Lev	673·66	390–420	390–420	390–420
Tallinn, E. Kr.	18·159	17 3/4–18 3/4	17 3/4–18 3/4	17 3/4–18 3/4
Oslo, Kr.	18·159	19·85–95	19·85–19·95	19·85–19·95
Stockholm, Kr.	18·159	19·35–45	19·35–19·45	19·35–19·45
Copenhagen, Kr.	18·159	22·35–45	22·35–22·45	22·35–22·45
Alexandria, Pst.	97½	97 3/8–9 5/8	97 3/8–97 5/8	97 3/8–97 5/8
Kobe, Yen	†24·58d.	13 15/16–14 1/16	13 15/16–14 1/16	13 15/16–14 1/16
Singapore, $	† 28d.	27 1/4–28	27 1/4–28	27 1/4–28
Batavia, F.	12·11	8·92 1/2–95 1/2	8·92 1/2–95 1/2	8·92 1/2–95 1/2
Bangkok, Baht	†21·82d.	22–22 1/4	22–22 1/4	22–22 1/4

Usance: T.T., except Alexandria (Sight). * Sellers. † Pence per unit of local currency. ‡ Par, 197·10 5/16 since koruna devaluation on February 17, 1934. Rate for payments to the Bank of England:—(j) Under Anglo-Spanish Agreement. (k) Under Anglo-Turkish Agreement. (l) Nominal.

LONDON—FORWARD

(Closing quotations)

London on		June 24, 1938 Per £	June 25, 1938 Per £	June 27, 1938 Per £	June 28, 1938 Per £	June 29, 1938 Per £	June 30, 1938 Per £
New York cent.	1 Month	(p) 9/32–7/32	(p) 5/16–1/4	(p) 5/16–1/4	(p) 9/32–7/32	(p) 1/4–3/16	(p) 1/4–5/16
	2 »	7/16–3/8	7/16–3/8	15/32–13/32	15/32–13/32	7/16–3/8	7/16–3/8
	3 »	11/16–5/8	11/16–5/8	11/16–5/8	11/16–5/8	5/8–1/2	5/8–1/2
Paris, francs	1 Month	(d) 1/4–5/16	(d) 5/16–5/16	(d) 5/16–5/16	(d) 3/16–5/16	(d) 5/16–1/4	(d) 3/16–5/16
	2 »	5/8–5/4	9/16–11/16	9/16–11/16	1/2–5/8	5/8–5/4	5/8–5/4
	3 »	1 1/4–1 5/8	1 1/4–1 5/8	1 1/4–1 5/8	1 3/16–1 5/16	1 3/16–1 5/16	1 3/16–1 5/16
Amsterdam, cent.	1 Month	(p) 7/8–5/8	(p) 7/8–5/8	(p) 7/8–5/8	(p) 7/8–5/8	(p) 3/4–1/2	(p) 7/8–5/8
	2 »	1 1/2–1	1 1/2–1	1 1/2–1	1 1/2–1	1 1/4–1	1 5/8–7/8
	3 »	2–1 1/2	2–1 1/2	2–1 1/2	2 1/8–1 5/16	2 1/8–1 5/8	2 1/8–1 5/8
Brussels, cent.	1 Month	(d) 11–14	(d) 11–14	(d) 11–14	(d) 11–13	(d) 10–12	(d) 9–12
	2 »	24–28	22–26	22–25	21–25	20–25	20–24
	3 »	33–38	33–37	32–26	33–37	31–36	30–34
Geneva, cent.	1 Month	(p) 2 1/4–1 1/4	(p) 2 1/4–1 1/4	(p) 2 1/4–1 1/4	(p) 2 1/4–1 1/4	(p) 2 1/4–1 1/4	(p) 2 1/4–1 1/4
	2 »	4–3	4–3	4–3	4–3	4–3	4–3
	3 »	5 1/2–4 1/2	5 1/2–4 1/2	5 1/2–4 1/2	5 1/4–4 1/4	5 1/2–4 1/2	5 1/2–4 1/2

(p) Premium. (d) Discount.

EXCHANGE RATES—cont.

NEW YORK

New York on	Par of Exch. per cent.	June 23, 1938	June 24, 1938	June 25, 1938	June 27, 1938	June 28, 1938	June 29, 1938
London:—*	Old Par	4·95 19/32	4·95 19/32	4·95 17/32	4·94 25/32	4·94 31/32	4·94 25/32
60 days ...	4·8666	4·96 1/4	4·96 1/4	4·93 5/16	4·95 7/16	4·95 5/8	4·95 7/16
Cables ...	New Par	4·96 1/4	4·96 1/4	4·93 5/16	4·95 7/16	4·95 5/8	4·95 7/16
Demand...	8·2397	4·96 1/8	4·96 1/8	4·96 1/16	4·95 5/16	4·95 1/2	4·95 5/16
Paris, Fr.....	6·63	2·78 15/16	2·78 15/16	2·78 7/8	2·78 1/2	2·78 5/8	2·78 1/2
Brussels, Bel.	23·54	16·99	16·99 1/4	16·99	16·96	16·96 1/2	16·95 3/4
Switz'l'd. Fr.	32·67	22·98	22·98	22·97 1/2	22·94	22·92 1/2	22·92
Italy, Lira.....	8·91	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4
Berlin, Mk. ...	40·33	40·31	40·32	40·31 1/2	40·30	40·29	40·28 1/2
Vienna, Sch...	23·82	...	...	...	...	...	...
Madrid, Pt....	32·67	...	...	...	...	...	...
Amst'd'm Gldr	68·06	55·44	55·42 1/2	55·41 1/2	55·35	55·38	55·34
Cop'h'gn, Kr.	145·37	22·15	22·16	22·16	22·12 1/2	22·12 1/2	22·12 1/2
Oslo, Kr. ...		24·92 1/2	24·94	24·94	24·90	24·90	24·90
St'h'lm, Kr.		25·57 1/2	25·58 1/2	25·59	25·55	25·55	25·55
Athens, Dr....	1·29 1/2	0·91	0·91	0·91	0·91	0·91	0·91
M'treal, Can. $	169·31	99·000	99·060	99·030	99·000	99·000	99·015
Yo'hama, Yen	84·40	28·93	28·95	28·95	28·91	28·92	28·92
Shanghai, $ ...	...	18·62	18·75	18·68	18·62	18·62	18·68
B. Aires, Peso	...	30·78	30·78	30·78	30·73	30·75	26·07
Rio, Ms. †...	11·96	5·90	5·90	5·90	5·90	5·90	5·90

Usance: T.T. * Dollars per £1. † Official.

IMPORTS AND EXPORTS OF GOLD AND SILVER

Week ended June 30, 1938

Imports From	Bullion	Coin	Exports To	Bullion	Coin
	£	£		£	£
GOLD			GOLD		
British S. Africa ...	1,524,615	1,326,394	Sweden	769,996	...
British India	146,304	...	Poland	33,952	...
Australia	337,302	...	Netherlands	19,964	473,878
Canada.....	...	598,529	Belgium	28,353	...
Soviet Union	1,130,469	...	France	22,124	207,533
Belgium	1,330,981	...	Switzerland	495,850	23,998
France	219,733	122	United States ...	77,518	...
Total*	4,810,054	1,974,841	Total*	1,475,210	758,982
SILVER			SILVER		
Eire	...	3,000	Palestine	...	670
British W. Africa ...	...	2,860	Aden and Dep. ...	...	15,076
Belgium	...	12,816	Sweden	1,925	18
France	22,299	115	Italy.....	1,472	...
Czechoslovakia	14,000	...	Hungary	2,220	...
Iraq	...	4,581	Egypt	1,270	...
Salvador	2,494	...	United States ...	67,565	...
Total*	40,384	24,953	Total*	75,926	16,173

* Including other countries.

EXCHANGE RATES (Monthly Tables)

SOUTH AFRICA

(BUYING RATES PER £100 STERLING)

	T.T.	Sight	30 days' sight	60 days' sight	90 days' sight
London on:	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Rhodesia	100 5 0	100 11 3	101 1 3	101 11 3	102 1 3
S. Africa	100 17 6	101 3 9	101 13 9	102 3 9	102 13 9

(SELLING RATES PER £100 STERLING)

	Sight	Telegraphic
London on:—	£ s. d.	£ s. d.
Rhodesia	99 15 0	100 2 6
South Africa	100 2 6	

AUSTRALIA AND NEW ZEALAND

	London on Australia and New Zealand*				Australia and New Zealand on London*			
	Buying		Selling		Buying		Selling	
	Australia	New Zealand	Australia (any Mail)	New Zealand (any Mail)	Australia	New Zealand	Australia (any Mail)	New Zealand
T.T.	...	...	125	124	125	124	125½	124½
	Air Mail / Ord. Mail	Air Mail / Ord. Mail			Air Mail / Ord. Mail			
Sight	126 1/8 / 126 3/8	125 5/8 / 125 1/2	125 1/16	124 1/16	124 3/16 / 124 1/16	123 1/2	125 7/16	124 7/16
30 days	126 5/8 / 126 7/8	125 7/8 / 126	...	...	124 1/2 / 124 5/8	123 1/4	125 5/16	124 5/16
60 days	127 1/8 / 127 5/8	126 3/8 / 126 1/2	...	...	124 1/4 / 124 1/8	123	125 3/16	124 3/16
90 days	127 5/8	127 7/8 / 127	...	...	124	122 3/4	125 1/16	124 1/16

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

CENTRAL AND SOUTH AMERICA

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 Paraguay, are related to the United States dollar, and the approximate sterling rates may be obtained by applying the dollar-sterling exchange rate.

*Colombia.** Sight selling rate on New York was 180·30 pesos per 100 U.S. dollars on May 28, 1938. This rate applies to holders of permits buying in the "open" market.

Ecuador. Sight selling rate on New York was 13·80 sucres per U.S. dollar on May 27, 1938.

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.** In accordance with Decree published on June 9, 1938, sight selling rate on New York was fixed by the National Bank at 5·52½ cordobas per U.S. dollar (including 10 per cent. tax and ½ per cent. commission), subject to change weekly.

Paraguay. Exchange is quoted on Buenos Aires; the sight selling rate was 70·80 Paraguayan pesos per Argentine "free" paper peso on June 10, 1938.

El Salvador. Sight selling rate on New York was 2·51 colones per U.S. dollar on June 1, 1938.

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

	Changed	From %	To %
Albania	Apr. 1, '37	6½	6
Amsterdam	Dec. 2, '36	2½	2
Athens	Jan. 4, '37	7	6
Batavia	Jan. 14, '37	4	3
Belgrade	Feb. 1, '35	6½	5
Berlin	Sept. 22, '32	5	4
Brussels	May 30, '38	4	3
Bucharest	May 5, '38	4½	3½
Budapest	Aug. 28, '35	4½	4
Calcutta	Nov. 28, '35	3½	3
Copenhagen	Nov. 19, '36	3½	4
Danzig	Jan. 2, '37	5	4
Helsingfors	Dec. 3, '34	4½	4
Kovno	July 1, '36	6	5½
Lisbon	Aug. 11, '37	4½	4
New York Fed. Reserve	Aug. 26, '37	1½	1
Madrid	July 15, '35	5½	5
Montreal	Mar. 11, '35	...	2½
Oslo	Jan. 5, '38	4	3½
Paris	May 12, '38	3	2½
Prague	Jan. 1, '36	3½	3
Pretoria	May 15, '33	4	3½
Tallinn	Oct. 1, '35	4	4½
Riga	Nov. 1, '36	5½ / 6	5a / 5½b
Rio de Janeiro	May 31, '35	...	3½
Rome	May 18, '36	5	4½
Sofia	Aug. 15, '35	7	6
Stockholm	Dec. 1, '33	3	2½
Swiss Bank places	Nov. 25, '36	2	1½
Tokio	Mar. 11, '38	3·285	3·46
Vienna	July 10, '35	4	3½
Warsaw	Dec. 18, '37	5	4½
Wellington	Mar. 2, '36	3½	2½
Irish	June 30, '32	3½	3

Central Bank of Chile.—Discount rate for member banks, 4½%; discount rate for the public, 6%. (a) 5% applied to banks and credit institutions. (b) 5½% applied to private persons and firms.

The National Bank of New Zealand, Ltd.—The final dividend of 2½ per cent. recently declared is payable less United Kingdom income tax at 3s. 8d. in the £, and not tax free as shown on p. 622 of *The Economist* of June 11th. The interim dividend of 2 per cent. was paid free of tax.

Uruguay Loans.—Messrs Glyn Mills and Company have been instructed to pay at the rate of 3s. 6d. per 5s. coupon due **July** 1st on the 5 per cent. loan of 1919, the 5 per cent. loan of 1896, and the 5 per cent. gold bonds of 1914.

OIL OUTPUTS

Anglo-Iranian Oil Company, Ltd.—Output in Iran for April, 1938, amounted to 923,000 tons. The total output for the period January 1 to April 30, 1938, was 3,605,000 tons.

British Controlled Oilfields.—Output for week ended June 11th: 13,008 barrels. Output for week ended June 18th: 12,456 barrels. Output for week ended June 25th: 12,710 barrels.

Trinidad Petroleum Development Company.—Output for week ended June 11th: 55,232 barrels. Output for week ended June 18th: 59,871 barrels. Output for week ended June 25th: 58,360 barrels.

Venezuelan Oil Concessions, Ltd.—Total output, week ended June 11, 1938, 1,170,362 barrels. Total output for week ended June 18, 1938, was 1,021,155 barrels. Total output week ended June 25, 1938, 1,033,980 barrels.

Investment

TRANSPORT RECEIPTS

BRITISH RAILWAY TRAFFICS

	Gross Receipts, week ended June 26 (£'000)					Aggregate Gross Receipts, 25 weeks (£'000)				
	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts
L. M. & S.—										
1937	*607*	*511*	*213*	*724*	**1,331**	*11,481*	*12276*	*6,677*	*18,953*	**30,434**
1938	604	435	207	642	**1,246**	11,482	11720	6,530	18,250	**29,732**
L. & N. E. (*a*)—										
1937	*383*	*335*	*215*	*550*	**933**	*7,532*	*8,471*	*6,312*	*14,783*	**22,315**
1938	389	286	196	482	**871**	7,450	8,154	6,176	14,330	**21,780**
Great Western—										
1937	*240*	*203*	*109*	*312*	**552**	*4,808*	*4,927*	*2,842*	*7,769*	**12,577**
1938	233	172	100	272	**505**	4,758	4,747	2,795	7,542	**12,300**
Southern—										
1937	*378*	*69*	*25*	*95*	**473**	*7,434*	*1,539*	*801*	*2,340*	**9,774**
1938	372	62	25	88	**460**	7,401	1,502	774	2,277	**9,678**
Total—										
1937	*1608*	*1118*	*562*	*1681*	**3,289**	*31,225*	*27213*	*16,631*	*43,845*	**75,100**
1938	1598	959	528	1484	**3,082**	31,091	26127	16,275	42,399	**73,490**

(*a*) Week ended June 25.

CUMULATIVE AND WEEKLY COMPARISONS

(000's omitted)

	L.M.S.	L.N.E.R.	Great Western	Southern
Cumulative Figures				
Gross increase, first half 1937, over first half 1936	+1,329	+1,187	+ 670	+ 359
Gross increase, second half 1937, over second half 1936	+1,443	+1,099	+ 647	+ 372
Gross decrease first half 1938, over first half 1937 :—				
25 weeks to June 26, 1938 ...	− 702	− 535	− 277	− 96
Weekly Figures				
Av. weekly decrease, 1st half 1938	−28·2	−21·4	−10·9	−3·84
Latest week compared with 1937 ...	*− 85*	*− 62*	*− 47*	*− 13*
Latest week compared with average 1927–30	*− 163*	*− 164*	*− 101*	*− 19*

IRISH RAILWAY TRAFFICS

Company	Gross Receipts, week ended June 24 (£'000)			Aggregate Gross Receipts 25 weeks (£'000)		
	Pass.	Goods	Total	Pass.	Goods	Total
Belfast & Co. Down—						
1937	*3·2*	*0·5*	*3·7*	*51·8*	*12·4*	*64·2*
1938	3·0	0·4	3·4	49·4	10·7	60·1
Great Northern—						
1937	*12·1*	*9·4*	*21·5*	*225·6*	*237·7*	*463·3*
1938	11·5	9·1	20·6	225·5	218·3	443·8
Great Southern—						
1937	*40·8*	*40·5*	*81·3*	*766·8*	*1043·5*	*1810·4*
1938	40·9	36·2	77·1	779·0	979·3	1758·4

OVERSEAS WEEKLY TRAFFIC RECEIPTS

INDIAN

Name	Weeks	Ending	Gross Receipts for Week 1938	+ or −	Aggregate Gross Receipts 1938	+ or −
		1938	Rs.	Rs.	Rs.	Rs.
Bengal & N.Western	10	June 10	‡11,22,504	+ 609	83,23,496	− 5,11,292
Bengal-Nagpur	10	10	‡25,84,000	− 35,465	1,93,96,565	− 2,23,327
Bombay, Bar. & C.I.	10	20	‡31,44,000	− 2,71,000	2,91,67,000	− 8,59,000
Madras & S. Mah....	10	10	‡21,64,000	+ 1,65,659	1,57,73,288	+ 5,95,140
S. Indian	9	10	†16,50,153	+ 1,49,962	1,12,46,253	+ 93,204

† 11 days. ‡ 10 days.

CANADIAN

			$	$	$	$
		1938				
Canadian National ..	24	June 21	3,106,638	− 650,342	78,365,282	− 11574849
Canadian Pacific.....	24	21	2,246,000	− 358,000	57,876,000	− 5,281,000

SOUTH & CENTRAL AMERICAN

		1938				
Anglo-Arg. Trams.	25	June 24	$618,914	+ 1,842	16,537,481	+ 507,934
Antofagasta	25	26	£13,610	+ 10	413,450	− 13,780
Argentine N.E.	51	25	‡177,500	+ 10,300	7,820,800	+ 122,200
			*£11,011	+ 639	485,160	+ 20,044
B.A. and Pacific.....	51	25	‡1,230,000	− 288,000	73,484,000	−8,933,300
			£76,303	− 17,866	4,558,568	− 453,076
B.A. Central	50	11	$112,400	− 55,000	5,680,800	−1,331,200
B.A. Gt. Southern...	51	25	‡1,820,000	− 89,000	123,156,000	−2,785,000
			*£112,903	− 5,521	7,639,947	− 22,354
B.A. Western	51	25	‡656,000	− 105,000	37,445,000	−5,152,000
			*£40,695	− 6,513	2,322,891	− 264,594
Central Argentine....	51	25	‡1,357,300	− 617,150	98,870,750	−32479330
			*£96,600	− 38,285	6,133,422	−1,831,546
Central Uruguayan	50	25	d158,648	− 7,553	8,131,720	− 226,119
			e£18,488	− 296	942,608	+ 26,673
Leopoldina	25	25	M1633000	+ 4,000	40,483,000	−3,809,000
			£18,711	− 2,941	461,280	− 102,610
Mexican Railway.....	24	21	$241,900	− 127,400	7,464,100	− 214,300
Nitrate	49	15	*at £5,661	− 53	78,687	− 1,732
United of Havana ...	51	25	£16,297	− 1,889	1,256,010	− 134,759

* Converted at average official rate 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."

SUEZ CANAL RECEIPTS

			£	£	£	£
		1938				
Transit Receipts‡ ...	24	June 20	246,000	− 12,300	4,590,100	− 839,400

‡ 10 days.

LONDON TRANSPORT BOARD

	Receipts	Compared with prev. Year
	£	£
Week ending June 25, 1938, before pooling	585,200	+ 12,000
Total, 52 weeks to date	29,388,200	+ 657,100
L.P.T.B. receipts, 52 weeks to June 26, 1937	28,732,000	+ 255,000
L.P.T.B. receipts, year to June, 1937, after pooling	30,247,378	+ 522,655
London Transport Pool receipts, year to June 30, 1937...	41,377,929	+ 771,590

CAPITAL MARKET TRENDS

(See Leading Article on page 3.)

The following table shows the principal capital issues made during the past half-year :—

Month of Issue	Name and Description	Nominal Amount	Issue Price	Price, June 29, 1938
1938	By Prospectus	£		
Jan.	Canada 3¼% Stk. 1958–63	10,000,000‡	98½	98
Feb.	London Power 3½% Deb. 1952–72	1,500,000	99	100
Feb.	Bristol 3½% Stk. 1961–66.....	2,000,000	101½	104
Feb.	Birmingham 3¼% Stk. 1957–62	5,000,000	98	99
Feb.	Johannesburg 3½% Stk. 1958–63.....	2,000,000	99½	97½
Feb.	Stirling County Council 3¼% Stk. 1957–62	1,200,000	98	99
May	Australia 3¼% Reg. Stk. 1952–56	7,000,000	99	98
May	L.C.C. 3½% Cons. Stk. 1968–73	10,000,000	101½	101½
June	National Defence Loan 3% 1954–58	80,000,000	98	99
June	Great Universal Stores 4½% Deb.	1,000,000	99	99
June	Stanton Ironworks 4% Deb. 1948–78	1,000,000(*t*)	102½	102½
June	B. C. & H. Power Station 3½% Deb. 1953–63	1,650,000	99	99⅛
	To Shareholders only			
Jan.	Edmunsons Electricity £1 Ord.	750,000	30/–	38/6
Feb.	Grootvlei Proprietary £1 Ord.....	301,460	75/–	97/6
May	Clyde Valley Electrical Power £1 Ord.	1,050,000	par	36/–
June	Ind Coope and Allsopp £1 Ord.	654,639	£3	38/3pm
	By Stock Exchange Introduction			
Feb.	Burton-on-Trent 3½% Stk. 1963	250,000	101¾†	102
Mar.	Ilkeston 3½% Stk. 1959–64	250,000	101½†	101½
May	Fylde Water Bd. 3½% Stk. 1958	250,000	101†	101¾
May	Courage and Co. 5% Cum. 2nd Pref.	600,000	23/3†	23/9
June	Chichester 3½% 1958–62	250,000	101½†	101½
	By Permission to Deal			
Jan.	Powell Duffryn Assoc. Collieries 4% Deb. Stk.	500,000	101†	103⅛
Jan.	Yorkshire Electric 3¼% Deb. 1955–65	481,500	94†	94½
Jan.	Central London Electricity 3¼% Deb. Stk.	500,000	93†	95
May	Mitchell and Butlers New 4% "A" Deb. ...	535,000	102†	103⅝
	Bonus Shares			
Jan.	Crompton Parkinson "A" Ord. 5/–	235,570	30/–†	27/6
Mar.	Tilling (Thomas) Ord. £1	824,000	40/–†	46/3
June	Marks and Spencer New "A" 5/–	174,730	50/–†	55/–
June	Burmah Oil New Ord. Stk. £1	4,578,838	80/–†	85/–

† Price at which dealings commenced. ‡ All for conversion purposes. (*t*) Partly for conversion purposes.

NATIONAL DEBT

(See "GOVERNMENT FINANCE" on page 46.)

(Million £)

	Aug. 1, 1914	Dec. 31, 1919	Dec. 31, 1936	Mar. 31, 1937	June 30, 1937†	Sept. 30, 1937†	Dec. 31, 1937†	Mar. 31, 1938†	June 30, 1938†
2½% and 2¾% 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
3% Conversion Loan	...	...	302	302	302	302	302	302	302
3½% Conversion Loan....	...	...	739	739	739	739	739	739	739
4½% Conversion Loan....	...	...	369	366	366	366	366	366	366
5% Conversion Loan	...	...	323	323	323	323	323	323	323
Terminable 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	1,911	1,911	1,911	1,911	1,911	1,911
Other War Issues	...	3,569	...	...	...	...	...	...	...
2½% Funding Loan	...	...	198	200	200	200	200	200	200
2¾% Funding Loan	...	...	56	101	101	101	101	101	101
3% Funding Loan	...	...	147	146	146	146	146	146	146
4% Funding Loan‡	...	409	356	353	353	353	353	353	353
2½% N. Defence Bonds .	...	...	...	...	68	100	100	100	100
3% N. Defence Loan ...	...	...	...	...	...	...	...	...	14
4% Victory Bonds‡	...	360	201	199	199	199	199	199	199
Treasury Bonds§.....	20	323	130	100	100	100	100	100	100
National Savings Certs.**	...	267	394	394	393	391	390	389	388
External Debt¶	...	1,357	1,036	1,032	1,032	1,032	1,032	1,032	1,032
Treasury Bills	15	1,107	766	675	638	899	889	829	851
Temporary Advances	1	243	85	23	67	8	95	13	84
Other Cap. Liabilities.....	654 57	8,033 46	7,949 98	7,797 113	7,871 110	8,103 110	8,179 110	8,036 110	8,142 109
Total Liabilities*.....	711	8,079	8,047	7,910	7,981	8,213	8,289	8,146	8,251

† Estimates. Totals do not allow for sinking fund allocations, for which £12 millions has been provided in 15 mths. to June 30, 1938. * 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.

DIVIDEND ANNOUNCEMENTS

Rates are actual, unless stated per annum or shown in cash per share. Rate for previous year refers to total dividend, unless marked by asterisk to indicate interim dividend.

Company	*Int. or †Final	Total	Payable	Prev. Year
BANKS	%	%		%
Canadian of Commerce	2*	...	Aug. 1	2*
MINING				
Gold Mines of Kalgoorlie	...	5	July 16	3¾
H. E. Proprietary	15†	25	July 14	25
Do. Do. ...	5*	...	July 14	10*
Kinta Kellas Tin.....	10†	15	July 16	10
Messina Development	7½*	...	July 11	15*
Mexican Corp.	5*	...	July 21	7½*
South Kalgurli	2/3 ps†	65	...	40
TEA & RUBBER				
Anglo-Dutch of Java	5†	9	...	7
Assam-Dooars Tea ...	25†	35	...	30
Assam Co.	4½†	6½	July 29	4½
Bertam Cons. Rubber	7½†	12½	...	14
Central Johore Rbr....	...	15	July 26	15
Craigielea Rubber ...	...	6	July 26	10
Galphele Tea, etc. ...	6†	10	July 21	8
Kinta Kellas Rbr. ...	5†	10	July 15	10
Merchiston Rubber...	...	7½	...	7½
Pt. Dickson-Lukut Rbr	...	5	July 28	6
Sarawak Rubber	...	4	July 21	7
Selangor United Rbr.	...	10	...	10
Timbang-Deli Rbr....	...	5	...	4
OTHER COMPANIES				
Ailsa Investment	...	3	...	2½
Aristoc.....	10*	...	July 20	7½*
Avery (W. & T.)	10†	15	...	15
Blackburn Aircraft ...	15	15	...	12½
Bovril (Def.)	2½*	...	July 29	2½*
Caribonum Trust	1*	...	July 15	1*
Can. & Gen. Invest.	12½c*	...	July 15	12½c*
Christy Brothers & Co.	...	11	July 20	10
Finlay & Co.	5*	...	June 30	5*
Gt. Nthn. Telegraph	2½*	...	July 1	2½*
Groves (John) & Sons	4½†	7	...	5
Guardian Investment	2½*	...	...	2½*
Heenan Beddow & Co.	5*	...	...	5*
Ingersoll	(*a*)7½*	...	...	7½*
Kendall and Gent	5*	...	...	5*
London Pavilion	* 2½	...	July 25	* 2½
Melville Trust.....	...	2	...	2
Pullin (R. B.)	5*	...	...	...
Purnell and Sons.....	3*	...	July 16	3*
Scot. Untd. Investrs.	2*	...	...	2*
Sterling Trust	2*	...	July 30	2*
Steward & Patteson	5*	...	July 29	5*
Stewart and Wight ...	...	5	...	Nil
Swan Hunter, &c.	4*	...	Aug. 31	3*
Tamplin and Sons ...	6½†	10	July 22	10
Trustees Corporation.	9†	12	...	10
Un. Brit. Oil Trinidad	...	8¾	...	8¼
Wagon Finance	7½*	...	July 9	7½*
Wellman Smith Eng.	*a* 5†	*a*10	July 12	7½
Wells (Matthew) & Co.	10†	20	...	25
Whitw'th, etc. Nephew	‡3pa*	...	...	...
Worksop Brewery ...	2½*	...	...	2½*

‡ Free of income tax.
(*a*) Paid on a larger capital. ‡ Free of income tax.

THE WEEK'S COMPANY RESULTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation: Dividend Prefce. Amount	Dividend Ordinary Amount	Dividend Ordinary Rate	Carried to Reserve, Depreciation, etc.	Balance Forward	Corresponding Period Last Year: Net Profit	Corresponding Period Last Year: Dividend
Banks		£	£	£	£	£	%	£	£	£	%
Natnl. Bank of N. Zealand...	Mar. 31	112,797	105,727	218,524	...	80,833	4½*b*	24,000	113,691	102,838	4†
Breweries											
Ohlsson's Cape Breweries ...	Mar. 31	86,525	195,543	282,068	11,500	91,875	17½	90,000	88,693	188,978	17½
Financial Land, etc.											
Anglo-Ceylon and General	Mar. 31	37,356	80,016	117,372	...	60,000	10	18,461	38,911	54,410	8
Australian Agricultural Co.	Dec. 31	1,541	33,732	35,273	...	24,000	5†	10,000	1,273	34,611	5†
Brit. New Guinea Devlpt. ...	Jan. 31	4,226	13,894	18,120	...	8,299	5	4,000	5,821	24,049	8
New South Wales Land.....	Jan. 31	2,275	14,286	16,561	...	13,072	10	...	3,489	13,574	10
Pekin Syndicate	Dec. 31	7,166	23,220	30,386	...	...	...	18,929	11,457	38,330	55 & 45
Hotel, Restaurants, etc.											
Spiers and Pond	Mar. 31	12,513	59,264	71,777	32,342	24,934	6	1,000	13,501	68,375	7
Iron, Coal and Steel											
Stephenson (Robert), etc. ...	Dec. 31	1,000	161	1,161	...	...	...	...	1,161	*Dr 20,201*	Nil
Rubber											
Biting	Mar. 31	805	12,945	13,750	...	8,750	12½	2,750	2,250	9,464	12½
Bukit Rajah	Mar. 31	5,398	18,846	24,244	...	16,675	5	...	7,569	20,947	5
Dadjan Samoedra	Mar. 31	2,917	6,264	9,181	...	2,875	2½	2,650	3,656	9,957	7½
Kapoewas	Mar. 31	1,306	3,672	4,978	...	2,677	6	...	2,301	3,424	5
Kerala Calicut.....	Feb. 28	1,354	6,936	8,290	...	4,531	1d. p.s.	2,880	879	13,693	6·8
Manchester N. Borneo	Mar. 31	5,127	8,496	13,623	845	4,888	4	1,600	6,290	10,912	5½
Prang Besar	Mar. 31	9,614	20,227	29,841	...	8,540	10	10,100	11,201	16,246	10
Selama (Malaya)	Mar. 31	2,662	10,638	13,300	...	7,562	12½	2,000	3,738	6,236	10
Sennah	Dec. 31	2,439	89,472	91,911	...	60,000	10	25,000	6,911	43,669	10
Sungei-Timah.....	Mar. 31	665	7,840	8,505	...	3,855	5	1,800	2,850	6,750	7½
Way-Halim (Sumatra)	Mar. 31	1,513	5,298	6,811	...	...	...	4,000	2,811	6,154	5
Shops and Stores											
Sangers, Ltd.	Mar. 31	119,530	177,933	297,463	28,912	124,758	25*d*	2,000	141,793	150,426	25
Shipping											
Trawlers, Ltd.	Mar. 31	733	*Dr. 6,652*	*Dr. 5,919*	...	...	...	*Dr. 6,000*	81	*Dr. 4,464*	Nil
Tea											
Budla Beta	Dec. 31	5,810	28,004	33,814	...	21,000	7	8,000	4,814	17,257	5
Buxa Dooars	Dec. 31	11,400	26,139	37,539	...	20,000	20	5,262	12,277	14,737	15
Jorehaut	Dec. 31	4,236	81,502	85,738	...	50,000	12½	30,000	5,738	44,853	8
Trusts											
Atlas Electric and General...	Mar. 31	37,929	192,664	230,593	158,047	...	...	...	72,546	181,719	Nil
Dominion and General	Apr. 30	25,467	18,790	44,257	10,068	5,500	2½	630	28,059	19,594	2½
Monks Investment	May 15	7,574	23,944	31,518	...	15,650	3½	...	15,868	24,667	3½
Textiles											
Cohen and Wilks	Dec. 31	24,539	41,389	65,928	17,422	9,969	5	...	38,537	63,392	12½
Lansil, Ltd.	Apr. 2	58,187	87,855	146,042	...	34,316	5	51,389	60,337	83,396	5
Patons and Baldwins	Apr. 30	73,203	407,099	480,302	68,156	191,915	10†	146,433	73,798	590,734	12½†
Other Companies											
Albion Greyhounds	May 31	1,751	18,822	20,573	...	17,838	37½(*e*)	...	2,735	18,270	35/
Associated Weavers	Apr. 30	3,842	41,884	45,726	4,462	13,275	20	21,466	6,523	(*a*)	(*a*)
Bassett (Geo.) and Co.	Mar. 31	16,644(*c*)	58,530	75,174	4,625	32,031	17½	21,830	16,688	(*a*)	(*a*)
British Glues, etc.	Apr. 30	32,083	87,912	119,995	47,250	17,500	10	23,500	31,745	89,025	10
Greyfriars Press	Apr. 30	12,624	36,290	48,914	...	30,208	12½	5,000	13,706	36,349	12½
Lancegaye Safety Glass ...	Mar. 31	3,219	16,269	19,488	...	16,423	10	1,000	2,065	46,067	24
Low Temperature Carbontn.	Mar. 31	11,149	67,737	78,886	...	46,436	4	...	32,450	(*a*)	(*a*)
North Glamorgan Wagon ...	Mar. 31	12,736	1,917	14,653	...	911	5	...	13,742	2,405	5
Roberts Adlard and Co. ...	Mar. 31	12,345	14,667	27,012	...	8,700	10	...	18,312	14,477	10
Santa Rosa Milling.....	Dec. 31	3,308	11,590	14,898	7,098	...	...	3,000	4,800	21,188	Nil
Williams and Williams	Apr. 30	10,846	55,291	66,137	3,033	26,250	15	25,790	11,064	57,653	15
Total Profits, 1938, in £000's :											
To June 25		*1,419*	*59,357*	*209,841*	*269,198*	*33,733*	*112,088*	...	*58,334*	*65,043*	*186,332*	...
To July 2		*1,458*	*60,001*	*211,773*	*271,774*	*34,117*	*113,022*	...	*58,825*	*65,810*	*188,303*	...

† Free of income tax. (*a*) No comparable figure. (*b*) Interim dividend of 2 per cent. paid free of income tax and final dividend of 2½ per cent. paid less income tax at rate of 3s. 8d. in £. (*c*) Ten months. (*d*) Also 1·479d. per ordinary share out of capital profit realised on sale of shares (free of income taxation). (*e*) Also 154·8715 per cent. paid on deferred shares. (*f*) Also 132·747 per cent. paid on deferred shares.

Special Statistics

GOVERNMENT REVENUE AND EXPENDITURE

I.—An Account of the Total Revenue of the United Kingdom in the undermentioned periods of the Year ending March 31, 1939, as compared with the corresponding periods of the preceding Year.

	Quarter from April 1 to June 30, 1938, compared with the corresponding quarter of the preceding year				Period from April 1, 1938, to June 30, 1938, compared with the corresponding period of the previous year			
	Quarter ending June 30, 1937	Quarter ending June 30, 1938	Increase	Decrease	Period ending June 30, 1937	Period ending June 30, 1938	Increase	Decrease
Ordinary Revenue	£	£	£	£	£	£	£	£
Inland Revenue—								
Income Tax	12,810,000	11,619,000	...	1,191,000				
Sur-tax	4,910,000	6,120,000	1,210,000	...				
Estate, etc., Duties	24,100,000	18,900,000	...	5,200,000				
Stamps	4,440,000	4,730,000	290,000	...				
National Defence Contribution	...	1,690,000	1,690,000	...				
Other Inland Revenue Duties	90,000	110,000	20,000	...				
Total Inland Revenue	46,350,000	43,169,000	3,210,000	6,391,000				
Customs and Excise—								
Customs	54,722,000	53,718,000	...	1,004,000				
Excise	26,700,000	26,900,000	200,000	...				
Total Customs and Excise	81,422,000	80,618,000	200,000	1,004,000				
Motor Vehicle Duties	4,683,000	4,580,000	...	103,000				
Post Office (Net receipt)	4,430,000	1,620,000	...	2,810,000				
Crown Lands	260,000	280,000	20,000	...		(See preceding columns)		
Receipts from Sundry Loans	361,911	364,563	2,652	...				
Miscellaneous Receipts	1,306,412	1,255,073	...	51,339				
Total Ordinary Revenue	138,813,323	131,886,636	3,432,652	10,359,339				
Self-Balancing Revenue	16,420,000	19,180,000	£6,926,687	Net Decrease				
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)			2,760,000	...				
Total	155,233,323	151,066,636	6,192,652	10,359,339				
			£4,166,687	Net Decrease				

II.—An Account showing the Receipts into and Issues out of the Exchequer in the Period ending June 30, 1938, as compared with the corresponding period of the preceding Year.

RECEIPTS	Period ending June 30, 1937	Period ending June 30, 1938
	£	£
Ordinary Revenue, as shown in Account I	138,813,323	131,886,636
Self-Balancing Revenue as shown in Account I	16,420,000	19,180,000
Total Revenue	155,233,323	151,066,636
Money Raised by Creation of Debt—		
(a) For Capital Expenditure Issues—		
Under the Post Office and Telegraph (Money) Acts, 1935 and 1937	3,400,000	5,400,000
(b) For other Issues—		
By Treasury Bills	793,326,000	1,180,900,000
By National Savings Certificates	5,850,000	5,700,000
By 2½ per Cent. National Defence Bonds, 1944–48	68,185,000	...
By 3 per Cent. National Defence Loan, 1954–58	...	14,233,525
(c) Ways and Means Advances	405,730,000	505,100,000
Receipts under Section 2 (3) of the Eire (Confirmation of Agreements) Act, 1938	...	1,000,000
Repayments—		
In respect of Issues under Land Settlement (Facilities) Acts, 1919 and 1921	34,611	36,405
In respect of Issues under Section 26 of the Tithe Act, 1936	75,000	300,000
	1,431,833,934	1,863,736,566
Balances in Exchequer on April 1st :—	1937	1938
	£	£
Bank of England	2,016,573	2,039,409
Bank of Ireland	683,749	324,568
	2,700,322	2,363,977
	1,434,534,256	1,866,100,543

ISSUES	Period ending June 30, 1937	Period ending June 30, 1938
	£	£
Ordinary Expenditure		
Interest and Management of National Debt	75,915,096	76,061,116
Payments to Northern Ireland Exchequer	1,580,593	1,594,929
Other Consolidated Fund Services	857,357	591,686
Total	78,393,046	78,247,731
Supply Services—		
Army, Navy and Air Votes	46,300,000	65,750,000
Civil and Revenue Votes (excluding Post Office and Broadcasting)	84,374,950	90,950,850
Total Supply Services (excluding Post Office and Broadcasting)	130,674,950	156,700,850
Total Ordinary Expenditure	209,027,996	234,948,581
Self-Balancing Expenditure		
Post Office Vote and Vote for Broadcasting	16,420,000	19,180,000
Total Expenditure	225,447,996	254,128,581
Issues to meet Capital Expenditure—		
Under the Post Office and Telegraph (Money) Acts, 1935 and 1937	3,400,000	5,400,000
Redemption of Debt—		
Treasury Bills paid off	829,655,000	1,158,540,000
Principal of National Savings Certificates paid off	7,200,000	7,050,000
Other Debt under the War Loan Acts, 1914 to 1919	32,500	...
Ways and Means Advances Repaid	361,850,000	434,245,000
Sinking Funds	1,444,836	1,504,627†
Issues under Section 1 (1) of the North Atlantic Shipping Act, 1934	...	1,431,527
Issues under Section 26 (1) of the Tithe Act, 1936	2,907,000	950,000
Old Sinking Fund, 1907–08—		
Issues under Section 9 of the Finance Act, 1908	9,400	...
	1,431,946,732	1,863,249,735
Balances in Exchequer—	June 30, 1937	June 30, 1938
	£	£
Bank of England	1,957,069	2,115,424
Bank of Ireland	630,455	735,384
	2,587,524	2,850,808
	1,434,534,256	1,866,100,543

Treasury, June 30, 1938.

Mem.—Floating Debt, outstanding March 31, 1938 ..... £841,755,000

	1937 June 30	1938 June 30
	£	£
Ways and Means Advances outstanding :—		
Advances by Bank of England	49,250,000	41,500,000
Advances by Public Departments	18,165,000	42,450,000
Treasury Bills outstanding	638,230,000	850,980,000*
Total Floating Debt outstanding	705,645,000	934,930,000
Net Increase		93,175,000

* Includes £26,000 the proceeds of which were not carried to the Exchequer within the period of the account.
† Authority is being sought in the Finance Bill to meet the amount of the Statutory Sinking Funds in 1938 by borrowing.

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The Nation's Food

THE arts of peace are not those of war or preparation for war. It is becoming more and more evident to-day that the needs of national defence run counter to what would be the aims of government in more peaceful days. Our expenditure on social services is menaced by the mounting cost of armaments, though no breach has yet been made. Vital branches of our industry are steadily moving towards a war footing. In all parties earnest adherents of democratic freedom are sadly facing the possible necessity of curtailing individual liberties by the institution of compulsory national service in some form or other.

We are fortunate among the nations in that this conflict between the forces of peace and of war is for the most part still a menace rather than actuality. On the whole, we are still able to have guns and butter. But it is precisely in the matter of food that the conflict has come in the last few days to a direct clash of policies. Nowhere, indeed, is the incompatibility more complete than in the allied fields of agriculture and nutrition, and by an ironic coincidence Monday's newspapers exhibited both the irreconcilable facets of the problem. On the one hand, the Committee Against Malnutrition, a body of high competence in matters of dietetics, published a memorandum which tentatively sketched the outlines of a policy designed to move towards the peace-time goal of adequate food for all. And on the other hand, there was the report of the Prime Minister's speech at Kettering, which has been violently attacked by the agricultural interest because, in effect, it refused to sacrifice peace-time nutrition wholly to war-time needs.

The Committee Against Malnutrition is to be congratulated upon its readiness, unusual among the more academic students of nutritional problems, to go beyond the mere statement of desiderata and examine the practical requirements of any programme to provide an adequate diet for all sections of the community. Briefly, their thesis may be stated as follows: The existence of serious malnutrition among an appreciable minority of our population cannot be denied. The chief deficiency in the diets of the under-nourished is of dairy produce, eggs, fresh fruit and vegetables. These foodstuffs are precisely those which, for various reasons, are relatively most expensive; and any nutrition programme must aim at bringing them within the reach of the poorest, either by raising incomes or by lowering prices. The Committee do not feel that wages could be increased or family allowances provided sufficiently to ensure a full diet for all. They pin their greatest faith upon proposals to reduce the prices of essential foods. They recommend the creation of food boards to buy, store and distribute foodstuffs in bulk; and they propose that the sums being expended by the State on British agriculture, together with the whole apparatus of

protection, should be concentrated on the production of more dairy produce, eggs, fish, vegetables and fruit. Wheat and sugar, they hold, can be much more economically produced abroad.

On grounds of economic advantage under peace-time conditions, the Committee's proposals merit the greatest respect. The administrative details of the system of boards and subsidies which they suggest would require close and critical examination. But if the aim of policy is to obtain the greatest possible quantity of foodstuffs at the lowest possible prices—as for a predominantly urban country it should be—then it would clearly be to our advantage to import even more of the wheat and sugar which we need; and to use the money thus saved to the consumer and the Exchequer for stimulating the production at home of more of the dairy produce and vegetables we lack in our national diet—products which, in any case, because of their perishable nature, must largely be produced as near as possible to our great urban markets. But this is an argument for normal times, and these are not normal times. In war-time, and *pro tanto* in preparation for war, considerations of price and nutritive value largely go by the board. The problem then is to find ways of feeding our people at a time when the volume of imports may be considerably reduced. The governing factor then is the bulk of imports, in terms of ship miles. And, as it happens, grain and sugar, which the Committee would wholly import, are, because of their bulk, precisely the commodities which would burden our shipping most in time of war. Again, the increase of livestock and dairy produce which the Committee propose would engage a large number of ships in the carriage of imported fodder supplies.

Here is clearly a serious conflict of aims. The dangers of following the peace-time ideal to the exclusion of any preparations for siege are obvious. It might have been expected that the foolishness of making food dear in peace-time in order, by growing it at home, to be secure in war-time would have been equally apparent. But for months past the farmers and their friends in Parliament and Press have been abusing the Government because they refuse to be stampeded into such a course. Hitherto the Minister of Agriculture has borne the brunt of the abuse. But last Saturday at Kettering the Prime Minister came to Mr Morrison's side. He considered the proposal to grow all our food at home as expensive to bring about, as commercially ruinous, since it would bankrupt our customers, and as unnecessary since the Navy could be relied upon to keep the trade routes open. He did not, of course, suggest that no precautions should be taken—he mentioned plans for quickly expanding home production after the outbreak of war and the storage of reserves to meet the dislocation that might follow a sudden air attack—but he did reject completely the policy of inducing a permanent change in the scale and character of British agriculture to meet a temporary emergency that may never occur.

There can be no doubt in any disinterested mind that the Prime Minister's policy is the right one. The danger of war unfortunately compels some change in what would otherwise be the rational policy for nutrition and agriculture. But it is the merest common sense that the alteration should be the smallest that would make us safe. To the agricultural interest, however, the rising spectre of war is, not unnaturally, an opportunity to secure the largest degree of subsidised expansion that can be wrung out of a reluctant but apprehensive nation. That the present Government has refused to play this game has, as might have been expected, caused much indignation. The National Farmers' Union has issued one of its peremptory statements, certain organs of the Press are ablaze with protest, and the Conservative agricultural Members of Parliament are up in arms. The pressure which the farming industry can bring to bear upon any Government has been shown in the past to be so formidable that it would be optimistic to be sure that the Prime Minister will stand firm. Already he has had to explain to a deputation of his supporters that he wants to grow *some* more food in England; and much more will doubtless be heard of the matter in next week's debate. But if the Prime Minister decides to stand firm he should have the support of all those whose interest in the matter is to see that the people of England have enough food to eat in peace-time without starving in war-time. Admittedly, we must pay the price of international anarchy by adopting extravagant devices to insure against the risks of war. But it would be intolerable if public nervousness should be exploited to secure, for the benefit of a minority, the adoption of a policy that, in the name of security, would put the feeding of the people on a permanent war-time basis.

The Negotiations in Prague

SEVEN weeks have passed since the critical "Czech week-end" of May 20th; and Czechoslovakia's frontiers, though still watched and warded on both sides, remain inviolate. Yet the situation, which almost exploded into war seven weeks ago, remains acute. It is still a potential danger to the peace of Europe. Despite what has since occurred in and about Spain, despite the intricacies of Anglo-Italo-French relations, despite the aftermath of disillusion among Austrians, despite even the steady perseverance of the Czechoslovak Cabinet along the path of appeasement, it would be idle to pretend that the German-Czech problem has yet been put into cold storage for the summer. Indeed, this problem cannot be shirked, for its solution is as vital to Czechoslovakia's own political and social peace as it is to her relations with a truculent neighbour.

It is precisely this two-fold aspect of the problem which makes an easy solution impossible. The two facets must be distinguished, but they cannot be separated. The official Sudeten German claims, backed by Greater Germany's apparatus of propaganda and pressure, constitute the most critical problem in domestic Czechoslovak politics and administration.

Until about a fortnight ago, negotiations between M. Hodza, the Slovak Agrarian Prime Minister in the Coalition Government, and the Sudeten German Party of Herr Henlein had been tentative, exploratory, and personal. In his Carlsbad speech on April 24th, Herr Henlein, doubtless exalted by the annexation of Austria, laid down eight points as a "minimum basis" for any agreement with Prague. Among these figured demands that the foreign policy of the Republic should be changed, and that the Sudeten Germans should be given autonomy in the sense of a separate regime functioning not in a defined area, but exercising authority over all Germans living in the State, wherever they might be. In other words, Germans in Czechoslovakia were to have something akin to extra territorial rights, and the citizens thus set apart would be governed by, and subject to, the principles of National-Socialism. Clearly very sweeping demands!

M. Hodza, a moderate Agrarian, has had a difficult row to hoe; for his Coalition Government, already denuded of the Activist (non-Henlein) Germans, began to feel restive after the elections. Hence, personal and private negotiations between Prime Minister and principal Opposition Leader—Herr Henlein is not even a Deputy and has always left negotiation to two lieutenants—were fraught with possibilities of a division in the Cabinet.

The chief difficulty was naturally constitutional, for to grant the demands formulated publicly at Carlsbad by Herr Henlein, and subsequently elaborated by Herr Kundt, one of his lieutenants, in a memorandum on June 8th, would destroy the entire fabric and unity of the Republic. The demand for autonomy exercised through a German People's Council, whose President would be a permanent ex-officio member of the Prague Government, and having the right to apply Nazi principles to all Germans in the country, would enable that body to treat Sudeten German Social-Democrats, Communists and Jews as if they were no longer citizens of a democratic State, for whom the Central Government accepts responsibility. The Government could not surrender this responsibility and live. The kind of State within the State demanded by Herr Henlein's negotiators would be in no way comparable with a Swiss Canton, the citizens of which owe allegiance to a common law, and the integrity of which is guaranteed by national measures of defence.

The importance of these points was quickly realised by M. Hodza's colleagues in the Cabinet; with the result that, when the terms of the Kundt memorandum became known, the elaboration of the long-awaited Nationalities Statute and Language Law, which is the responsibility and duty of the Prague Government, has been made a matter for a special Cabinet Committee. Meanwhile, last week the Sudeten German Party announced that the Nationalities Statute—in so far as its provisions, jealously kept secret, were surmised—could not provide a basis for an agreement. This, on the face of it, means that the inevitable incompatibility of the Carlsbad Points with the responsibilities of the Prague Cabinet has come into the open. In this unfortunate, though foreseeable, situation, public opinion in Czech and Slovak regions alike has rallied stoutly to the defence of citizenship before race. In so doing, it has automatically strengthened the position of the Benes Socialist, Social-Democrat and other Left Parties; strengthened the position of Herr Jaksch and his Sudeten German Social-Democrats; and drawn the Slovaks closer to the Czechs. The Coalition still depends on the united Agrarian *bloc* of Czechs and Slovaks; but the Rightward-inclined Czech Agrarians have lost face; and now there is open talk of a General Election in the autumn. In a country where communal elections in three recent week-ends provoked grave disturbances, only avoided by giving Henleiners virtually free rein against their opponents, the advent of a General Election may spell even greater difficulties. Yet, apart from the creation of a Cabinet of Civil Servants or of a dictatorship—both of them desperate expedients—it is hard to see what else can be done. At least, a General Election would enable perhaps one or two parties to unite, and thus to clarify the issues in the contest. A clear answer by the majority of citizens might be dangerous, but it would certainly be healthy.

Fortunately, however, the Henleiners are not irrevocably committed; and there is still hope that an acceptable middle way will be found. Unquestionably it can, if Herr Hitler so wishes. It should be plain to the Germans, of the Reich as of the Sudetenland, that the utter control over the lives of all Sudeten Germans, demanded in the Carlsbad speech and Kundt memorandum, cannot be granted. But it should be equally plain to the Czechoslovaks that more than slight changes in civil administration and the language law are required. The older generation of Czechoslovaks who made the revolution, and the State, have unwisely, since the war, over-centralised the Czech administration; and to-day the younger generation recognises in this a big blunder and a potent source of German discontent. If, now, a wise and efficient decentralisation of all purely civil administration in Bohemia, Moravia, Slovakia and Ruthenia could be quickly announced and executed—providing for equality of languages and of posts in the Civil Service for each district—it should not be difficult to satisfy legitimate claims of all minorities. As in the United States or Switzerland, the central Government would have to safeguard its ultimate rights in well-defined spheres—e.g., law courts, civil rights, defence, etc.—and if Prague insists on that, the insistence should be understood abroad.

Nevertheless, there is a wide gap between Sudeten Germans and Czechoslovaks. The British and French Governments, through their representatives in Prague, have been pressing the Czechoslovak Cabinet to accelerate its proposed legislation. That Cabinet will go ahead with reforms—whether the Sudeten German Party accepts or rejects them. That is a proof of good faith. In return, this democratic small Power can with justification require that when Europe's remaining democratic Great Powers urge her to incur great dangers for the sake of European peace and democracy, they should also lend their support in her stand for the preservation of democratic rights and principles.

Italy's Economic Position—I

The Fascist Economy

ITALY is the weaker pole of the Rome-Berlin axis—weaker in economic as in military strength. So much is obvious to the most superficial observer. But how much weaker? And how close is Italy to economic crisis? These are questions that are unusually difficult to answer. Even in normal times it is no easy matter to diagnose the state of health of a country of peasant cultivators, where industry no less than agriculture is organised in small units beyond the statistician's reach. When many of the necessary statistics are suppressed, and some of the others are suspect of manipulation, the difficulties of interpretation are increased manifold. In this article and its successor, however, an attempt has been made to collect some of the facts available to an outside observer and to piece them together to form a picture of the whole. That there should be many gaps in the picture, that some of its colours should be a shade too bright or too sombre, is only to be expected. The blame for these defects should, however, be placed where it belongs—on the Fascist authorities who so severely ration the supply of information. It is a legitimate deduction from their reticence that the general impression of Italy's economic position would certainly not be more favourable if the unpublished figures could be used.

In the western countries economic difficulties in recent years have become almost synonymous with industrial unemployment. This, however, is one disease from which Italy is not suffering. Industrial activity reached a very high level in 1937, and has been maintained there during the present year. This can be seen from the official indices of industrial production in the first table overleaf.

The textile industries, which were checked during the sanctions period, have resumed their recovery. But they are still a long way below the 1928 level. The present high activity is evidently concentrated in the mechanical and metallurgical industries. Its parents are armaments and autarky.

Feverish armament activity is, of course, common to every nation in the world. Autarky, on the other hand, is

INDUSTRIAL PRODUCTION IN ITALY

	1932	1935	1936	1937
		(1928 = 100)		
Total index	73·0	102·4	95·5	108·6
Textile industries	67·4	76·6	70·1	83·7
Mechanical and metallurgical industries	70·7	102·6	118·7	130·1
		(1929 = 100)		
Hours actually worked	72·4	81·0	81·0	91·7
Workers employed	78·5	94·0	94·9	104·5

a peculiarly authoritarian product. But autarky in Italy is something significantly different from the complete self-sufficiency aimed at in Germany and Russia. True, it is leading to the intensive development of Italy's low-grade deposits of coal and iron ore, which were previously reserved for an extreme emergency. In 1937 the production of iron ore, pig iron, non-ferrous ores and pyrites all greatly exceeded even the wartime year 1918, and the production of coal and lignite was nearly as large as in that year. But even with these efforts, Italy cannot hope to be independent of foreign countries in raw materials. Indeed, one interpretation of the autarky policy is that given in a recent speech by the managing director of the Ansaldo firm—namely, that it aims primarily at independence of the foreigner in finished goods and only secondarily in raw materials. The object is not even to reduce the imports of raw materials, since for Italy a bigger output of finished goods requires a bigger import of fuel and materials. Autarky is, then, simply concerned with the safety of the sources of supply and with the most economical allocation of the foreign exchange available. Thus, in the iron and steel industry, even though the Italian annual consumption of steel is only 59 kilograms per head of population, compared with 383 kgs. in the United States, 248 kgs. in Germany, 180 kgs. in Great Britain and 144 kgs. in France, only some two-thirds of the raw material required can be provided from domestic ore and scrap. Far from reducing home consumption to what can be provided from domestic materials, Italy would have to envisage in wartime a much greater production, and the present plans of expansion call for an increase in production from a little over 2,000,000 tons a year to 2,500,000 or 3,000,000 tons.

Another aspect of the policy of preparing industry for war, of which much has been written, is the geographical redistribution of industry. In practice, little has been done, and nearly all vital production is still to be found in the triangle Milan-Genoa-Turin. The Fiat works in Turin are, however, to be moved, but only into another part of the city, as their present position on the railway line makes them an easy target. A few arms factories have been built in central Italy and paper is being made from straw in the south, but the concentration of industry in the north has not been, and is not likely to be, substantially altered.

The basis for the present high degree of industrial activity in Italy is thus, to a very large degree, the policies of the State. Since the devaluation of the lira industrial profits have been higher, and some of the new capital works have been financed, under Government direction, out of private funds. But the great source of finance for the programme of capital expansion is the credit of the State. Italy, in short, is pursuing an inflationary course, in which an abnormally large amount of money, derived from credit creation, is being spent on various forms of capital works. This is, indeed, no new thing in Italy. Between 1925 and 1928 expansion of the credit basis was founded on foreign loans; between 1928 and 1934 it was accomplished by the method of promising annuities out of the budget for public works; and since 1934 war expenditure and autarky have fulfilled the same purpose. As everywhere, the economic policy of Fascism in Italy has been one of debt inflation.

In any country, a policy of preventing unemployment by continuous inflation has three disadvantages. It involves a constant, and possibly progressive, reduction of the standard of living of the people. It necessitates a steady deficit in the finances of the State, with the inevitable embarrassments to the Treasury of being a continuous borrower. And it endangers the equilibrium of the balance of payments. All three phenomena have been visible in Italy in recent months.

Figures on the standard of living are unusually difficult to give with any pretence to accuracy. The standard of living of the Italian peasantry, especially in the south, is very low at all times, and depends more upon the varying bounty of nature than on the policies of Governments. The industrial worker, however, appears to have been adversely affected by the events of the last two years, especially by the devaluation of the lira in October, 1936. From 1934 to 1936 the wage-index rose from 83.5 to 87.5 (1928-29 = 100), or by 5 per cent., while the cost of living index rose from 76.4 to 83.5 (1928 = 100), or by 9 per cent., and the index of the wholesale prices of consumers' goods from 60.4 to 73.3 (1928 = 100), or by 22 per cent. (The decline in real wage rates is, however, partly offset by the greater regularity and volume of employment.) Supporting evidence is to be found in the yield of taxes levied by the municipalities on some articles of food and drink. In the capitals of the provinces these taxes yielded 1,135 million lire in 1934, but only 959 million lire in 1936. The yield was the same in 1936 and 1937 in spite of the rise both in prices and in industrial activity in 1937. An index of the volume of sales of 58 food shops in Milan has oscillated in the last two years between 55 and 85 (1934 = 100). The figures of savings tell the same story. Deposits in the ordinary savings banks were 19,573 millions at the end of 1934, but had fallen to 18,747 millions at the end of 1937 and 18,638 millions at the end of November, 1937, although the devaluation had intervened. Deposits in the postal savings banks rose, it is true, in the same period from 20,427 million lire to 22,314 million lire; but these deposits are to a large extent the funds of commercial and industrial undertakings, rather than the savings of the people.

As a final indication both of the absolute standard of living and of its fluctuations in recent years, some figures of the *per capita* consumption of certain foodstuffs may be given:—

ANNUAL CONSUMPTION PER HEAD OF FOODSTUFFS
(Milk and wine in *litres*; other foodstuffs in *kilograms*)

	Italy				U.K.,	Germany
	Average 1926–30	Average 1931–36	1935	1936	Average 1934-36	Average 1934-35
Wheat flour	142·5	124·6	119·4	118·6	89·3	...
All Cereals	*176·3*	*140·5*	*152·0*	*149·9*	*95·4*	*113·0*
Potatoes	35·4	34·8	25·8	29·6	98·8	190·0
Vegetables and fruit	107·8	96·8	92·2	91·1	106·0	81·4
Sugar	9·1	7·1	7·0	6·7	41·8	21·5
Coffee	0·9	0·7	0·8	0·6	0·3	2·3
Meat	18·8	16·4	16·5	16·1	63·0	52·8*
Fish	5·1	5·4	5·8	5·6	21·0	10·6
Butter	1·1	1·1	1·2	1·1	11·5	7·5
Cheese	4·6	4·8	5·1	4·3	4·3	5·6
Eggs	6·3	6·7	6·8	6·6	9·5	6·7
Milk	33·1	33·7	34·0	32·8	88·6	122·0†
Wine	110·0	93·9	82·8	100·4	1·4	7·8‡

* Includes poultry and rabbits. † Includes milk equivalent of cream. ‡ 1934 and 1935 were years of record vine crops.

It will be seen that almost every item shows a decline. Perhaps the most eloquent figure is the decline in the consumption of wheat flour. In the ordinary way, since *pasta* is usually taken to be the cheapest way of filling an empty stomach, one might have expected this to mean a shift to more nutritious commodities. But the coincidence of a decline in wheat consumption with falls in a number of other important commodities seems to indicate very clearly that there has been a lowering of the standard of living of the Italian people.

This has been the first and, perhaps, in the long run, the most important, consequence of Fascist economic policy. In the second article an attempt will be made to trace its effects on the finances of the State and on the foreign trade of the country.

The Colossus of Roads

THERE has been no industrial phenomenon of the twentieth century to compare with the automobile industry. From virtually nothing a single generation ago it has built itself up into one of our largest industries. In this country alone it employs, directly or indirectly, over 1,300,000 people, either in the manufacture, the operation or the servicing of motor vehicles. It contributes to the national income in an even more direct way, since taxes and duties on motor vehicles produce nearly one-tenth of the whole revenue of the State—a proportion far heavier than is borne by any other industry of comparable size. But economic facts such as these do not begin to exhaust the importance of the motor industry; its rise has also had far-reaching social and human implications. To millions of people the motor-car has brought an entirely new conception of leisure and the use that can be made of it. The car has changed the whole balance between town and country, making it every year increasingly difficult to say where the one ends and the other begins. It has made us a mobile people, and we are hardly yet beginning to see the consequences of the change. It would, perhaps, be going too far to say that the internal combustion engine has wrought as great a revolution as the steam engine a century and a half earlier. But at least it stands a close second in the list of technical advances that have changed the face of the earth and the mind of man.

From its very nature, the growth of the motor-car has been conducted in the full view of the public. This has been no abstruse product of the obscure laboratory. On the contrary there are few subjects on which the average man is better informed, or in which he has a greater interest than the progress of the car. But there is another sense in which the growth of the industry has been shared with the public. For many years past the Society of Motor Manufacturers and Traders have prided themselves on setting an example to all other industries in the volume of information about themselves that they regularly compile and publish. The publication this week of their annual statistical volume* provides an opportunity for paying tribute both to the quantity and to the quality of the facts and figures provided. There can be few similar publications which contain more matter either of value to the economist or of interest to the ordinary man.

The motorist will, perhaps, find most interest in the figures that are given of the yield of motor taxation, on the one hand, and of highway expenditure on the other. The total revenue of the Exchequer and local authorities from motorists in 1937-38 is estimated at £90,560,000, including £34,608,000 in licence duties, £44,800,000 in fuel tax receipts, £1,688,000 in import duties and £9,464,000 in local rates on garage space. Against this, expenditure on highways and bridges in the preceding year had been only £54,749,000 (omitting Northern Ireland) and, of this, £10,364,000 was either recoverable from property owners and utilities or else raised by loan. The amount spent out of revenue on the roads was almost exactly half the sum raised in taxation on motor vehicles. Now there is no reason why the motorist should not be taxed for the general purposes of the State as well as for the upkeep of the roads. But the motorist may justly retort that there is equally no reason why the non-motorist should not contribute a share of the cost of the roads, and the disproportion between the figures is unduly—and increasingly—onerous.

The most impressive pages of the volume are naturally those which tell the story of the rapid rise of the industry. Production both of private cars and of commercial vehicles was considerably higher in 1937 than in any previous year. More vehicles, in fact, were produced in twelve months than the total in use on the roads as recently as sixteen years earlier. Total production is now over the half-million mark and considerably more than double the figure of 1929, the eve of the world depression. Since 1933 the proportionate increases in the two categories of private and commercial vehicles have been very similar, but commercial vehicles held up rather better in the depression years and consequently show a rather better overall increase. Private cars and taxis, however, still make up nearly 70 per cent. of the total output.

The figures of registrations—that is, of vehicles in use—are fully as sensational as those of production. At the census taken in September, 1937, there were no less than 2,461,833 motor vehicles in use in the United Kingdom, 1,834,248 of them being private cars. Even this enormous figure excludes 491,718 motor cycles—the only category to show a steady decline. The rate of increase is still phenomenally large. The total production of motor vehicles in 1937 was more than 22 per cent. of the total number registered in the previous September, and the increase in registrations, after deducting the cars scrapped, was as high as 8.4 per cent. As the total number of motor vehicles increased it would have been reasonable to expect that the proportionate increase from year to year would decline. But it shows very little sign of doing so; the 1937 figure of 8.4 per cent. is, it is true, lower than for the two preceding years, but it is higher than for any other recent years.

In view of these facts, talk of saturation point seems rather far-fetched. We are still a very long way behind America in car-ownership. The United States in December, 1937, had one car for every 4.6 inhabitants; the British figure was one for every 18.1 inhabitants. National incomes and motor taxation systems make, of course, a great deal of difference. But the average British income is not very far behind the American, and the British taxation system has not prevented the rapid increase hitherto. *Prima facie*, it would be reasonable to expect the British figure gradually to move much closer to the American. The condition of the roads has also a great deal to do with the question, but here again the American statistics do not encourage the belief that saturation point is near in Great Britain. In this country there are 16.4 vehicles for every mile of road; but in the six American States of Connecticut, Massachusetts, New Jersey, New York, Pennsylvania and Rhode Island the comparable figure is 29.3 per mile. And registrations in these States are still increasing. Clearly, road congestion is little if any deterrent to the would-be purchaser of a car. The only limiting factor seems to be the ability to afford a car. That, in turn, is a function of two quantities, the average income and the price of cars. The average income increases steadily from decade to decade, if not from year to year. And, as an illuminating graph in the report clearly shows, there has been an almost uninterrupted fall in the price of cars. An index constructed on an ingenious "chain" principle was in 1937 only 50.5 per cent. of its 1924 level. The conclusion seems, then, to be inescapable that we must expect a continuance for many more years of the rapid increase in the number of cars on the roads.

* "The Motor Industry of Great Britain, 1938." Published by The Statistical Department, The Society of Motor Manufacturers and Traders, Ltd., Hobart House, Wilton Street, London, S.W.1. Price 5s.

From one point of view this is an alarming prospect. The one noticeable omission from the S.M.M.T's annual is the statistics of road accidents. But their appalling incidence is well enough known, and it is not difficult to show that our record is worse than that of many other countries. In the United States, for example, there are only 13.0 deaths per annum per 10,000 motor vehicles; in Canada only 10.5. But the figure for England and Wales is 24.6 per 10,000 vehicles and that for Scotland as high as 34.8. Road congestion is, of course, a large part of the explanation. But if our roads are the most congested in the world (as, with the perhaps negligible exceptions of Gibraltar and the Canary Islands, they are) it is surely incumbent on us to have the best roads. Another table which the S.M.M.T. might give in a future edition is that of highway expenditure per car in the different countries of the world. But in default of such comparisons, the motorist will inevitably come back to the taxation figures and wonder whether the scale of expenditure on the roads, which may or may not have been adequate for a million and a third vehicles a decade ago, is not grossly inadequate for two and a half millions to-day.

Topics of the Week

Bluer Skies in the Markets.—A change, amounting almost to a transformation, has come over the chief security and commodity markets, on both sides of the Atlantic, in the last three weeks. Wall Street, as is its wont, has been the most spectacular performer. The market was firm for the first half of June; but since Monday, June 20th, it has been running away with itself. The Dow Jones index of industrial shares, for example, which stood at 110·61 on June 1st and was only 113·23 on the 18th, has risen by leaps and bounds to close at 137·78 on Wednesday of this week. This is actually a little lower than Saturday's close, but a slight reaction after so steep a rise is only to be expected, and to be welcomed even by the most impatient bull. The American commodity markets have been infected, and Moody's daily index of staple commodity prices now stands 10 per cent. higher than a month ago. London markets have followed the movement in their own less volatile fashion. The *Financial News* index of ordinary shares was 10 per cent. higher on July 6th than on June 7th, and reference to the Note on page 91 shows that *The Economist* index of primary product prices has risen by 1.9 per cent. in a fortnight and 3.2 per cent. in a month.

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All this is naturally gratifying. But what does it mean? Many for whom movements on the Stock Exchange are the beginning and end of economic phenomena have allowed themselves to be convinced that the rise portends the coming end of the 1937–38 recession. In Wall Street, in particular, optimistic prophecies are now as plentiful as forebodings of doom a month ago. There are, it is true, several indications of slightly better business conditions in the United States. One or two of the important indices, notably car loadings and the volume of electric power generation, have begun to rise and, though conditions in the steel industry are unusually chaotic owing to the sudden abandonment of the familiar "basing-point" system which acted as a stabilising influence on prices, it begins to look as if the recent reduction in prices has stimulated an increase in demand. In fact, taking the American situation in the large, some recovery from the very low levels reached in many lines of production seems to be imminent, and it is not impossible that the recovery will continue into the autumn. Whether it will mark a change in the underlying trend, however, is another matter and one which only a clairvoyant could answer on the facts now available. It should not be forgotten that the recession that has occurred since last autumn has been the most rapid ever known. If the 1937 decline was so much steeper than in 1929, the 1938 secondary reaction might be correspondingly more impressive than the embryonic recovery of 1930, and still have no more meaning for the cyclical trend. As for the British outlook, confident optimism seems even more premature than in Wall Street. After all, Great Britain has had what America has not had, an unmistakable period of high prosperity, and the retreat of the British indices, though less spectacular than the American rout, may be much harder to arrest. The June unemployment returns, which are analysed on another page, will not encourage the prudent observer to do more than wait and see.

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Mr Chamberlain at Kettering.—The Prime Minister made another of his somewhat ingenuous speeches on foreign policy at Boughton House, Kettering, on Saturday of last week. Mr Chamberlain took as his text, as any humane statesman must do, the supreme necessity of avoiding war. It was his prime duty, he said, to strain every nerve to avoid a repetition of the Great War in Europe, and he could not believe that anyone who was not blinded by party prejudice could fail to desire that he should continue his efforts. Is it possible that the Prime Minister still has not realised the nature of the opposition to his policies? Nobody, or hardly anybody, in the country doubts the sincerity of his desire to avoid war. Still fewer would disagree with that great object. But there were no words in Mr Chamberlain's speech that implied any room for doubt about the correctness of his methods of maintaining the peace. And it is the methods, not the object, that are passionately opposed. Mr Chamberlain is so bitterly attacked not because he is trying to keep the peace, but because he is pursuing methods which run such a grave risk of failure. Is it conceivable that this very simple point has not occurred to him? Yet how else is it possible to interpret a passage such as this: "What I regret about the attitude of the Opposition is the impression it creates abroad of national disunity. I believe that to be a completely false impression. I do not believe that the country desires us to abandon our efforts to establish and maintain peace." How else are we to understand his plea to the Liberals to join forces with him by reason "above all" of his conduct of foreign affairs?

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The astonishing thing is that Mr Neville Chamberlain showed in the same speech how easily he credits the good intentions of other people, provided only they are not in political opposition to him. He said himself that he had "a little difficulty" in squaring General Franco's account of the bombing raids on British ships with the facts. But the little difficulty was overcome. General Franco must be right, and the whole inconvenient business was really the fault of the shipowners who, in spite of warnings, persisted in sending their ships to Spain and were wicked enough to accept "four and five times the ordinary rates of freight for voyages to these ports." This sublime unconcern for the fate of British subjects seeking legitimate profits in foreign parts may easily be regarded as one more invitation to the potential aggressors to interpret Mr Chamberlain's love of peace as a lack of will to fight. And if that conviction once gains acceptance, Mr Chamberlain's own fear of war will itself have made war inevitable.

The War in Spain.—This week, while Sir Robert Hodgson has been explaining General Franco's views on the bombing of British ships and men to Lord Halifax in London, the General has been pushing forward on land towards Valencia. The halt at Castellon a few weeks ago has now given place to violent activity on the Teruel front, right down to the coast; and, though it is difficult country, the insurgents have effected an eighteen-mile breach in the Government defences near Sagunto. If the advance, now halted, continues, Valencia may be incorporated in General Franco's coastal strip; contact between Barcelona and Madrid will be extremely difficult; and Madrid will be further encircled. Clearly, the rumpus caused by the air bombings of British ships has moderated the attacks for the time being; and while the London Non-intervention Committee's proposals for the despatch of counting commissions have been forwarded to both sides in Spain, the land war has redoubled in intensity. Mr Butler let out in the Commons this week that the bombings of British property and men have been "discussed" in Rome with Count Ciano; but, despite a chorus of French and Italo-German praise of the Non-intervention Committee's progress, progress it certainly is not—yet. If General Franco succeeds a little more on land—and his allies' bombing of Barcelona, Valencia, Alicante, etc., have been intense this week—we may have to face yet another "delaying action" in the expectation of his long-awaited military victory. And then? Then, of course, the real show-down among the contestants for Spain will emerge—from which, probably, the British Government will not be able to hold as Olympically aloof as hitherto.

* * *

Coal, the Lords and the Commons.—The Lords are not to have their way with the Coal Bill. On Wednesday, the President of the Board of Trade informed the Commons that certain of the major amendments made to Part One of the Bill in the Upper House were not acceptable to the Government. Accordingly the Commons, to whom the measure had been returned for discussion of the Lords' changes, rejected four alterations which, if retained, would have wholly crippled the procedure laid down for the valuation and purchase of royalties. The vesting date (July 1, 1942) was restored; and clauses relating to the renewal of leases, the payment of expenses in connection with claims for subsidence and the recovery of expenses on behalf of landowners were deleted. Earlier this Session, the lower House, recognising that the case for nationalising mineral rights in the interests of the coal industry had been fully proved by non-partisan investigations, accepted Part One of the Bill with comparatively little discussion. The same consensus of opinion was evident on Wednesday. The royalty owners in the Lords have been notably less successful in their attempt to wreck the nationalisation clauses than were the mineowners in the Commons last December in their campaign to prevent Part Two of the Bill, which provides for the compulsory amalgamation of colliery undertakings, from being effective.

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The Bill, from the moment of its introduction last year, has been a prey to sectional interests. The Labour Opposition themselves have shown little more appreciation of the general national interest in an efficient coal industry than the self-seeking groups among the Government's supporters. Their resistance to any changes in the coal-selling schemes (dealt with in Part Three of the Bill) when attempts were made last December to modify them in the interests of consumers, was proof that they too hearken more readily to the organised sectionalism of those engaged in the coal industry (masters and men being for once in agreement) than to any wider issues. And Labour complaints this week that the Bill will bring no benefits to mineworkers entirely overlook the fact that none of those associated with the industry can prosper in the future unless determined and wholehearted efforts are made without delay to introduce a much greater measure of economic efficiency than hitherto into the organisation of British coal-mining. As originally drafted, the Coal Bill was a passable attempt to achieve this end. In several important respects, it has now gone the way of its abortive predecessors. True, the Government's resistance to the Lords has saved an appreciable amount from the wreck. The nationalisation of royalties has been won, even if the diehard section of the Peers now stage a last-ditch fight. But the coal industry will still stand in sore need of drastic reform.

* * *

Execution and Murder in Palestine.—At Acre on June 29th a Jewish youth, Solomon, son of Joseph, of Roshpina, was executed after having been convicted on a charge of having fired into an omnibus with intent to murder the Arab occupants. Both inside Palestine and abroad there has been some Jewish agitation in favour of a reprieve. From this, however, all responsible Jewish authorities seem to have held aloof; and it is, indeed, the supreme interest of the Palestinian Jewish community that political as well as other crimes of violence should be sternly and effectively stamped out. If lawlessness were once to establish its reign in Palestine, then the situation of the Palestinian Jews would ultimately become unbearable—surrounded, as they are, by an Arab majority that inhabits vast regions extending to Iraq in one direction and to Morocco in another. The wire fence which now hedges off Palestine from the Arab countries round about will not, in itself, offer any more adequate permanent protection than the Roman or the Chinese Wall. As it is, a new Rural Mounted Police and Palestine Railway Police have had to be organised for the protection of the country inside the Palestinian pale, and during the last few days crimes of

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violence have suddenly increased again in frequency. On the night of June 29th-30th the victims were a party of Arab fruit merchants on the Bethlehem-Jerusalem road, who were blown up by a land mine, and a Jewish wedding party at Tiberias, who were made the targets of a bomb. In the Haifa district on the 3rd of this month a Jewish farmer was stabbed to death, and on the same day in the Nazareth district a British policeman and two Jewish travellers were ambushed and wounded. This week there were murderous outbreaks at Jerusalem, Tel-Aviv, Tiberias and other places, and over twenty were killed. Two warships have been sent to Palestine. This fresh wave of violence is hardly surprising in view of the Government's long procrastination in carrying out the recommendations of the Royal Commission's report. The Commissioners themselves have represented, in the most emphatic terms, the plain truth that time is *not* on the side of a happy ending.

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Nobody's Charge.—After the last war, Europe had its first sight of a new kind of *homo Europaicus*: citizen of no country, a Stateless man. The passport provided by the League for such unfortunate emigrants from Russia was, however, dignified with a worthy name: that of Fridtjof Nansen, explorer and humanist. During the last five years, citizens of Europe's remaining not-so-totalitarian States have become inured to the sight of Jews and Aryan, Liberals or Communists—whether they were professors, traders, politicians, students, authors, or priests—streaming out of Germany into countries where, if officials treated them curtly and Home Offices scorned them, they might yet eat the bread of affliction without fear of torture and death. This stream from Germany swelled to a torrent after the annexation of Austria, and after the resurgence of Nazi assaults upon their perpetual scapegoats, the Jews, which followed the "disappointment" over Czechoslovakia on May 20th. New decrees registering and confiscating Jewish—and even non-Jewish but Socialist or Liberal—property have been promulgated; and the wretched victim must choose between reliance upon the dubious charitable sentiments of a foreign people or upon the much more dubious toleration of Herr Julius Streicher and all his kind. The Nazis thus get rid of their victims and get hold of their property. The League Commissioner for refugees from political or racial persecution in Germany, whose functions may terminate at the end of this year, has not been able to do much; but on Wednesday of this week at Evian—the Swiss refused to allow it to be held at Geneva—President Roosevelt and the United States Government convoked their conference of thirty Powers to examine the problem raised by the scale and extent of the German and Austrian persecutions. The crux of the problem will be the Nazi technique of having it both ways. This was made plain in the opening speeches of the American and British delegates. It would not be surprising if, under American leadership, more was accomplished than at the leaderless League. But for that, transfer of the refugees' property from Germany will be necessary.

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Austria Infelix.—*Bella gerant alii, tu, felix Austria, nube* is no longer, alas, an effective prescription for Austria's welfare. Austria has married the Third Reich by an ancient rite which the anthropologists call "marriage by capture" (practised by Circassians and the like). The marriage is bringing such trouble on the poor bride's head that one might almost have thought that she had gone and married a Jew. The Nazi prescription is to evict a sufficient number of Jews, "Blacks" and "Reds," to provide comfortable and lucrative places for expectant party men; and in Austria, as in the other Reich five years ago, the delicate task is to decide which suitors are to be gratified and which are to be sent away hungry. This growing trouble has moved the Reichsdeutsch Nazi Gauleiter and unification-commissioner in Austria, Herr Bürckel, to public speech. On June 30th he told foreign journalists in Vienna that there were then 3,780 political prisoners from Austria in all, of whom about half were Jews, and 150 were in Dachau. But Vienna's own prisons, accommodating 10,000, have been so filled as to necessitate the commandeering of certain schools for a like purpose. He announced at the same time that he had ordered an examination into all seizures of property and all arrests. Thereafter, on July 2nd, in a similar speech, Herr Bürckel revealed that twelve Aryan administrators of Jewish businesses in Austria had been arrested for misconduct and been sent to Dachau, and that further arrests were likely to follow. Many of these administrators seem, in fact, to have interpreted their instructions as permission for helping themselves. Over the week-end Herr Bürckel also published a decree offering rewards of 50 marks for informers against informers—a step which seems likely to lead the said Gauleiter into an infinite regress, if informers against informers are ever informed against in their turn. Herr Bürckel makes the personal impression of an honest and upright administrator grappling with a task which is hopeless from the start. The spirit and principles of the Nazi regime make it so.

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Cabinet Ministers and Parliament.—Freed from their exhausting discussions of the Coal Bill, the Lords found time this week to debate a proposal to make it possible for Cabinet Ministers to address both Houses of Parliament. The Ministers who govern this country are Ministers of the Crown, and by constitutional rule they must sit in Parliament. *Prima facie*, there is no reason, as long as Parliament consists of two Houses, why Ministers should not be drawn solely on grounds of merit from either chamber. Actually, the extension of the franchise to cover all the adult members of the population has enormously enhanced the power and prestige of the Commons. Their prescriptive authority in money matters is of long standing, but their prior rights in matters of ordinary legislation were only defined 27 years ago, when the peers were misguided enough to trench upon the Commons' financial rights on alleged grounds of public policy. The Commons have come to be regarded as Parliament: they alone are responsible to the sovereign electorate. From this has arisen the recent convention that the Prime Minister and most important Secretaries of State should commonly be chosen from the House of Commons, where they are directly in contact with the people's representatives, exposed daily to the searching powers of Parliamentary question and able to state their policy to the lower and more important House. Unfortunately, the mischances of death and inheritance may on occasion remove talented members of the Commons to the Lords. The Government's opposition to Wednesday's proposal was founded on important practical considerations: the responsibilities of Cabinet Ministers are already so great, that to call upon them to participate in the proceedings of both Houses would be inexpedient. It is true that a Minister harried daily in the Commons would have little time to be present in the Lords. A Minister in the Lords, however, might be able to escape more often from the peers' less crowded activities to face the criticisms of the lower House. Again, it is the function of Under-Secretaries to eke out their principals' time by standing in their stead to answer questions or explain their policy. There are convincing reasons for the view that Prime Ministers should be Commons men. In the case of other Ministers, however, a more elastic custom might be made possible by the opportunity to address both Houses, in cases when rigidity would unduly limit the field of choice. Parliament still consists of two Houses.

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Arms and the Engineers.—Months have passed and still no definite move has been made to draft the plans for speeding up re-armament which the Government has required from employers and workers in the engineering industry. Preliminary meetings weeks ago revealed that the employers were anxious that the two unions concerned, the Confederation of Shipbuilding and Engineering Unions and the Amalgamated Engineering Union, should consider the possibility of diluting skilled with unskilled labour and of introducing women. The matter was referred by both unions to their annual conferences and in neither case was any support given to the employers' suggestions. In common with the bulk of the trade union movement, the skilled engineers are distrustful of the Government's foreign policy, and on that ground alone disinclined to co-operate in re-armament without considerable reservations. At present the unions' proposals are being drafted. Some conflict is reported between the two bodies, and it seems likely that the larger and more militant A.E.U. is more intransigently opposed to the employers' plans than the Confederation. The unions' anxiety for their craft rights is understandable; and the mounting number of unemployed engineers does not make their leaders more ready to abate their rules and regulations to facilitate national defence. Nevertheless, the sands are running out. There is widespread impatience that this deadlock in so important a matter should persist. Sir Walter Citrine himself has uttered a veiled warning to the engineers. There were times, he said, in an address last week to the National Federation of Building Trade Operatives, when leaders of the trade union movement should not be deterred from the course they felt to be right by fear of criticism from the rank and file. "Current events involving the practices and standards of trade unions" might give point to what he had said if the proper policy were not pursued. The engineering unions will sacrifice much of the sympathy which is theirs unless they act speedily.

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Railwaymen Confer.—Just over forty years ago the trade unions of British railway workers adopted the first of a long series of resolutions in favour of the nationalisation of railways. The latest was unanimously passed at Southport on Tuesday by the National Union of Railwaymen. In the old days the plea for State ownership was supported by the argument that private enterprise was inefficient and wasteful. This week the view was that the nationalisation of all transport services, rail, road, air and canal alike, would facilitate co-ordination. It was not held that nationalisation would notably enhance the efficient working of the main-line railways, though with some justice it was urged that road transport was in need of some reform to eliminate redundant services and chaotic conditions. Nevertheless, the Road Traffic Acts have already done a great deal to establish order in road transport, and wages and hours are in process of being effectively regulated. Some duplication and overlapping of service still continues in our railway system, while the method of co-ordinating the vast mass of exceptional rates is undoubtedly cumbersome and bureaucratic. But possible economies in these directions that would follow from unification are not as great as are sometimes assumed. The State already has powers to control and co-ordinate transport undertakings, and these powers are being exercised in the regulation of railway rates and wages, in the licensing of goods and passenger vehicles, and the supervision of working conditions on the road. The N.U.R.'s plea for higher wages was, in view of the declining trend of railway traffics, almost equally academic. It is indeed a disturbing fact that 120,000 railwaymen are earning less than 50s. a week, and the union's current demands are rightly confined, in the main, to the proposal for a minimum wage. As things are, however, the companies cannot concede even a 50s. minimum at a time of trade recession without impairing their financial stability and failing in their obligations to stockholders, who have not fared very well in recent years.

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Canada and the Air Force.—It is hard to believe that no considerations of party tactics affected the time and manner of Mr Mackenzie King's announcement of Canada's offer to assist in training pilots for the Royal Air Force. On the last day of the session at Ottawa, Mr Bennett attacked the Government for having refused, according to his information, a British request for the establishment of an Air Force training school in Canada. The Minister of National Defence denied that any communication on this subject had been received from the British Government. Canadian Governments, said Mr Mackenzie King, had long ago settled the constitutional principle that in time of peace no one but the Dominion itself could own and control military establishments on Canadian soil. Mr Meighen—whose name had been canvassed as successor to Mr Bennett in the Conservative leadership—used the episode as text for a fervent oration at the party convention, in the course of which he declared that there was no such thing as the separate, independent defence of the Dominion. The training of men for the defence of Great Britain, he claimed, was equivalent to training them for the defence of Canada. This speech, though enthusiastically received by the majority of Conservatives, provoked the French Canadian delegates to a threat of withdrawal if this was to be regarded as Conservative policy. The next day Mr Mackenzie King announced that the British Government had been offered the facilities of the Royal Canadian Air Force for training R.A.F. pilots in Canada. The offer will doubtless be gratefully accepted, for large numbers of Canadians enlist in the Royal Air Force, and their training in the Dominion will be a great relief to the over-taxed instructional schools here. Mr Mackenzie King, having allowed the Conservative leaders to fly a kite for him, has plainly concluded that a further measure of defence co-operation with Great Britain will rally more votes than it loses. This is a very important movement of the political weathervane in Canada.

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Another American Deficit.—That the financial year of the United States Treasury should end with a deficit has long ago ceased to be news. Nevertheless, the deficit that was announced on June 30th has considerable importance in the series, for 1937–38 was at one time scheduled as the first year of a balanced budget, whereas actually the only distinction it can claim is that it shows a deficit smaller than any since 1932 and likely, by all appearances, to be smaller than any immediately to come. The first intimation of an American Budget is in the President's Budget Message to Congress in January, six months before the year begins. In January, 1937, Mr Roosevelt foresaw for 1937-38 a revenue of $7,294 millions and an expenditure (excluding debt retirement) of $1,000,000 less. By January, 1938, it was clear that these figures were over-optimistic and the figures were revised to $6,320,500,000 in revenue and $7,408,600,000 in expenditure, leaving an expected deficit of $1,088,100,000. Actuality, however, has been even worse. The revenue was no more than $6,242 millions, while expenditure rose to $7,701 millions. The sharp recession in trade has, of course, been largely responsible for this disappointing result. But it has not yet exerted its full influence on either side of the account. The revenue, though less than was expected, was the highest ever recorded, save only for 1920, and rising income taxes contributed the largest share of the increase. On the other side, expenditures on relief and recovery (except for the sub-heading of public works) were considerably lower than in the previous year. This next year, however, taxes can hardly fail to bring in less, unless recovery is as rapid as recession was last year; while the President's "pump-priming" promises a substantial increase in relief expenditures. It looks as if a deficit of $1,459 millions, exclusive of debt redemption, is the nearest approach that the United States can make, in the present state of affairs, to a balanced budget. The President's critics will doubtless

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blame the fact on his shade of politics. But it might be more clear-sighted to investigate the thorny subject of adjusting the yield of taxes to the permanent burden that the revenue will have to carry.

* * *

The Franco-Turkish Agreement.—The Franco-Turkish agreement at Syria's expense, which we forecast last week, has now been consummated. In view of the dangers of the present international situation, it would no doubt be quixotic to regret the avoidance of a rift between Turkey and the Western Powers which might have given an opening for further aggression on the "Axis" Powers' part. All the same, we are left with the misgiving that the mandatory for Syria may have bartered away Syrian interests, of which France is, after all, the trustee. Turkish pressure on France was maintained up to the last moment. At Angora, on June 30th, the Turkish National Assembly empowered the Government to denounce the existing Turco-French treaties and to "take all measures to defend the national cause" unless a settlement satisfactory to Turkey were reached in the Alexandretta dispute. In Paris next day, July 1st, it was announced that the Franco-Turkish negotiations had arrived at a happy conclusion after what the Turkish Ambassador described as a "decisive test." There is to be a new pact of friendship between France and Turkey; a military agreement ensuring the internal security of the autonomous district of Alexandretta on a basis of Franco-Turkish parity; an instrument to put this second agreement into effect, and in particular to arrange for equal numbers of French and Turkish troops to be stationed in the district immediately; and a declaration of collaboration in Turco-Syrian frontier questions between Turkey, Syria and France. Last Sunday the technical military agreement was signed at Antioch (the second city of the Sanjak of Alexandretta), while the other agreements were initialled at Angora. These are to be signed in the same place in September, when the French Foreign Minister is to pay a visit of friendship to the Turkish capital. We very much hope that Turkey, in her natural zeal to protect the interests of the Turkish element in the Alexandretta district, will not press for measures that would be unfair to the non-Turkish elements in the local population which, in the aggregate, amount to a majority.

* * *

British Arms for Turkey.—On Monday a Bill to give effect to a recent agreement concluded between the British and Turkish Governments was read a second time without a division. Under the terms of the Bill, Turkey will be lent sums up to £6,000,000 for the purpose of purchasing war materials in Britain. Sir John Simon laid stress upon the political significance of this arrangement. The armaments credit would set the seal upon Turkey's resistance to the attraction of Germany. Mr Dalton also approached the Bill as an act of foreign policy. Turkey was a member of the League of Nations, as well as a country of primary strategic importance in the Near and Middle East. Similar agreements with other League Powers of like importance might bring Mr Chamberlain back to the path of rectitude and collective security. Other Labour speakers were less warm in their commendation. But most members of the Opposition parties looked upon the agreement as a *riposte* to the economic and political expansion by Germany, and called for the extension of the method to Danubia and the Balkans. In reply, Mr Hudson pointed out that the possibilities of concluding such agreements depended upon economic circumstances rather than political and diplomatic aspirations. Many of the countries cited by supporters of the policy of penetration by loan sold twice as much to us as we sold to them; and armaments credits on the Turkish model would not be easy to conclude. In general, the debate revealed a widespread realisation of the dangers of Germany's trade policies, and a readiness to meet stratagem by stratagem. Now that Turkey has been suitably rewarded for her refusal to accept Germany's move to provide for the equipment of her defences, other countries may prove anxious to receive good conduct prizes at our hands.

Social Services in Australasia.—Both Australia and New Zealand have been tackling in recent months the task of expanding and consolidating their social services. Last week the Australian Parliament passed the National Insurance Bill, in great haste before the new Senators, who are predominantly Labour, could take their seats on July 1st. The scheme covers 1,850,000 people, forming with their dependants more than half the population of Australia. The contributions are initially to be 3s. a week for men and 2s. for women, the employer paying half in each case. In return, workers with a satisfactory record of contributions are to have free medical treatment and medicines and cash benefits on the scale of 20s. a week for an adult man for sickness, with a further payment, in some cases, of 15s. a week for disablement after sickness benefit rights have been exhausted. Widows, and women over 60, will receive pensions of 15s. a week and men over 65 pensions of 20s. a week. The Government will indemnify the approved societies against the deficits that are expected to accrue in the initial years, contributing, in addition to an immediate guarantee, an annual contribution of 10s. per insured person to a sinking fund which will eventually replace the guarantee with cash. The Government have had to face the hostility, not only of the doctors, who demanded a higher capitation fee than the 11s. proposed (a dispute on which a Royal Commission is to advise), but also of some of their own followers, who succeeded in ousting the insurance companies from the privilege of being "approved societies" in favour of the friendly societies and trade unions.

* * *

The scale both of benefits and of public subsidy in this scheme may be compared with that in the New Zealand proposals. These are to be debated in the new session of Parliament, which opened last week. The scheme is in essence non-contributory, though a principal item of income will be a levy of 1s. in the £ on wages, to be known as the social security contribution, and replacing the present unemployment tax of 8d. in the £. General and specialist medical services will be available free to all. The invalidity pension will be 30s. a week for a single man or woman, with an additional 10s. for a wife or for each child. This will be granted under a "needs test," non-pension income being fixed at 20s. a week for a single person and 30s. a week for a married person. Men and women over 60 will receive a pension of 30s. a week, and widows a pension of 20s. a week, subject to a maximum of 20s. a week of income from other sources. The New Zealand Government have also had to contend with medical opposition, though the proposed capitation fee is 15s. per head of the population. But the chief criticism has been on the ground of the burden on the public purse. The combined cost of the health and superannuation schemes is put at £17,850,000 in the first year of operation, rising to £20,400,000 in five years. About half of this will be new expenditure in excess of present charges. The social security contribution is estimated to yield £7,500,000, and £500,000 will come from a registration levy of £1 a year on men over 20, but the State will have to bear the remaining sum of £9,850,000 in the first year, and its burden is unlikely to fall. It is this measure more than anything else that has evoked the recent misgivings over the soundness of New Zealand's public finances.

* * *

Conscription of Labour in Germany.—At the end of May Germany's official figure of unemployed had fallen to 338,356; yet only 37,000 of these unemployed were able-bodied workers. The figure seems to indicate that Germany's labour reserves are exhausted, whereas all other industrial countries are vainly trying to reduce their considerable numbers of unemployed. Field Marshal Goering decreed a general conscription of labour on June 23rd. Henceforth all Germans irrespective of age, sex, and social position can be called up for compulsory labour service or for specified technical training. Piecemeal restrictions on labour and employment are to be replaced by general compulsion. Military conscription supplemented by conscription of labour thus completes the effective militarisation of German labour. Where Germany's labour reserves went is clearly shown in the following table. The figures do not include Austria. Unemployment in Austria still amounts to 350,000, and the decree does not mention Austria at all.

	May, 1929	May, 1933	May, 1935	May, 1938
	(in 1,000's)			
Employed	18,490	13,180	16,386	19,900
Sick	480	360	429	500
Unemployed	1,350	5,039	2,019	338
Official total	20,320	18,579	18,834	20,738
Fighting forces	109	200	300	1,100
"Invisible" unemployment	...	2,400	2,200	...
Grand Total	20,429	21,179	21,334	21,940

Except for the estimate of "invisible" unemployment as well as for the strength of the fighting forces all figures are taken from the German health insurance statistics. They exclude highly salaried black-coated workers as well as civil servants. It is a surprising fact that from 1929 to 1933 the official total of workers, i.e. employed, sick and unemployed *decreased* by 1,743,000. During the following five years the official total increased by 2,159,000. Germany's population increased from 1929 to 1938 by roughly three millions. From 1929 to 1933 the increase amounted to 1,288,000. The real development is shown, however, in the grand total which includes soldiers, sailors, and the air force personnel and "invisible" unemployed. The estimate of the invisible unemployment is based upon figures published in *The Economist* of August 10, 1935. Subsequently, the German Institute fuer Konjunkturforschung tried to prove that invisible unemployment amounted only to 700,000. To-day the Institute is now compelled to admit that the recent increase of employed was partly recruited from independent artisans and shopkeepers, who were really unemployed but struck off the benefit lists.

* * *

The development of employed female workers is shown in the following table :—

	(in 1,000's)	Per cent. of total employed
May, 1929	6,179	33·4
„ 1933	4,664	35·4
„ 1935	5,190	31·7
„ 1938	6,180	31·1

The policy of restricting female labour has undoubtedly been successful. Compared with May, 1929, the number of employed male workers increased by 1,409,000, or by 11·4 per cent. There is still a reserve of roughly half a million women. There are on the other hand reserves of several hundred thousands of independent artisans and shopkeepers reluctant to give up their independence, which they value obviously higher than better-paid jobs in rigidly regimented factories. The natural annual increase in the working classes will, on the other hand, soon decline. The increase developed, and will develop, as follows :—

1935	207,500	1938	149,000
1936	178,200	1939	145,000
1937	156,000		

The true inference of Field-Marshal Goering's decree is therefore, that Nazi Germany's military programme has overstepped the resources of man-power and material. Intent on fulfilling this vast programme the Nazi Government has rapidly changed the lower middle-classes, i.e. independent artisans, shopkeepers, and peasants, into industrial workers. This is scarcely consonant with the promises to the "little man" who voted the Party into power. "Little man, what now?"

Overseas Correspondence

From Our Special Correspondents

United States

Cuts in Steel Prices

NEW YORK, June 28. — The importance of the steel industry to business is fundamental, and recent moves are highly significant. The prices of a great number of varied steel products have been substantially reduced, the cuts ranging from 6 per cent. to 17 per cent. Steel prices have for some time been subject to much criticism both from Washington and from a considerable number of economists. Leaders of the industry had strongly defended their price policy against all attacks, so that the recent move was unexpected.

The implications of the reduction in steel prices are not yet clear. Presumably some decline in the prices of products of which steel is an important constituent will follow. It is not impossible that the steel companies may ask for a downward revision of wage rates. Indeed, such a request to the unions has been widely rumoured. This course would seem consistent with the attitude of the companies about a year and a half ago, when increased labour costs were cited as the reason for raising steel prices.

The changes in steel prices also appear to involve an alteration in the method of pricing which has operated for some fourteen years. By this method the prices of finished steel products were varied between different centres of production. Some of the changes which have just been announced establish uniform prices at different centres. The effect of this policy may be to make freight charges on shipments the dominant factor in placing orders; and a considerable reorientation within the industry may follow.

Heavy Export Surplus Persists

The foreign trade figures for May show no signs of an improvement in business. Both imports and exports declined in value. The value of exports was the lowest recorded since March, 1937; and the value of imports reached the lowest level since December, 1934. The export surplus continued for the eighth consecutive month at the record-breaking rate of more than $100 millions a month; and about two-thirds of

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State and Municipal Securities	91,177,927.99
Other Bonds and Securities	167,707,242.08
Loans, Discounts and Bankers' Acceptances	654,026,782.71
Banking Houses	35,166,169.41
Other Real Estate	6,780,510.74
Mortgages	11,402,198.26
Customers' Acceptance Liability	22,644,464.99
Other Assets	7,991,978.67
	$2,449,267,073.99

LIABILITIES

Capital Funds:		
Capital Stock	$100,270,000.00	
Surplus	100,270,000.00	
Undivided Profits	31,998,651.39	
		$232,538,651.39
Reserve for Contingencies		17,129,505.77
Reserve for Taxes, Interest, etc.		2,492,769.87
Deposits		2,152,228,097.07
Acceptances Outstanding		24,070,566.89
Liability as Endorser on Acceptances and Foreign Bills		14,234,040.91
Other Liabilities		6,573,442.09
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the surplus was covered by imports of gold and silver. The May figures were as follows:—

(Millions of Dollars)

	April 1937	April 1938	May 1937	May 1938	Five Months ended May 1937	Five Months ended May 1938
Merchandise:						
Exports	269	274	290	257	1,271	1,359
Imports	287	160	285	148	1,397	815
Excess of exports	...	*114*	*5*	*109*	...	*544*
Excess of imports	*18*	...	...	...	*126*	...
Gold:						
Exports	N	0·1	N	0·2	N	5·6
Imports	216	71	155	53	767	193
Excess of imports	*216*	*71*	*155*	*53*	*767*	*187*
Silver:						
Exports	1·6	0·2	1·8	0·3	8·9	1·3
Imports	2·8	15·7	3·1	17·9	28·5	92·3
Excess of imports	*1·2*	*15·5*	*1·3*	*17·6*	*19·6*	*91*

Totals are now divided into agricultural and non-agricultural commodities. These bring out a marked change in the importance of agriculture in foreign trade this year compared with last. While total exports were below the 1937 level in May, shipments of agricultural products were 33 per cent. higher, while agricultural imports declined more substantially than other imports.

The large increase in shipments of foodstuffs appears to be the chief reason why exports are being so well maintained. Exports of aircraft and aeroplane engines in May were double those of May last year, and total exports of these goods during the first five months were valued at $29 millions, or 133 per cent. more than in the same period a year earlier.

Rising Prices and Slack Business

When the statistical history of the present period comes to be written, two developments will undoubtedly receive prominent notice. The average prices of "sensitive" commodities rose during June by about 8 per cent. And prices on the Stock Exchange during the week ended June 25th registered one of the sharpest advances on record.

These developments came when sentiment in financial circles was depressed, and a variety of explanations are being offered, none of which is yet capable of proof. Some adduce foreign buying both of stocks and commodities to explain the improvement, others the Government's spending programme, rumours and denials of devaluation, the adjournment of Congress, and so on. There is no certainty about any of these diverse suggestions, and the recent upward movements came as a complete surprise.

The latest comprehensive trade figures, compiled by the Federal Reserve authorities for the month of May, show no change in trend. The decline in business still shows slight signs of being arrested, but only one index (that of freight car loadings, adjusted for seasonal variations) shows even a negligible advance compared with April. The chief figures are as follows:—

Business Indices

(1923–25 = 100: Adjusted for seasonal variations)

	May, 1937	April, 1938	May, 1938*
Industrial production (total)	118	77	76
Manufactures	*118*	*73*	*73*
Minerals	*117*	*101*	*94*
Construction contracts (total)	56	52	51
Residential	*44*	*37*	*37*
All other	*66*	*65*	*63*
Factory employment (total)	102·2	79·2	77·6
Durable goods	*98·4*	*69·3*	*67·4*
Non-durable goods	*106·2*	*89·9*	*88·6*
Factory payrolls (total)†	105·2	70·7	69·4
Durable goods†	*107·5*	*61·8*	*60·9*
Non-durable goods†	*102·3*	*82·0*	*80·3*
Freight car loadings	80	57	58
Department store sales	93	83	79
Department store stocks	76	69	69

* Preliminary. † Without seasonal adjustment.

Even when examined in greater detail, few of the individual series showed improvement compared with the previous month. Among the durable goods covered by the index of industrial production only plate-glass output was better in May than in April. Among non-durable goods improvement occurred in cotton consumption, the slaughtering and packing of sheep, sugar meltings, newsprint production, and cigar and cigarette output. Among minerals, only anthracite coal showed a gain. And only in the manufacture of tobacco products and petroleum refining was employment higher in May than in April.

Only fragmentary data are yet available for some weeks of June. Here a modest improvement is perceptible in some directions. Steel operations have risen slightly from the low level recorded early in the month. Automobile production has been maintained in the face of earlier fears that a substantial decline would occur. Building during the early part of the month was maintained at close to the May level. And sensitive commodity prices show a noticeable advance.

Stocks in several industries are reported to have been reduced during recent months to levels more in line with current output. Department store stocks in May were 69 per cent. of the 1923-25 average, compared with 72 per cent. in December, and are reported to have fallen a little further in June in some districts. Total reported stocks on June 1st were 9 per cent. lower than they were three months earlier and 14.5 per cent. lower than in June, 1937.

Germany

Foreign Debts

Berlin, July 5.—Last week the market in shares, which had in general been declining since April, experienced a noticeable recovery. Most of the gains occurred after the news of the Anglo-German agreement came out. The agreement came as a considerable relief to business circles, which had good reason to dread the establishment of a British clearing. The German-owned Dawes and Young dollar loans also advanced (in a nominal market), but for no apparent reason the reichsmark section of the Young loan declined. It now seems clear that the Reich Government's distinction between legal repudiation of the Austrian Federal loans and willingness in practice to negotiate was meaningless, and a cause of unnecessary perturbation. That it was designed mainly for purposes of prestige and internal propaganda must be inferred from the officially directed Press, which represented the main import of the British agreement to be "full maintenance of the German viewpoint," and omitted to mention (or merely mentioned in a way which meant nothing to the uninstructed reader) that Germany had agreed to pay anything at all on account of the Austrian debts.

It is clear from other statements that the same policy will be pursued in dealing with other guaranteeing countries, but although technical repudiation will be the opening gambit, it is equally certain that these countries, like Great Britain, will get what payment they can exact, no more and no less. In business circles one hears the argument that for the small sum involved, it was hardly worth while to risk a quarrel with creditor countries.

The half-yearly report of the Reichs-Kredit-Gesellschaft estimates the total foreign debt (omitting Austria), in February: standstill credits amounted to Rm. 900 millions, and other short-term debt to Rm. 4,100 millions. Long-term debt was Rm. 5,000 millions, making, with the addition of foreign investments and foreign-owned property in the Reich (amounting to between Rm. 4,000 and Rm. 5,000 millions) a total of some Rm. 10,000 millions. Before the recent settlement, transfer obligations for the service of debt amounted to Rm. 250 millions a year.

Secretary Brinkmann, of the Ministry of Economic Affairs, has repeated the recent statement of Dr Funk that exporters will in future be given greater freedom to deal with their exchange receipts, a policy described elsewhere as "bounties on the increase of exports." Already many exporters and firms engaged in transit trade are allowed by the Reichsbank to keep exchange deposits in their own names in foreign banks, the amount and their expenditure being officially controlled. The new system, it is supposed, will tend to counteract the tendency of manu-

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facturers to sell at home for marks at higher prices, rather than to export for foreign currency for which, in the end, they only get the same badly depreciated marks—and considerably fewer of them.

The partial recovery in world prices has been well received, in the belief that countries producing raw materials and foodstuffs will take more German manufactured goods and thereby more than compensate for the increased cost of imports.

The official price regulations for the farming year 1938-39 have been issued. The basic prices for wheat and rye remain unchanged, and the price of oats for fodder has been raised by Rm. 8 a ton. The policy of fostering the production of oil seeds is being maintained. Prices to farmers are fixed; bounties are given to oil mills to enable them to pay the high prices; and oil-seed producers are enabled to buy oil-cakes at low prices. Trade in hay and straw is minutely regulated. Reports about the early fruit crops are all unfavourable.

In Austria a substantial decline in the wholesale prices of a large number of goods is reported. This is partly due to taxation changes, and partly (as in the case of metals) to measures designed to equalise Austrian and Reich prices. The German railway traffic tax was extended to Austria on July 1st.

Peak of Profits Passed

According to an analysis made by one of the banks, the average dividend paid by all companies whose shares are quoted in Berlin in the first four months of 1938 was 6.01 per cent, against 5.37 per cent. last year, and 3.27 per cent. in 1934. Share values have risen less than dividends, so that the present effective yield (4.32 per cent.) is higher than in earlier years. The view is expressed that industrial profits have now reached their highest point.

Several reasons are given for this opinion. On the one hand, there is the price-fixing regulation of 1936, which since a great number of reductions in price have been decreed operates only in one direction. Taxation has increased not only absolutely but relative to the volume of business and gross profits. A table in the *Frankfurter Zeitung* shows that, while gross profits rose between 1930 and 1937 by 121 per cent., tax payments rose 248 per cent. The point at which increasing intensity of activity ensures more economical production has been passed. Undertakings are now obliged, in some cases, to employ less skilled labour, since many workers have declined in efficiency because of their long spells of unemployment. Finally, exports of coal, iron and other goods are fetching lower prices. Certain classes of enterprises, it is added, actually reached the peak of profitability as early as 1936.

Shipping Activity

Port traffic increased very considerably in the first quarter of this year. Their total turnover of goods was 14,340,000 tons, against 12,053,000 tons in the same months of 1937, and 8,756,000 tons in 1933. Imports were responsible for most of the increase compared with 1937. At the annual shareholders' meeting, the president of the Supervision Board of the Hamburg-America Line, stated that the great shipping companies, which are under-capitalised, propose to raise additional capital in the market, and demanded a reform of shipping taxation. The companies complain of the expropriation of 75 per cent. of the exchange profits made on the repayment of foreign debts, and argue that these profits are wiped out by exchange losses on current business. Shipping already ordered for the Hamburg-America Line totals 21 vessels of 122,700 tons, including a new 36,000-ton vessel for the North Atlantic route.

The Reichsbank's return for June 30th shows a large increase of Rm. 985 millions in credits and investments. The movement of the chief items in the return during the past twelve months was:—

	June 30, 1937	June 30, 1938
	(Millions of marks)	
Gold	69	71
Foreign Exchange	6	6
Discounts	5,322	6,175
Legal-cover securities	104	547
Other assets	716	1,161
Circulation	4,992	6,440
Deposits	880	1,119

The total circulation of all currencies was Rm. 8,466 millions, against Rm. 6,941 millions a year ago. At the end of the quarter preceding the formation of the Nazi Administration, total circulation was Rm. 5,657 millions.

Eire

Economic Problems

DUBLIN, July 2.—Now that Mr de Valera has succeeded in obtaining an independent majority, it is to be hoped that the country will enjoy a few years of political peace that can be devoted to economic reconstruction. The depression in world agriculture and the past few years' economic war with Great Britain imposed a severe strain on Irish resources, and there is little doubt that Eire has been living on its capital for some time. The principal objectives to be sought are the reduction of emigration, the cure of unemployment and the raising of the standard of living of the poorer classes, rural and urban. These problems are, of course, related. Emigration is the result partly of unemployment and partly of poverty. The aim of the Government must be to raise the national income, and this involves the expansion of profitable production and, in particular, of exports.

Every increase in industrial employment and every increase in the purchasing power of the working classes leads to increased imports of capital and consumption goods, and these additional imports can, in the long run, be paid for only by additional exports. The expansion in national income which has taken place as a result of the housing programme cannot be expected to continue.

In the first place, the demand for houses in a falling population is not unlimited, and in the second place housing activity has increased the disequilibrium in the balance of payments. The restoration of equilibrium can no longer be achieved by further protection, because the limit of substituting home-produced articles for imports has been almost reached. Additional exports are an essential condition of Irish economic progress.

Increasing Agricultural Exports

The only articles that Eire can hope to export (apart from such invisible exports as sweepstakes and tourist traffic) are agricultural products. The problem, therefore, resolves itself into increasing the output and reducing to the minimum the cost of production of those articles for which the export market promises an increasing demand. The only export market is Great Britain, where a stationary population with a rising standard of living suggest that demand will be directed towards the dearer varieties of livestock and livestock products. These are the very commodities in the production of which Eire enjoys a high degree of comparative advantage. Assuming intelligent handling of the situation, the prospect before the Irish export trade appears quite bright, because demand seems to be shifting in the direction of these articles.

Actually, the problem is technical rather than economic. Irish farmers must be encouraged, bullied or, if necessary, coerced into keeping abreast of modern developments in the production of livestock products. The winter feeding of cattle is the central technical question. There must be the fullest research into the utilisation of Ireland's great natural product—grass.

What gold is to South Africa, grass is to Ireland, with the important difference that it is replaced annually and the supply does not become exhausted. The proper utilisation of the best pastures is the necessary condition of an increase of tillage on second-class land, and there is no doubt that the development of grass-farming in the light of the latest scientific and technical knowledge is the only possible foundation for an increase in rural employment and in the rural standard of living.

Mr de Valera's Opportunity

The increased purchasing power thus engendered in the countryside would have favourable effects on secondary industries, and the national income would expand in every direction. This expansion would render possible increased social services and increased expenditure, if necessary, on defence. The existing bias in favour of self-sufficiency must be replaced by a bias in favour of exports. Otherwise, Eire is doomed to further emigration, further unemployment, and a gradual increase in the burden of taxation.

Mr de Valera has already had the courage to alter his views on other important matters and, in doing so, has gained increased respect. If he will alter the direction of his economic policy, he will be remembered as a great constructive force in his country. If he fails to do so, there is a danger that the Irish political liberation, which will always be associated with his name, may be disfigured by economic decline and financial instability.

New Zealand

The Effects of World Recession

CHRISTCHURCH, June 6.—The recession in world trade and prices had some effect on New Zealand's foreign trade during the export season now closing; and domestic business is now beginning to feel its influence. A heavy fall in wool prices was partly offset by better prices for dairy produce. As yet the fall in total export values is small. Imports, however, stimulated by high incomes and heavy spending, continued to increase throughout the first quarter of the year, and the surplus of exports has contracted to £NZ7 millions, or about £NZ8 millions less than is required to meet interest and other payments due abroad.

The exchange funds held overseas by the banks, though still larger than was usual before the depression, have been reduced, and trading bank deposits have declined slightly. Advances have risen to record high levels. It appears likely these trends will persist, and that money, which has been very abundant since 1933, will become scarcer before the next export season opens. Changes in domestic business always lag behind those in external trade, but a general slackening (part of which is seasonal) is now reported.

Taxation and Business Conditions

The Minister of Finance, Mr W. Nash, announced the results of the financial year in a recent speech in his constituency. Both revenue and expenditure increased heavily during the year, the net result of which was a surplus of £NZ810,000. Figures for the past two years are as follows:—

CONSOLIDATED FUND

£NZ.	1936–37	1937–38
Revenue—		
Taxation	26,941,000	31,664,000
Interest	2,387,000	2,141,000
Other receipts	1,819,000	2,254,000
	31,147,000	36,059,000
Expenditure—		
Debt services	9,380,000	9,441,000
Exchange	1,581,000	1,828,000
Highways	2,509,000	2,835,000
Social services	9,913,000	11,872,000
Other items	7,292,000	9,273,000
	30,675,000	35,249,000
Surplus	*472,000*	*810,000*

These figures exclude special employment taxation, which was estimated to yield £NZ5.2 millions. The inclusion of this item would make total State taxation in 1937-38 £NZ36.9 millions, compared with £NZ17.8 millions in 1928-29 and £NZ5.5 millions in 1935-36. The greatest increase last year was in the yield of income tax, which realised £NZ9.1 millions, compared with £NZ3.3 millions in 1928-29 and £NZ4.6 millions in 1935-36. This increase, together with an advance of 42 per cent. in the proceeds of the sales tax, indicates the improvement which has taken place in the Dominion's business during the past two years. Most of this has been due to higher export prices, and though the Government takes much credit for the change, the people continue to be most closely interested in the course of prices in British markets.

Labour's Election Prospects

Meanwhile, the Labour Government is confronted with a variety of problems. The last session of the present Parliament opens late in June, and will be followed by a General Election. At the municipal elections in May the Labour Party suffered setbacks in most centres. The Prime Minister has insisted that the social security scheme should become law next season, and the programme has been approved by the party caucus. It must involve heavy additional taxation and is unpopular in many quarters. There is a possibility that it may be withdrawn and made an election issue.

In addition, it is becoming increasingly evident that the level of prosperity reached during the last two years with high export prices is unlikely to be maintained now prices have fallen. Addresses broadcast by Ministers recently have stressed the great increase in prosperity, for which the Government claims credit, and have contrasted present conditions with those of the depression years, for which the last Government is held responsible.

The Labour Party has always been closely associated with the trade unions, and has had its main support in the larger urban centres. In its first year of office, following the adoption of compulsory unionism in many occupations, the number of trade unionists more than doubled. At the 1935 elections Labour was also strongly supported in the dairying districts, where many farmers were won over by promises of guaranteed prices and State control of credit.

Now the dairy farmers are dissatisfied. They are pointing out that the guaranteed prices guarantee only the gross income of the farmer. His net income is contracting as his costs rise, and costs have risen considerably under the influence of higher wages, shorter hours and increased regulation of industry. For the present season, however, the guaranteed prices have been less than the market prices, and a substantial surplus is likely to result. Though a loss was recorded last year, the Prime Minister has stated that the surplus belongs to the dairy farmers and will be distributed among them.

Manufacturers, too, complain of high costs, and, though the tariff has recently been revised in an upward direction, they claim that they cannot meet the competition of imports produced in countries where lower costs rule. In addition, the agitation for lower taxation is strengthening, despite Government proposals which call for heavy additions to the present high taxes.

In the circumstances the result of the election is hard to forecast. Labour claims to be stronger than ever in the constituencies, and there is much truth in the popular saying that nobody wants to kill Santa Claus. There are many who believe that Labour will be defeated, but the more conservative consider that the Government party will be returned to power with a substantially reduced majority.

Argentina

Lower Exports

BUENOS AIRES, June 16.—Exports in May were again very low, although a little higher than in the previous month. The slight improvement is due to the renewal of maize shipments. The volume of exports during the first five months of 1938 has been much lower than in the corresponding period of any of the last ten years, while the value is lower than in any years except 1933, which was the trough of the depression. The quantity and market value of exports during the period from January to May (inclusive) for the last decade have been as follows:—

	Tons	Pesos
1929	7,685,050	1,034,528,556
1930	4,593,982	687,333,456
1931	7,254,012	624,120,524
1932	8,190,949	649,563,351
1933	6,154,666	478,044,997
1934	6,374,669	611,051,745
1935	7,276,560	720,070,020
1936	5,170,119	621,473,194
1937	9,943,968	1,255,373,746
1938	3,472,747	606,705,272

The great fall in exports this year has been in grain and linseed, which declined by 6,384,225 tons in volume and 566,418,184 pesos in value compared with last year. Owing to higher prices in the first few months of this year the reduction in value has been less marked than the decline in volume. Now, however, cereal prices are showing a downward tendency. Nevertheless, during the first five months of this year

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average maize prices were 36.6 per cent. higher than last year, linseed prices 3.7 per cent. higher, oats prices 1.2 per cent, chilled beef prices 1.6 per cent., frozen beef prices 28.2 per cent. higher, and canned beef prices 8.3 per cent. higher. On the other hand, average wheat prices were 6.2 per cent. lower than in the first five months of 1937, unwashed wool prices 30.9 per cent. lower, dry ox hides 11.4 per cent. lower, and salted ox hides 34.3 per cent. lower.

Argentine producers failed to take advantage of the higher prices ruling at the beginning of the year, being influenced by local shortage of supplies, the possibility of an extension of hostilities in Europe, and the recollection of last year's high prices. Optimism is a characteristic of the Argentine farmer, and often (as in 1936) it has been justified. This year, however, there is no possibility of any very great increase in the volume of Argentine exports until the next crops are ready, while, owing to the large wheat crop in the United States, lower prices are expected.

Heavy Import Surplus

Despite the fact that imports are now declining in response to the earlier fall in exports, April recorded a heavy import surplus. The market value of foreign trade in the first four months of this year was as follows:—

	(Pesos)		Export (+) or Import (−) Surplus
	Exports	Imports	
January	145,993,968	145,801,423	+ 192,545
February	127,714,064	123,959,819	+ 3,754,245
March	118,578,386	144,403,619	− 25,825,233
April.....	103,208,005	116,733,359	− 13,525,354

In the first four months of 1938 the value of imports was 21.1 per cent. higher than in the same period of 1937. The increase was almost entirely due to imports of machines and vehicles, whose *tariff* value rose by 32,544,589 pesos, against a total increase in the *tariff* value of imports of only 44,632,912 pesos. Smaller increases were registered by textiles, fuels and non-ferrous metals.

In the same period Argentine imports from the United Kingdom increased slightly in value compared with 1937, but the British share of total Argentine imports declined from 20.2 per cent. in the first third of 1937 to 19.3 per cent. in the same months of 1938. The United States, on the other hand, supplied 18.7 per cent. of total imports in 1938, against 16.4 per cent. in 1937.

The British Ambassador recently drew attention to the progressive deterioration of the British position in the Argentine market, particularly in sales of coal and textiles, and, to a lesser extent, of machinery and steel products. He urged British exporters to increase their trade with Argentina by more efficient marketing and more effective propaganda, and by bringing their prices more into line with those of their competitors.

The Government and the Railways

Last month, the Government sent a message to Congress requesting the early consideration of the Bills for the purchase of the Córdoba Central Railway and the purchase and rebuilding of the Argentine Transandine Railway. The State Railways, said the message, had made great improvements in the services of the Córdoba Central Railway since they had temporarily taken it over. On June 9, a Bill was submitted to Congress for the purchase of all the privately owned railways by the State. On the same day the Railwaymen's Union passed a resolution in favour of the nationalisation of Argentine railways. One of the arguments advanced in favour of nationalisation is that it is unfair that the State should exploit lines in remote regions of the country where the population is sparse and profits meagre, while the thickly inhabited zones are left to the foreign-owned railways.

Letter to the Editor

Banking and Trade Recession

TO THE EDITOR OF THE ECONOMIST

SIR,—Your article on Banking and Trade Recession summarises the situation as follows:—

"It may be claimed that if British banking has been unable to prevent recession, it may at least have mitigated it."

And again:—

"Bank rate has remained at 2 per cent., and discount rates at ½ per cent. It is impossible to-day to give trade the stimulus of cheaper money, since money is already as cheap as it well can be."

I suggest that this is too easy a view, that more might have been done and still can be done. While we may agree that short-term rates could not well be lower, this does not exhaust the possible influence which the banking system can exert by operating upon the quantity of credit.

Your readers are already aware of the variety of reasons for supposing that we are well on the downward slope of a recession. The re-armament programme may save us from sinking as low as in 1931; the situation in the United States may possibly improve as surprisingly and as rapidly as it deteriorated last year. But it would surely be foolishly optimistic to imagine that, in the absence of a *deus ex machina*, we shall escape with just as much recession as we have already had and no more, and that the process of the vicious spiral of recession will fail to follow that melancholy course which the universal experience of the past marks out for it. Surely the setback is now sufficiently definite and protracted to justify trying every possible expedient.

In a general way, I am of the opinion that a large-scale programme of public works is alone sufficient to avert a modern slump. But the present situation is a little peculiar, since we already have a moderate-scale programme of public works in the form of re-armament. It is possible that a reflationary banking policy might be more effective as a salvage measure, if operated in conjunction with re-armament that it would be if unsupported by public loan expenditure.

What I have in mind is this. The effect of a year of doldrums on the Stock Exchange has been that the new issue market has been unable to absorb any issues other than the most superfine. I suggest that a reflationary credit policy might be brought to bear upon this market. Indeed, there is much to be said for the view that the normal *modus operandi* of monetary reflation is *via* the long-term capital market.

What is required is that the joint-stock banks should be put into a position in which they feel that they can safely increase their investment portfolio by a considerable sum, say, £100,000,000. For this there are two pre-requisites, namely (i) an increase in their cash basis and (ii) an increase in their other more liquid assets. The first can be brought about by the Bank of England, the second by the Treasury.

The London clearing banks' holding of investments has recently stood at about 27.8 per cent. of their total deposits. We may take the average for 1935 of 30.8 per cent. as the greatest they feel disposed to allow. (It is assumed that the joint-stock banks will co-operate in the reflationary policy.) If the Bank of England provided £15,000,000 of additional cash (by the open-market purchase of securities) and the Treasury increased the average number of Treasury bills available in the market sufficiently to allow the joint-stock banks to hold an extra £35,000,000, they could buy £100,000,000 of additional long-dated securities, without their investments rising above 30.3 per cent. of their total deposits.

The argument is that the injection of £100,000,000 of new money into the Stock Exchange would relieve the doldrums and improve the issue market. It may be that this sum would be sufficient. But all the figures I have given could be multiplied by 3, without the policy producing any strain in our normal mechanism of credit control.

There are two possible obstacles to this reflationary policy having a reviving influence: (i) the stock market may be so bearish that a new set demand for securities of £100,000,000 or £300,000,000 would have no appreciable effect on prices; (ii) it may be that the frozen condition of the new issue market in the last year has *not* been an important obstacle to capital expansion. I do not believe that there is anyone who can speak with authority on either of these points.

But surely the experiment is worth trying. If all proceeds normally, in a year's time our economic and social and political structure will be subject to the painful and dangerous pangs of a great recession. Surely every experiment is worth trying. It is probably too late for the Government to develop a large-scale scheme of public works, even if it were willing to do so. In favour of my proposal I plead that *it can do no possible harm*. And it is not unreasonable to suppose that it might just save the situation.

I am, etc.,
R. F. HARROD.

Christ Church,
Oxford.

Books and Publications

Burial Reform

AN encyclopædia of corpses, compiled by Sir Arnold Wilson, M.P., and Professor Hermann Levy.* It starts well with the old custom of burying invalids while they are still alive; and goes on to the pleasant habit of burying dead children under the eaves of houses; to the wrapping of corpses in wool for the encouragement of the mediæval wool market; to the taking of corpses as far as the graveside in coffins and then sending back the coffins (emptied of their burden) for the next corpse.

It talks statistically of open pits 40 feet long and 20 feet deep with a capacity of 1,114 corpses heaped to within six feet of the surface. It quotes brightly from *Bleak House*:—

> over yonder among the piles of bones and close to the kitchen winder they put they werry nigh the top. I could unkiver it for you with my broom if the gate was open.

It speaks of body-snatchers and resurrection men, of burials by day and burials by night, of burials in ditches, at cross-roads, in common graves and in Westminster Abbey—even of burials by stealth in consecrated ground. It shakes its head over the growing acreage given over to cemeteries, and hints at the airman's view of England as a great graveyard. It can be recommended to those who find corpses a pleasing object of contemplation.

The genesis of the book lies probably in the authors' work on industrial insurance. The researches which they made in writing that book impressed them with the absurdity of weekly payments throughout life in the hope of a gaudy funeral after death; and they decided then that funeral benefits should have been included in National Health Insurance.

To Professor Levy the birth of an idea is a prelude to detailed investigation and the gathering of facts and figures which shall tell everything that can be told. The industry with which he applies himself to the task is almost unbelievable. In this book he has searched the world for gruesome precedents, statistics and quotations, and there are not many pages without footnotes citing authorities for the facts—usually unpleasant—given in the text. *The Undertakers' Journal*, the *National Funeral Directory*, "Halsbury's Laws of England," Lord Horder's speeches, learned German doctors, the English law reports and the views of Dean Inge have all been drawn upon, and the bibliography at the end of the book runs to over five pages.

The final thesis is that burial has been commercialised by interests which exploit the desire of common people to do their dead well.

> We have allowed a vast financial interest to grow up round the human desire to do the last honours to the dead,

and

> of a dozen funeral bills which we have examined which provided for coffin, hearse, one motor car for relations, attendance of bearers plus the cost of the grave and the priest's fee, in no case was the sum charged less than £15, and in most cases it was nearer £20.

The authors advocate the establishment by law of a commissioner for the disposal of the dead. This commissioner would work under the general supervision of the Ministry of Health and, in turn, would supervise all the arrangements for burying the dead and control "all persons and bodies, public and private, concerned with interments." He would be in close connection with the National Council for the disposition of the dead, and it would be his first duty to reduce wherever possible the costs of interment to those who can least afford an expensive funeral.

Many people will agree with the authors' dislike of extravagance in funerals, and if your mentality is such that whenever you see extravagance you want to stop it by legislation, you will probably agree, too, with their conclusions. But people enjoy money wasted on funerals as they enjoy money wasted on cinemas; and it is very debatable whether the State should interfere to enforce economy.

A royal funeral is expensive and spectacular and State-arranged. The Imperial War Graves Commission has spent a good deal of money on cemeteries in the battlefields, and the authors commend the work it has done. If the desire to honour the dead by funeral rites is commendable when kings and soldiers die, why should the State seek to forbid the same, but private, tribute to a dead labourer?

If education can change the average man's reaction to death, let education do its work. But it is always possible that we people who dislike the panoply of mourning are wrong and those others who find a sacramental solace in funerals right.

* "Burial Reform and Funeral Costs." By Sir Arnold Wilson, M.P., and Professor Hermann Levy. Oxford University Press.

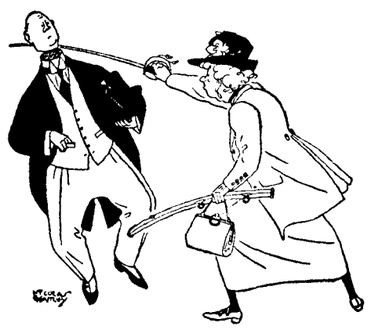
Shorter Notice

"The Bloodless Invasion." By Paul Einzig. Duckworth. 68 pages. 2s. 6d.

Dr Einzig has performed a necessary task with his usual ability and despatch. He examines the motives, procedure and progress of German economic penetration of the Central and South-Eastern European States; disposes of the erroneous and superficial argument that it was inevitable and normal; analyses the questionable commercial and political methods of its accomplishment; and adduces numerous suggestions for counteracting it. The latter section readers of *The Economist* will find particularly helpful, as supplementing the special Survey in the issue of May 14th last, entitled "Europe Beyond Germany." In small and easy compass, Dr Einzig yet finds space to issue warnings about certain proposed British facilities for these small countries—e.g. that a mere increase in British imports, without a kind of control over the use of proceeds, might be turned to aid Germany's imports of raw materials. This is a timely book, eminently worth buying and digesting.

Some phrases seldom ring true

"She cut him dead"



but

YOU CAN BE SURE OF SHELL

THE BUSINESS WORLD

Germany's Debts

THE Agreements between the British and German Governments signed in London on Friday of last week—one of them entitled a Payments Agreement and the other a Transfer Agreement—come, as the whole world knows, as the climax to long and difficult negotiations. More than once the negotiations have seemed to be on the edge of breakdown, and both countries, at one stage or another, have threatened extreme action. If, in circumstances such as these, any agreement at all has been achieved, the fact reflects much credit on the patience and pertinacity of the negotiators.

The Agreements have had, on the whole, a favourable reception in the City, not least because their conclusion led to a sharp rise in the prices of German and Austrian securities on the Stock Exchange, and Throgmorton Street can forgive most things to a document that puts prices up. But the satisfaction that has been expressed has been both provisional and relative—provisional since there is little confidence in the permanence of the arrangements now agreed; and relative because it is only in comparison with the threats uttered from Berlin of what Germany's action might be that the new agreement shows up favourably. Ever since the *Anschluss* the German position has been that the Reich would accept no liability for Austria's debts; and that is still the formal position, since the new Agreement specifically reserves the question of legal liability. What is more, speeches by members of the German Government could be read as implying the intention of repudiating all debts incurred by Germany herself before the advent of Herr Hitler to power—even though that advent, as he has never ceased to boast, was achieved by regular constitutional means. In view of these proclaimed opinions held by the German Government, bondholders can be excused for their feelings of relief, even of gratitude, when they find themselves little, if any, worse off than they have been in recent months.

By the terms of the Transfer Agreement, Germany consents to pay at least part of the service due upon Austrian loans held by British owners. Interest is to be paid on the 7 per cent. loan of 1930 at the rate of 5 per cent., with a cumulative sinking fund of 2 per cent. As regards the two international guaranteed loans, the 4½ per cent. of 1934-59 and the 3 per cent. conversion loan of 1933-53, Germany undertakes to reimburse the British Government for any payments made under the latter's guarantees and, further, to pay in full all coupons presented by British holders. The effect of this is that British holders of these loans are assured of their full interest, while non-British holders of the 1934-59 loan are assured of at least 24½ per cent. of the amount due, this being the extent of the British guarantee. At the same time adjustments are made in the German debts. Interest on the Dawes and Young loans, formerly 7 per cent. and 5½ per cent., respectively, is to be reduced to 5 per cent. and 4½ per cent., the margin of 2 per cent. and 1 per cent., respectively, being devoted to sinking funds.

The amount of sterling to be provided (all these provisions applying only to British holders) will thus be the same as before, but some of it will be applied to redemption. The City of Saarbrücken 6 per cent. loan of 1928, which derives its special status from the former international character of the Saar, is, by a new concession, placed on an equality with the Young Loan, both as to interest and sinking fund. Finally, holders of all other German and Austrian bonds, who have hitherto been paid their interest only in the form of Konversionskasse bonds are, for two years, to be paid in cash up to half the amounts due, with a maximum of 4 per cent. Since the Konversionskasse bonds have hitherto been disposable only at a discount of more than 50 per cent., this is a small cash gain.

In summary, then, there are small disadvantages, in comparison with the previous position, to the holders of German Government bonds and the Austrian 7 per cent. loan (a sinking fund being an inadequate substitute for interest) and small gains to the holders of other obligations. British holders of the two guaranteed Austrian loans are left where they were and other Austrian creditors, though they escape default, pay the price of a cut in their interest receipts.

The Payments Agreement similarly contains very slight advantages to British traders. The allocation of sterling exchange for the purchase by Germany of British goods, instead of being a flat 55 per cent. of British purchases, is to be regulated by a sliding scale, the effect of which is illustrated in a Note on page 75. In the present dimensions of Anglo-German trade, this will result in somewhat larger British exports to Germany. If, however, our purchases of German goods should fall, the new scale would be less advantageous than the old. At the beginning of a period of hesitancy in international trade, it would be rash to predict what is likely to be the actual result. In any case, a *quid pro quo* is expected, as correspondence attached to the Agreement reveals that Germany has been pressing for tariff concessions in the United Kingdom and in the colonies and that the British Government has undertaken to consider the matter.

These are the main heads of the Agreement. As will be seen, they change little or nothing in the present commercial and financial relations between the two countries, relations which have never been unduly satisfactory from the British point of view. That the absence of change has nevertheless been greeted with relief is a measure solely of the apprehensions that had been aroused of something much worse. But if the substance of the Agreements is thus only relatively satisfactory, the manner of their conclusion has several distinctly unsavoury aspects. A debtor always has the right to approach his creditor for an accommodation, and for one of the points involved in the Transfer Agreement—the reduction of the interest rates on the Dawes and Young loans—a substantial case in equity could be made out. But it is idle to pretend that the negotiations which have resulted in these Agreements resembled in any way the procedure by which a debtor seeks relief. With many of her creditors Germany has made no show of negotiation. The facts of Anglo-German trade made it inadvisable to follow the familiar method of unilateral action where the British bondholder was concerned. But even in the negotiations with the British Government, Germany has achieved her purpose not by request or by reason but by threat—by the threat of repudiating Austria's debts and even by the threat of defaulting on her own. At no time has there been any attempt to examine Germany's capacity to pay—doubtless for the excellent reason that an impartial inquiry would establish beyond question that the creditors could be paid in full if they were given a position of equality with the purchasers of raw materials. In short, it has been possible for Germany to conclude these Agreements only because she can exploit her political, commercial and military power. It can be no great pleasure for Great Britain, the creditor Power which should stand for the rule of law and contract, to conclude Agreements that condone default for political reasons.

Even this, however, does not touch the main issue raised by last week's Agreements. The Dawes and Young Loans to Germany had a distinctive international character. But the Austrian loans represented the most brilliant achievement of post-war international finance, under British leadership. Not only did British statesmanship play the most prominent part in initiating the reconstruction of Austria and carrying it through to a successful conclusion, but for two of the loans covered by these Agreements the British Government joined with others in giving a guarantee. Over and above the general obligation that rests, or should rest, on creditors to act jointly in relation to a debtor who is suspected of the intention of evading his just debts, there was a very special obligation on the British Government to consult its partners of a decade ago when the debts of Austria were in question.

The British Government, however, in the face of all these considerations, decided to accept the German invitation to bilateral negotiations, and entered upon them as the representative of the British creditors, to the exclusion—one might with truth say at the expense—of all the others who had joined with us in the effort of post-war reconstruction. The reason which led the British Government to take this course was doubtless the belief that, owing to our adverse balance of trade with Germany, British negotiators would be in a stronger position than if they were compelled to talk in terms of Germany's trade with all the creditor nations together. But whatever the British reasoning, nothing could have suited the German book better. That can clearly be seen from the exulting comments of the German Press, which takes it as the main achievement of the Agreement that the "creditors' front has been broken, the Committee of Bondholders retreats into the background, and the Geneva Guarantee-Collectivism is dissolved." For this, a few thousand pounds more to British bondholders is a small price. Besides, they will be a very few thousand. For when the threat of a clearing, the chief element of Britain's isolated "strength," is brought to the point of application, it no longer looks very terrible. Clearings, as Dr Schacht has demonstrated, can turn out to be very different from what their authors intend. If precedent were to be followed, the imposition of an Anglo-German clearing would quickly be followed by the disappearance of the margin for servicing the debt. After all, there are many of her raw materials that Germany could buy on the London market rather than elsewhere, and she would undoubtedly do so if it were the means of reducing her debt payments. The only sort of clearing that could not be evaded by the playing-off of one country against another would be a clearing jointly imposed by all the chief commercial countries. Had we acted jointly with the other creditors, our bargaining position would probably have been stronger rather than weaker.

Our moral position would have been incomparably stronger. As it is, for a few thousand pounds we have broken the creditors' front and deserted our friends. It is difficult to see how the new principles that have been established are even in our own narrow interest beyond the confines of the immediate case. It is peculiar business for the world's greatest creditor to exalt the principle of discrimination. Are we really prepared to bear the odium of condoning discrimination, and to be discriminated against in our turn? How, for example, shall we excuse our action to the Americans who, because in this case they are defenceless, will pay for the concessions we receive? And how shall we like it when, say, Mexico seizes with eagerness on the principle of discrimination and our interests have to be represented by these same Americans? The list of possible complications is endless. But over and above the details of specific cases, it can surely never be sound policy for a great creditor nation, which hopes to live in commercial and political peace, to lend any countenance to the doctrine that debtors need pay only those creditors who have the strength to enforce collection. If that doctrine ever attained wide currency a substantial margin of our national wealth would be gone with the wind.

It is only with reluctance that *The Economist* criticises Agreements that have emerged from arduous international negotiations and that represent, within the framework from which the two sides started, a substantial degree of give-and-take. The reluctance is increased when the Agreements provide for cash payments to British investors and British traders. But we cannot conceal our opinion that it was a very poor bargain that was struck last Friday, and one that the nation will come to regret.

Richard Thomas Finance

WHEN Sir William Firth, chairman of Richard Thomas and Company, announced a spectacular expansion programme at the end of 1935, it was clear that its outcome would depend upon the management's ability to solve the vast financial problems which the scheme involved. Technically, the project appeared sound. It included a twofold programme of expansion and reconstruction, designed to increase the group's steel-making capacity from 1,100,000 tons to 1,650,000 tons per annum, its sheet and tinplate capacity from 780,000 tons to 1,180,000 tons, and its coke-oven capacity by a comparable amount. It involved the building of a continuous strip mill plant at Ebbw Vale, which would have introduced into this country methods that have almost entirely superseded older types of plant in the United States, and are estimated to reduce costs by some 30 per cent. The scheme entailed the building of new coke-ovens and the modernisation of the steelworks at Redbourn—a war-time plant which has become out of date, judged by present practice. Technically, no exception could be taken to these developments, and the introduction of a continuous strip mill was calculated to play an important part in the export market.

It was apparent from the beginning, however, that the financial difficulties would be great. It was open to question whether the company had chosen the right moment for its vast programme. In 1936, construction costs had yet to reach the extremes of the following year, but they had already advanced appreciably from depression levels. There was a danger that the re-armament programme might interfere with the supply of machinery. The demand for steel appeared promising, but sceptics doubted whether it would be sustained until the middle of 1938, when the new plant was expected to come into operation. But the potentialities of the plant were considered great enough to outweigh these risks. The position revealed by the chairman's circular and the scheme for new financing, issued this week, shows, however, that an attitude of reserve has been fully justified.

At the beginning of 1937, when the company issued the first block of capital for the scheme, it was estimated that the total cost would amount to £8,500,000, of which £7,500,000 was for Ebbw Vale and £1,000,000 for the Redbourn reconstruction. These estimates were probably based on a higher level of construction costs than those of the Stewarts and Lloyds' Corby plant, which was built in the depths of depression. But in fact they have proved wholly inadequate. In his circular to share and debenture holders, Sir William Firth now estimates that the total cost will reach £11,128,000—an excess of 30 per cent. over the original estimate. Much of this excess appears to have been unavoidable. "Hidden obstructions beneath the surface" affected the estimates for foundation work substantially. Weather conditions were unfavourable. As the project began to take shape, extra unforeseen work became necessary; greater provision was made for sidings and roads; improvements were incorporated in the scheme and the plant was made more flexible. For these contingencies insufficient margin had been allowed in the original estimates. Moreover—and here the question of timing is important—wages increased, contractors fell behind schedule with

deliveries, and the board, encouraged by the expanded demand for steel, incurred further expenditure in the development of ore fields and the accumulation of stocks.

This additional expenditure would in any case have confronted the board with a grave financial problem. In January, 1937, some £9,160,000 was provided by the issue of £7,000,000 4 per cent. first mortgage debenture stock and of 3,750,000 6s. 8d. ordinary shares at 13s. 4d. This finance provided for the redemption of existing debenture stocks, and left some £1,940,000 of the original estimate of £8,500,000 for the new scheme uncovered. The board may be criticised for its under-estimate of contingencies, and for failing to raise the whole amount at one stroke. It was relying, however, upon covering the deficiency from bank overdraft and from undistributed profits, which were running at a high level. The whole basis of this policy, of course, was undermined by the recession, as a result of which exports of sheets and tinplate were suddenly halved. "At the end of April, 1938," Sir William Firth discloses, "the cash resources of the company were exhausted. Recourse to the usual channels of finance proved impracticable in the circumstances." The excess cost of the plant over estimates amounted to £2,628,000. The original estimates already required extra finance totalling £1,940,000, while additional working capital requirements amounted to £1,015,000, and sundry capital acquisitions and repayments of loans "not contemplated at the date of the prospectus" required a further £417,000. The company's requirements have thus reached the enormous total of £6,000,000. In these circumstances, it was obvious that the normal capital market was closed to the company. Temporary financial arrangements were made, and a plan for completing the finance was evolved. Sir William Firth explains that the banks and various banking houses have agreed to collaborate with the Bank of England in providing the necessary finance on account of the national importance of the new plant at Ebbw Vale.

The scheme introduces novel and far-reaching changes in the control of the group, and involves the complete revision of the company's capitalisation. The necessary new money will be provided by the subscription of £5,500,000 4½ per cent. prior lien stock by a banking consortium, and by the issue of 1,500,000 6s. 8d. ordinary shares at par to the Securities Management Trust, which is controlled by the Bank of England. It is intended that the prior lien stock shall be repaid as soon as possible, and it carries, in fact, a half-yearly sinking fund of 2 per cent., which would extinguish the stock in seventeen years. It is, however, convertible into ordinary shares at par until 1941 and at 100 per cent. premium from 1941 to 1945. The ordinary shares include 100,000 "A" ordinary shares, which carry special powers of control.

The introduction of a new prior charge involves the modification of the existing capital structure. Existing first mortgage debenture holders will receive 4½ per cent. instead of 4 per cent. until the prior lien stock is extinguished, in compensation for their loss of priority. Preference shareholders, who now receive the unusual rate of 6½ per cent. free of tax, are invited to surrender their tax-free status, and also their cumulative rights for the next five years, but they will be granted participating rights in the equity up to 3½ per cent. This is not a welcome prospect for preference shareholders, but in the circumstances it cannot be regarded as unreasonable. The ordinary shareholders lose control. Moreover, it is provided that in each year, before any dividends can be paid on the share capital, an allocation of at least £100,000 must be made to general reserve until that reserve totals £1,500,000. The new capitalisation may be summarised thus:—

	£
4½% Prior Lien Deb. stock	5,500,000
4½% 1st Mortgage Deb. stock*	7,000,000
6½% Participating Preference shares†	3,120,346
6s. 8d. Ordinary shares	4,841,667
6s. 8d. "A" Ordinary shares	33,333
	20,495,346

* Interest lowered to 4 per cent. until Prior Lien stock is extinguished. † Cumulative rights restored in 1943.

The investor's problem is to relate this capitalisation to potential profit levels. If the group's profit exceeds £1,300,000 the service of both debentures will be covered without skimping the depreciation provision. Earnings would be shown for the preference shares if profits exceeded £1,500,000, and at £1,750,000 the preference dividend would be fully earned. At a level of £2,000,000 the preference shares would rank for their maximum dividend of 10 per cent, and the ordinary shares for 3½ per cent. If the profits rose to £2,500,000—the level which Sir William Firth originally estimated for 1939-40, the first full year of the strip mill's operation—earnings on the ordinary capital would reach 13 per cent.

For the year to March 31, 1938, the group's gross profits amounted to £2,139,517, which would correspond to maximum payment on the preference capital and to residual earnings of about 5 per cent. on the ordinary capital. This, however, was a year of prosperity, but it may be noted that from 1932 to 1938 the average profit of the group amounted to £1,250,000. Except under conditions of severe depression, the service of both debenture stocks seems assured. But for the next five years, at any rate, payment of preference and ordinary dividend rests largely on directorial policy, apart from profits.

A far-reaching arrangement has, in fact, been made to ensure that the financial policy of the group will in future be strictly conservative. Ultimate control is to be entrusted to a Special Committee of four, consisting of the Governor of the Bank of England as chairman, Sir William Firth, Viscount Greenwood (chairman of Dorman Long and representative of the steel industry) and Mr E. H. Lever, of the Prudential Assurance Company (representative of the trustees for the first mortgage debenture holders). This committee will exercise complete control for at least seven years, and later until the prior lien stock has been extinguished. This unprecedented development in industrial organisation implies that the financial position of the company will be carefully supervised. Moreover, the industrial policy of the group, which has hitherto been of an independent character, is likely in future to conform more closely to that of the industry as a whole. A representative of the steel industry will sit on the Control Committee, while additional directors from the steel industry will take seats on the Richard Thomas board. These changes will assure that the new plant will be operated in co-operation with other units in the sheet and tinplate trade. In particular, they rule out the possibility that the potentialities of reduced costs at Ebbw Vale will involve price-cutting. The new plant will increase the British sheet and tinplate capacity, which already exceeds the level of boom demand, by about one-sixth. Reductions in the industry's capacity, represented by old-style mills, will be necessary. The problem of distributing the burden may therefore arise. But for the change of control, the problem might have been settled by the potential competitive power of the new plant. A co-operative solution will, presumably, now be sought, but its character is not easy to assess. The investor may still have faith in the group's potential earning power, for in the long run the demand for sheets and tinplates should expand. But in the short run, ordinary dividends are improbable and preference dividends uncertain.

Success, however, depends on the plant being allowed to run at its optimum capacity, and in this matter the public as well as the investor has an interest. The establishment of the steel industry on a monopolistic basis, with the aid of a tariff, greatly increases the temptation to preserve vested interests owning obsolescent plant and to shirk the severe course of ruthlessly sacrificing everything else to economical production. So long as the industry exists in separate units, internal competition remains as the only automatic safeguard of efficiency. Its suppression must therefore throw a heavy responsibility on the controllers of the industry, and the country will look with some anxiety to see that its policy is governed principally by consideration of the public interest. In the present instance it is some reassurance that the Committee of Control will sit under the chairmanship of a disinterested party.

Great Britain's Gold

THE return of the Exchange Equalisation Account's gold holdings was issued last week just before *The Economist* went to press, and we were able to do no more than publish the bare figures, which, for reference, are repeated in the following table:—

BRITISH GOLD HOLDINGS
(£ millions)

	Mar. 31, 1937	Sept. 30, 1937	Mar. 31, 1938
Bank of England	516·6*	537·6*	537·6*
Exchange Equalisation Account	186·9	279·3	297·8
Total	703·5	816·9	835·4

* Valued at 140s. per fine ounce.

As the footnote shows, the Bank of England's gold is written up from its statutory price of not quite 85s. per fine ounce (at which it is valued in the weekly return) to 140s. per fine ounce, which is approximately the current market price. The Exchange Account's gold is also valued at the same price.

During the six months ended March 31st last, the Bank's gold was unchanged. There was no need for the Bank to take over more gold from the Exchange Account, since last year's increase of £200 millions in the statutory size of the Account provided it with an ample reserve of sterling assets, while the Bank, on its side, was able to meet the Christmas currency withdrawals by means of a temporary increase of £20 millions in the fiduciary note issue.

The holding of the Exchange Equalisation Account, and consequently the total national gold stock, increased over the six months by a net amount of £18·3 millions. This was the result of many deviant movements, both positive and negative. During the first half of the period—that is from October 1 to December 31, 1937—France probably gained, on balance, a large quantity of gold, which was estimated by us on January 15, 1938, at £100 millions. This was due to the allied causes of the greater confidence felt at the time in the future of the franc and to the "dollar scare" of late October and early November. Not all the gold came from England, and indeed a substantial amount came direct from the United States. But in any case, whatever the size or source of this gold, there is little doubt that France had lost it all again by the middle of February, for at that date the French Exchange Account had to take back from the Bank of France the gold somewhat rashly transferred to the latter institution at the end of November. France also lost more gold in March, at the time of the Austrian *Anschluss* crisis, though how much of this was sold to the British rather than to the American authorities is again an open question. Probably the British Exchange Account lost gold to France in the last quarter of 1937 and received back a rather larger amount in the first quarter of 1938, the whole movement showing a balance in Britain's favour. Great Britain certainly gained gold from Belgium for the belga was under pressure during the early part of the year. The British Account may have lost some gold to Holland, for the Netherlands Bank was a consistent buyer of gold and seller of guilders. Here again, however, the Netherlands Bank was operating in New York rather than in London.

More intricate and interesting were the world's dealings in gold itself. For example, there was the dollar scare of the late autumn. This occasioned a sudden transfer of "hot money" from dollars into gold, and this gold was supplied in London by "the British authorities" at a substantial premium. More generally, the tendency in the London bullion market has been for the demand for gold to come mainly from hoarders, while the British authorities have been the usual source of supply. There is no doubt that, since the termination of last summer's gold scare, gold has regained much of its reputation as the ultimate store of value; but it is difficult to say how far this persistent hoarding demand for gold has affected the Exchange Equalisation Account's resources.

Any calculations are seriously affected by the fact that the current gold output, not only of the Transvaal, but also of certain other producing countries, including part at least of the spasmodic Russian supplies, is marketed in London. Consequently, if there were not a continuous demand for gold either from other monetary authorities or from hoarders, the British gold stocks would steadily increase. But, on the other hand, it is conceivable that, except for gold, the British Empire has a passive balance of payments, and if so, there would be a natural trickle of gold from London to other monetary authorities. It is, however, impossible to detect any definite trace of this.

Much of the hoarding demand for gold comes, of course, from abroad. This is equally true of a flight from a particular currency, such as the franc or the belga, into gold, or of a sudden transfer of "hot money" from a foreign centre into gold, as when the dollar scare caused European funds to be withdrawn from New York and used to buy gold in London. Now, theoretically, none of these movements should affect the size of Great Britain's gold holdings. It is true that the British authorities provide the gold to meet this hoarding demand, and the reasonable presumption is that this gold comes out of the Exchange Equalisation Account's resources. Yet at the same time the Exchange Account should be gaining gold from the foreign centre affected—either from Paris, Brussels, New York, or anywhere else. In theory, the British Exchange Account should "break even."

Does this happen in practice? The fact that the Exchange Account gained gold during the period under review provides some *prima facie* evidence in this

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> "This proposal has been considered by the Foreign Transactions Advisory Committee and by the Chancellor of the Exchequer ; no objection is raised to the issue, but it must be clearly understood that no responsibility is taken for the financial soundness of the scheme or for the correctness of any statement made, or opinion expressed in connection with it."

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direction, but it is impossible to be certain. To answer these questions we also need information upon another very important point, namely, the whole balance of payments on current and capital account of Great Britain, or more probably of the British Empire or perhaps of the whole sterling area. It is quite conceivable that while, for example, Continental "hot money" is moving out of dollars, through sterling, into gold, there is no equivalent transfer of gold from the United States authorities to the British Exchange Account. Instead, the sales of dollars for sterling arising out of this movement, may be offset by purchases of dollars required to cover a passive balance of payments between Great Britain or the sterling area and the United States.

Here again we have no certain facts to go upon, except that the current balance of payments of the United Kingdom shows a deficit, and it must be remembered that there is a balance *vis-a-vis* other members of the sterling area as well as the outside world. It is, however, possible that these movements of international "hot money" into gold, and the consequent gold operations of the Exchange Equalisation Account are masking what would otherwise be a steady drain of gold from our reserves occasioned by our passive balance of payments.

This raises the question of the adequacy of our gold reserves, enormous though they appear to be. Our needs, however, have also become substantial. We are committed to an easy money regime, and this requires an enlarged credit base. There is, of course, from the viewpoint of the domestic credit structure, an unrealised reserve of about £200 millions, which could be called into existence by revaluing the Bank of England's gold, but this is already allowed for when our total gold reserves are assessed at £835 millions, as above. The simple fact is that if we revalued the Bank's gold we could probably afford to lose without inconvenience £500 millions of gold, valued at 140s. an ounce, and no more.

Now much of this hypothetical sum of £500 millions is ear-marked either against the London funds of the Empire and sterling area central banks, or against outside "hot money" now lodged either in London or sterling area centres. We saw for ourselves last May how quickly a sum of £50 or £100 millions could be repatriated to its proper home, and Argentina had a similar experience, though on a smaller scale, in the early part of this year. Crop vicissitudes, the trade recession, the fall in the prices of primary products, and re-armament needs, can also react suddenly and widely upon the exchange resources of sterling area countries, and while many of these reactions cancel out over the sterling area as a whole, the residual draft is likely to fall upon our gold resources. A year ago, it was officially stated that our gold reserves were considered to be adequate. In view of the many and profound changes in world economic trends since then, it would be advisable for the authorities to consider how far a similar reassurance can be given to-day.

To urge this is not to suggest that our reserves are, in fact, inadequate. There is no ground for any such suggestion. Indeed, the public is not in a position to form more than the most provisional opinion, owing to the lack of the necessary data. The bare statement of our total gold reserves, welcome though it is, reveals very little. And even that figure loses much of its interest when it appears at such infrequent intervals and after such a long time-lag. The need for secrecy must, of course, be taken into account. But as understanding of the new monetary methods is extended, excessive secrecy tends to do as much harm as good. The wealth of information made public, apparently without harmful results, by the American authorities, encourages the British lay observer to repeat his modest requests. He would like to have the figures of gold reserves at least every quarter and preferably every month, with the shortest possible time-lag. He would also like to know the approximate dimensions of the potential drafts upon our gold reserves, whether from the withdrawal of hot money that has taken refuge in London or from the liquidation of balances held in London by sterling area banking systems. This information must already be in the hands of the authorities, but much of it could safely and legitimately be made known. Without it, it is impossible for the public to assess the full meaning of any change in our gold reserves, to tell whether they are adequate or, most important of all, to decide whether we are really living within our means.

Finance and Banking

Anglo-German Trade.—As part of the Austrian debt settlement, discussed upon another page, the Anglo-German Payments Agreement has been revised. Hitherto Germany has undertaken to earmark for the purchase of goods from Great Britain 55 per cent. of the proceeds of her exports to Great Britain. In practice, her imports from Great Britain have exceeded 55 per cent., but they include British re-exports. The new agreement provides for a basic quarterly import of £4,500,000, plus or minus 90 per cent. of the amount by which German exports for the previous quarter exceed or fall short of £7,500,000. The best way to judge this rather complicated formula is from the following table, though the underlying calculations ignore the time-lag of "the previous quarter":—

Exports to England	Imports from England (£ million) (a) Old Scheme	(b) New Scheme	Ratio of Imports to Exports (New Scheme) %
20·0	11·0	9·0	*45·0*
25·0	13·7	13·5	*54·0*
30·0	16·5	18·0	*60·0*
35·0	19·2	22·5	*64·3*
40·0	22·0	27·0	*67·5*

So long as German exports to England exceed £25.8 millions a year, the new scheme is to the advantage of British exporters. Even in 1933 exports from Germany and Austria to England were £31.1 millions, and in 1937 they were £38.9 millions. The new agreement also contains provisions for making future arrangements that a larger proportion of the ear-marked sterling shall be used for the purchase of finished goods, presumably as distinct from raw material re-exports from Great Britain. Should the proceeds of German exports to Great Britain be insufficient to cover both the amount to be ear-marked for imports from Great Britain and also Germany's financial obligations to the United Kingdom, the German Government may seek for a reduction in the amount to be ear-marked.

* * *

To remove any possible misunderstanding, it may be pointed out that the main agreement only refers to German

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2, 3 & 4 Cockspur Street, London, S.W.1

and Austrian long-term indebtedness, and does not affect directly short-term debts subject to the German standstill agreement, which remains in force. There is a feeling in the City that indirectly the new arrangement is of advantage to standstill creditors. Since 1931 standstill commitments have been greatly reduced, while the quantity of those still outstanding has become improved. Some of the reimbursement credits are now being used to finance current trade, which is their normal and proper function. The alternate backing to the standstill debts is obviously the maintenance of Germany's external trade, or rather that part of it which is not conducted through clearing, as distinguished from payments, agreements. That is why any move for the fostering of German trade with England and other free exchange countries is to the indirect advantage of the standstill creditors. This view, however, does not imply any direct approbation of the provision of the long-term debt settlement. In the long run it is to the advantage of every kind of creditor that, even when a debtor is entitled in equity to relief, that relief should emerge from negotiations with the creditors, conducted upon the lines established by commercial usage.

* * *

The Dollar's Recovery.—It is a testimony to the success with which the New York exchange has been stabilised during recent years that the recent appreciation of the rate from \$4.95¾ to \$4.93⅞ should have attracted so much attention. To a large extent it is the natural reaction from the dollar scare of last month. Short positions in dollars, opened at that time, are now having to be covered, while the disappearance of the scare means that money which then left American equities is now being reinvested in them. This last movement is being assisted by the firmer tendency of Wall Street. One interesting point, however, is that most of the money which changed over from dollars to gold last month is remaining in gold; for the public as a whole is still a buyer of gold. To that extent it is different money which is now going into American equities. The commercial position is also interesting. Some large interests took advantage of the June scare to cover their autumn needs in advance, but others may have held back then on the chance that the dollar would become even cheaper. These, of course, are now having to cover. Again, now that the Dominion crops are being marketed and their proceeds are beginning to be spent, there may be a certain Empire demand for dollars, and the impact of this falls upon sterling. The firmer tendency of American commodities is an additional factor increasing the commercial demand for dollars. One way and another, there is plenty of ground for the dollar's new firmness, and there is a feeling in the London exchange market that the dollar may appreciate a little further. There is no need to look beyond these natural influences to any psychological influences due to rumours of impending agreements between the British and American Governments which, in some versions, are said to embrace not merely commercial concessions but a stabilisation of the sterling-dollar rate and even a War Debt settlement.

* * *

Six Months' Money Rates.—The following table gives for purposes of record a comparison of money and discount rates for the past half-year with those of previous years:—

AVERAGE MONEY RATES

Year	Bank Rate	Market Rate 3 Months' Bills	London Deposit Rate, Banks	Average Short Loans Bill Brokers
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1925	4 11 0	4 2 0	2 11 0	3 9 3
1926	5 0 0	4 10 3	3 0 0	4 1 1
1927	4 13 0	4 4 10	2 13 0	3 15 0
1928	4 10 0	4 3 0	2 10 0	3 12 6
1929	5 10 0	5 5 4	3 10 0	4 12 3
1930	3 8 5	2 12 3	1 8 5	2 9 6
1931	3 18 7	3 11 0	2 1 0	3 0 10
1932	3 0 2	1 16 9	1 5 2	1 15 7
1933	2 0 0	0 13 10	0 10 0	0 15 5
1934	2 0 0	0 16 7	0 10 0	0 16 10
1935	2 0 0	0 11 3½	0 10 0	0 14 10½
1936	2 0 0	0 11 10½	0 10 0	0 15 6
1937	2 0 0	0 11 6½	0 10 0	0 15 1½
1938—First half	2 0 0	0 10 10	0 10 0	0 15 0

There can rarely have been a half-year in which there was less movement of rates. Indeed, most rates in the market are now determined by informal agreement between the market and the banks. The averages in the above table are, for recent years, calculated from these agreed scales of short loan and discount rates.

* * *

The Floating Debt.—Reference to the table on page 100, giving the position each week of the Floating Debt, will show that at the end of each quarter it is impossible to divide the Treasury bill total into tender and tap issues, or to calculate the floating assets held by the departments. Normally the floating debt return relates to the end of each week, by which time the whole of that week's issues and maturities of Treasury bills have been paid for or repaid. At the end of each quarter, however, the floating debt return is dated the last day of the month, which as a rule falls on a day of the week when the current week's operations in Treasury bills are still incomplete. In particular, maturities are concentrated at the end of December and June, and payments at the beginning of January and July, the converse applying at the other two quarters, so that on December 31st and June 30th the tender issue of Treasury bills is always subnormal, the deficit being met by Ways and Means borrowing from the Bank. This is illustrated in the following table:—

FLOATING DEBT

	Treasury Bills Tender*	Treasury Bills Total	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank	Ways and Means Advances: Total
1936—Dec. 31	609·0	766·2	27·8	57·0	851·0
1937—Mar. 31	497·0	674·6	23·5	...	698·1
June 30	553·0	638·2	18·2	49·2	705·6
Sept. 30	573·0	899·1	8·4	...	907·5
Dec. 31	622·0	889·7	39·4	55·7	984·9
1938—Mar. 31	512·0	828·7	13·1	...	841·8
June 30	578·0	851·0	42·4	41·5	934·9

* To *following* Saturday.

The real crux of the table lies in the footnote. As regards recent changes in the floating debt, since March 31st last it has increased by £93.1 millions, last year's parallel increase being only £7.5 millions. This quarter's revenue deficit is £23 millions greater than a year ago, while in 1937-38 £68.2 millions of the proceeds of the first Defence Loan had been received by June 30th, whereas by June 30, 1938, only £14.2 millions of the second Defence Loan subscriptions had been collected. This explains the greater increase in the floating debt during the last quarter, and this will be partly rectified as the remaining calls on the second Defence Loan are collected. So far the French repatriations of last May do not seem to have had much effect upon tender issues of Treasury bills, but it is difficult to disentangle them from the reaction of the Defence Loans.

* * *

The Defence Loan Call.—On July 1st the discount market had to pay for all the new Treasury bills allotted to it at the tender of June 24th, while the payment of the first call on the new Defence Loan occasioned the transfer of a further £38 millions from the banking system to the Treasury. As a turnover of perhaps £70 millions was involved, some anxiety had previously been felt lest the market might find itself pressed for funds. Actually no serious pressure occurred, for the Treasury itself was paying out some £11 millions on that day, while the banks, freed from their balance-sheet preoccupation of June 30th, were lending freely and buying bills with avidity. So far as the concentration of Treasury bill payments on that day was concerned, the market need have felt little anxiety. The proper perspective of these operations is this: instead

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of re-investing in new Treasuries the money received in respect of maturities earlier in the week, the market held back the money, so that the banks could add it to their cash holdings on June 30th. Thus on that day the Government borrowed £41.5 millions from the Bank of England on Ways and Means, and joint-stock bank cash must have been swollen by the same amount. On July 1st the position was rectified. The banks re-lent to the market, the market paid for its new bills, and the Government repaid the Bank. So far as Treasury bill operations were concerned, by July 1st the market was no worse off than it would have been in a normal week. The Defence Loan call presented a different problem, but after deducting the dividend disbursements a sum of only £27 millions was involved. This was easily carried by the market, especially as the banks, in their bill purchases, were making up lee-way which dated not from the beginning of that week but from the early part of June.

* * *

Iran Exchange Problems.—To judge from Sir Henry McMahon's address to the shareholders of the Imperial Bank of Iran, one or two familiar exchange problems have developed in Iran. First, there is the control exercised over foreign exchange dealings by the Iranian authorities themselves, with an official selling rate of 80½ rials to the pound sterling. Supplies of foreign exchange have begun to fall short of the demand, with the result that the Imperial Bank's requirements to cover sterling disbursements and the transfer of profits to London have fallen into arrears. This has necessitated a temporary reservation in the bank's accounts, which has affected the past year's profits to the extent of precluding any allocation to the reserve account. The dividend, however, is maintained, and so it is fair to assume that the directors consider this to be a temporary difficulty. Then there is the growing share of Russia and Germany in Iran's external trade. Russia works through barter arrangements and Germany through a clearing agreement, neither of which provides any scope for ordinary banking operations. Partly as a result of these the Imperial Bank's bills receivable have fallen by £288,000 since last year. On the other hand, the bank's internal bill business is increasing in conformity with the growth in industrial production in Iran, and discounts, loans and advances have increased by £273,000. Thus on balance the bank's business is well maintained, even although it may be changing slightly in character.

MONEY MARKET NOTES

Foreign Exchanges

THE recent strength of the dollar is discussed in a Financial Note, but it is fair to add that sterling has shown signs of weakness against most currencies. This is partly due to technical reasons. For example, early in the week guilders and Swiss francs were being sold for dollars, but by Thursday opportunities for profit-taking caused a reversal of this movement, dollars being sold and the Continental currencies bought. The result was that the guilder suddenly strengthened against sterling from Fl. 8.96¼ to Fl. 8.95⅝ and the Swiss franc from Frs. 21.61¾ to Frs. 21.59½. Belgas have moved in sympathy with the dollar, sterling falling from Bel. 29.21 to Bel. 29.14. The British Control gave some support to sterling at the lower rate. Three months' belgas are also stronger. French francs have been steady, but are a shade firmer at Frs. 177⅛ bid. Forward francs are also steady.

*

The Bank Return

EXTRA currency is always needed by the public at the end of the quarter, and so this week's increase of £3.0 millions in the note circulation is not surprising. More interesting is the fact that the circulation is now £6.2 millions less than a year ago. The French repatriation of last May suggests that less British currency is now being hoarded than was the case a year ago, and this may be the chief explanation of the year's decrease.

	July 7, 1937 £ mill.	June 22, 1938 £ mill.	June 29, 1938 £ mill.	July 6, 1938 £ mill.
Issue Dept.:				
Gold	326·4	326·4	326·4	326·4
Notes in circulation	494·4	483·3	485·2	488·2
Banking Dept.:				
Reserve	32·9	44·0	42·2	39·2
Public Deps.	15·2	21·7	10·5	12·5
Bankers' Deps.	88·5	105·5	125·5	115·7
Other Deps.	37·2	35·3	36·1	36·0
Govt. Secs.	96·6	110·2	119·5	111·9
Discounts & Advances	9·0	5·5	7·3	10·7
Other Secs.	20·4	20·6	21·1	20·4
Proportion	23·3%	27·1%	24·4%	23·8%

In the Banking Department, the week's drop in Government securities restores the position of June 22nd, and so shows that the money borrowed on Ways and Means over the turn of the half-year has now been repaid. For the same reason bankers' deposits are £9.8 millions lower than they were on June 29th, and probably much lower than they were on June 30th. Public deposits, however, remain at a low level, in spite of the receipt on July 1st of the Defence Loan call. Part of this money has been used in payment of dividends, but it will be interesting to see from next week's revenue returns what has happened to the remainder. As matters stand, bankers' deposits are now at the relatively high level of £115.7 millions, in spite of the Defence Loan call and the recent expansion in the note circulation.

*

The Money Market

THE clearing banks are once more ready lenders after the end of the half-year, and so loans against bills are very easy to obtain. Bond money, however, is less easy to borrow, and rates are stiffer than in recent months. The minimum is now probably ⅜ per cent., and it is reported that ¾ per cent. and even ⅞ per cent. has been paid. The explanation is that more money is being borrowed by the Stock Exchange owing to the firmer tendency of the gilt-edged market.

	July 8, 1937 %	June 30, 1938 %	July 7, 1938 %
Bank Rate	2	2	2
London Deposit Rate	½	½	½
Short Loan Rates:			
Clearing Banks	½–1*	1	1
Others	½	1–2	½–1*
Discount Rates:			
Treasury bills	½	17/32–9/16	5/8–7/8
Three months' bank bills	17/32–9/16	9/16	17/32–½

* Viz. ½ per cent. for loans against Treasury bills and other approved bills and British Government securities within six months of maturity. ¾ per cent. from loans against 1 per cent. Treasury bonds and other gilt-edged stocks within six months of maturity. 1 per cent. for loans against other collateral.

There is a very good demand from the clearing banks for August and September maturities of all kinds. The banks' buying rate is now back to ½ per cent. The market, however, are reluctant sellers. As stated above, loans against bills are readily obtainable, while at last week's tender the market only received a 40 per cent. allotment and so cannot easily find employment for all its funds. With the opening of July the syndicate's price for new Treasury bills was raised from £99 17s. 3d. to £99 17s. 4d. per cent., and the average tender rate is now back to 10s. 5.33d. per cent. Thus the June increase in the tender rate has now disappeared.

*

The Bullion Market

OWING to this week's appreciation of the dollar, the London price of gold has risen to 141s. 1½d. per fine ounce, or to the highest point since April 21, 1937. There is still a hoarding demand from the Continent, but the authorities have released sufficient gold to bring the premium down during the past week from 5½d. to 3d. per ounce. In this way they have prevented the London price from rising to the full extent corresponding to the appreciation of the dollar. The premium has only to drop another twopence for arbitrage between gold, sterling and the dollar to become possible. This week's imports include £1,000,000 from Russia and fair quantities from Belgium and Canada. Gold has lately been going to Sweden, but it is thought that this is gold already under Swedish ear-mark.

Date	Gold: Price per fine oz.	Gold: Prem. or Discount *	Gold: Amt. dealt in	Silver, price per oz. standard: Cash	Silver, price per oz. standard: Two Mths.
1938	s. d.	d.	£'000	d.	d.
July 1	140 9	5⅛pm	402	18 15/16	18 15/16
„ 2	140 9	5⅛pm	180	19	18 7/8
„ 4	140 9½	6½pm	482	19⅛	19
„ 5	140 8½	5½pm	326	19¼	19⅛
„ 6	140 11	4 pm	557	19 5/16	19
„ 7	141 1½	3 pm	787	19 3/16	19

* Above or below American shipping price.
The New York price of silver remained at 43 cents per ounce ·999 fine during the week.

The silver market has been narrow, but further bear covering and the strength of the dollar have combined to raise the London price. In spite of the rise in the dollar, silver is quoted in London at the American parity. The impression remains that it would not take very heavy offerings of silver to bring about a reaction in the price.

Investment

The Market Trend.—The maintenance of firm equity share prices when gilt-edged stocks are rising is commonly reckoned a paradox. Without any challenge to the existing level of industrial ordinary shares, gilt-edged securities staged a significant advance early this week, in apparent defiance of this textbook principle. But the textbooks take no account of the perplexing political factors which, for months past, have harried all sections of the market, and now show apparent signs of relief. Nor, since Wall Street has again surmounted its "pause," is there any positive reason for any disturbance of British share prices, until the economic prospect is clarified for good or ill. The re-awakened demand for gilt-edged stocks, in fact, appears to be a logical development from the success of the second Defence Loan, whose terms made some concession in interest rates, but ensured that the market would be spared the depressing effect of another public department "tap." But whereas, until recently, investors were disposed to seek what protection is available against political risks by concentrating upon dated stocks, this week's buying has been largely concerned with "undated" securities. War Loan, for example, showed an advance of 1⅛ during the first three days, and "Old Consols" of 1⅞ points. The new Defence Bonds, issued at 98 three weeks ago, now stand at a premium of 1 11/16, after the payment of the substantial call at the end of last week. This week's sharp advance, however, is not without its own paradox. It has occurred, in particular, despite the depreciation of sterling against the dollar, and despite the reported uneasiness of certain Continental centres regarding the political outlook. In part, it must be reckoned attributable to technical factors, for the market supply of gilt-edged stocks appears to be sub-normal. Any transfer of attention from the equity markets to gilt-edged was therefore bound to produce its maximum effect. Whether the rumours which have stimulated the market this week will be substantiated is another matter. But it appears to have convinced itself that a comprehensive Anglo-American trade agreement may shortly be effected, covering currency stabilisation and even a settlement of the war debt question. To add to its confidence, the market also revived the suggestion that voluntary conversion offers might be made to holders of Conversion 4½ per cent. and 5 per cent. loans. With no lack of suggested reasons for the rise, one thing is clear. It has provided a favourable context for an impressive volume of fixed-interest capital issues, and in particular for the Bournemouth loan.

* * *

Anglo-German Debt Position.—The main investment implications of the Anglo-German debt agreement are examined in a leading article on page 70. In the following table we show the future ranking of the principal loans in detail, together with their price movements during the past week:—

	Interest Rates		Sinking Fund	Prices 1938				
	Old	New		Lowest	July 1	July 4	July 6	July 7
	%	%	%					
Dawes	7	5	2	43	57½	59½	56	56
Young	5½	4½	1*	33½	50	47	44½	44½
Konversionskasse Funding bonds	4	4	As before	36	38§	49§	48⅛§	46⅜§
Austria 1930	7	5	2	24	55	54	52	51½
Do. Int. guar. 1933–53	3	3	As before	99½	101xd	101xd	101xd	101xd
Do. guar. conv. 1934–59	4½	4½		48	67½	70½	71½	71
Saarbrücken 1928	6	4½	1*	21	22½	44	45	41½
Berlin 1927‡	6	3†	...	21½	22½	30	29	29
Dresden 1927	5½	2¾†	...	21½	22½	30	30	29

* To commence after 2 years. † Cash payments during the next two years. ‡ Similar service on other 6 per cent. State and City Loans, including Hamburg, Saxony, Westphalia, Cologne and Munich. § Series 1 and 2.

Although the best prices have not been held this week, the recovery throughout the list has been appreciable. Comparison with the prices recorded last Friday week is affected by the fact that many of the bonds were then quoted at nominal prices. The recovery from the lowest prices of the year, however, which has been impressive in the Austrian 5 per cent. and 4½ per cent. guaranteed issues, and in the 4 per cent. Funding bonds, whose premium compared with the Young Loan, may be explained by their much nearer redemption date. Although the Austrian 5 per cent. and Dawes Loans are treated identically, in form, the former stands 4½ points below the latter—presumably marking the fact that the agreement has been reached "without prejudice" to the question of German liability for the Austrian debt. It will be noticed that the Saarbrücken loan, hitherto comparable with other municipal and provincial loans, now enjoys a special market status comparable with that of the Young Loan. The Stock Exchange committee has this week revised the conditions governing good delivery of German and Austrian securities, by which it would appear that Austrian 5 per cent. and 4½ per cent. loans and City of Saarbrücken bonds must be accompanied by a declaration that they were in British ownership on July 1, 1938. A similar declaration has been required for the Dawes and Young Loans since June 15, 1934.

* * *

Abridged Prospectuses.—General agreement has been expressed with the decision of the Stock Exchange Committee, announced last week, to require the submission of preliminary announcements or abridged prospectuses, together with the full prospectus or draft, when application is made to the Committee for permission to deal in new securities. The publication of advance advertisements in anticipation of a new issue a few days later, has become a recognised practice, but the brief particulars given in these notices have never been recognised, either officially or by those responsible for the offers of new capital, as forming the basis for the offer. The Stock Exchange Committee, however, considers that the practice may contain potential dangers—a conclusion which would plainly be true if the public had any misconception of the real character of an abridged statement, or if figures vital to the appraisal of the offer were omitted from it. Even a selection of unbiased facts from the prospectus can only be interpreted, for investment purposes, in the light of the full prospectus. And the potential danger to which the Committee refers would be immediately apparent if the facts chosen suggested a conclusion on the merits of the offer which investigation of the full prospectus could not support. Certain investors, perhaps, will always be temperamentally disinclined to peruse the small type of the full prospectus and unduly ready to accept statements in the preliminary or abridged notice as a sufficient—or even official—summary of its main points. The decision of the Stock Exchange Committee, therefore, is obviously to be welcomed by investors and issuing houses alike. It clarifies the real purpose of the preliminary notice, and affords a measure of protection to the unenterprising investor, who might be exploited by any issuing house prepared to imperil its reputation by the issue of colourful preliminary statements.

* * *

Unit Trust Developments.—The recent recovery in the British and American stock markets is finding prompt reflection in the revival of unit trust activity. Three further issues have been made this week. American Industries Trust (sponsored by the Allied Investors' group) is the first example of a British unit trust formed with an exclusive portfolio of American stocks. Until the relaxation of control over foreign security operations last February, indeed, this type of trust would have been inhibited. Indeed, one case at least is on record in which a unit trust was invited to eliminate a security of American domicile. This trust is of the "limited-flexible" character, for its permitted list of companies is limited to fifty (together with British Government securities), and there is no power to extend this number. The new trust will be operated on the "cash fund" method, by which cash received from purchasers of units will be directly payable to the trustee, subject to the deduction of the initial service charge. The managers will not, therefore, be interested, as principals, in security transactions appertaining to the trust fund. A further issue of 350,000 Cornhill deferred units at 13s. 6d. was promptly over-subscribed this week—the price, in fact, was based on the net value of the trust fund on June 23rd, and took no account of subsequent appreciation, which had raised the dealing prices of the units to 13s. 9d.-14s. 9d. The special character of these geared units was examined at length in our unit trust supplement, published on May 28th. Finally, Proved Securities Limited have introduced the Four-Square Trust, whose permitted list covers gilt-edged securities, fixed-interest stocks, industrial equities, and "prospect shares." In this case, the permitted lists may be expanded by the inclusion of not more than five securities in any one year. Powers are also taken for the termination of the trust after 15, and not later than 20 years, and the managers may set aside to reserve any excess of income over 3 per cent. gross on the fund in any half-year. Both this trust and the American Industries Trust have made provision against the artificial inflation of yields, which entails, in effect, the distribution of capital.

* * *

The Yield Problem.—Increased unit trust activity has inevitably drawn attention to the problem of advertised yields. It is unfortunate, in this connection, that the booklet relating to the Savings Unit Trust, created a week ago, included a misprint, as a result of which it appeared that the yield on the sub-units, at an approximate price of 2s., based on dividends paid during the past year, would be "about 5½ per cent. gross per annum." It was stated that this yield had been estimated after providing for managers' and trustees' remuneration, on a basis "strictly in accordance with the recommendations of the Fixed Trust Committee appointed by the Board of Trade." In a subsequent correction, the managers have pointed out that, at the opening price of 1s. 10.2d per sub-unit, the gross dividend yield is £5 3s. 4d. per cent., before deduction of the annual service charge of ⅜ths of 1 per cent. The managers have commendably undertaken to repurchase any units obtained by investors under misapprehension regarding the yield. Any similar inadvertence might be avoided in the future if unit trust yields were to be certified by an accountant, or if the trustee undertook responsibility for the advertised figures. The frequent suggestion that trustees' responsibility extends beyond custodianship has its dangers, but we commend the suggestion that accountants' certificates might in future accompany published yield figures to the movement as a whole.

* * *

Home Rail Traffics.—The plain facts of the home rail position have made unpalatable reading for the junior stockholders for several weeks past. Gross traffics of the four lines as a whole for the first 26 weeks of the year show a fall of £1,841,000 compared with the corresponding period of 1937. The L.M.S. shows the greatest decline, of £780,000, followed by the L. and N.E. (£638,000), the Great Western (£318,000), and the Southern (£105,000). In terms of the total traffics secured in the corresponding period of 1937, these falls amount approximately to 2¼ per cent. for the L.M.S. and Great Western, about 2¾ per cent. for the L. and N.E., and 1 per cent. for the Southern. In such circumstances, the achievement by the L.M.S. of the only gain in the list —a "plus" of £12,000 on its passenger takings—is a matter for congratulation, although it may be connected with the Empire Exhibition. The half-year's figures, of course, are the more disappointing since they include the benefit of the basic 5 per cent. increase in charges introduced last October. The "real" fall in traffics, making adjustment for the estimated retention of increases in fares and freight charges, is in fact of the order of 5½ per cent. compared with an apparent fall of 2¾ per cent. in total receipts. The reduction in the volume of traffic implied by this calculation will find some reflection in direct operating charges. But the burden of last year's wage increase, which was estimated at £2,900,000 in a full year, can only be partly alleviated by reduced operations. On the face of the figures, the outlook for L.M.S. 1923 preference and L. and N.E. first and redeemable preference stocks is particularly uninviting. The Southern may add the benefit of good cross-Channel traffic to its long-term electrification equity (passenger receipts, it will be noted, were £39,000 down, but compared with Coronation and diverted bus traffic last year), but the deferred stock is clearly vulnerable. And for Great Western ordinary, dividend decisions rest upon the board, rather than upon indications, at this stage, of a recovery in traffic during the second half of the year.

* * *

Foreign Bond Movements.—A calmer political atmosphere last month, coupled with an expedient solution of the Anglo-German debt problem, lifted the foreign bond market in general, and European issues in particular, from their despondent position at the end of May. The index of 110 foreign bonds, calculated by the Municipal and General Securities Company, rose from 70.7 at that date to 71.3 at the end of June (January-June, 1934 = 100). European issues, led of course by German and Austrian bonds, recovered from 85.7 to 89.3, while the South American index was assisted by mollifying statements from Brazilian spokesmen regarding the prospect of a resumption of service. Details of the index are given in the following table:—

AVERAGE JANUARY–JUNE, 1934 = 100.

End of Month	Europe	Near & Far East	Egypt	South and Central America			Complete Index	*Undefaulted Bonds*	*Defaulted Bonds*
				States	Provinces	Total			
1937	(29)	(31)	(4)	(35)	(11)	(46)	(110)	*(56)*	*(54)*
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	119·2	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	103·1	95·3	98·5	122·4	118·4	121·4	107·7	*99·1*	*117·4*
September	101·9	87·2	99·5	116·1	111·8	115·0	102·4	*95·9*	*109·7*
	(28)						(109)	*(54)*	*(55)*
October	99·0	88·1	98·3	105·1	108·2	105·8	98·5	*98·5*	*101·5*
November	97·7	81·6	97·9	82·4	74·2	80·4	85·5	*88·6*	*82·5*
December	98·4	81·6	98·6	82·6	75·0	80·7	85·3	*86·6*	*85·0*
1938									
January	97·9	71·7	97·8	75·5	67·1	73·4	79·3	*80·2*	*78·2*
February	96·2	74·7	97·6	75·4	63·8	72·4	79·5	*82·7*	*76·4*
March	83·4	73·9	97·2	61·3	49·4	58·2	69·6	*74·9*	*64·8*
								(53)	*(56)*
April	88·9	77·3	98·5	69·8	51·4	64·9	75·1	*78·8*	*71·8*
May	85·7	74·9	98·4	63·0	47·2	58·8	70·7	*75·3*	*66·6*
								(52)	*(57)*
June	89·3	68·5	98·0	65·9	51·2	62·0	71·3	*75·9*	*67·3*

N.B.—Figures in brackets denote number of bonds included.

The bondholder, perhaps, has cause for tempered satisfaction with the terms of the German debt undertaking, and with the prospect of some slight increase in the service on the Roumanian external loans, but he still sees no sign of resumed payments by such defaulters as Brazil and Greece. War in China has also added to his burdens. The index for the Near and Far Eastern group of 31 bonds in fact touched its lowest point, 68.5, last month, on the prospect of prolonged hostilities, which were reflected in default on the Shanghai-Nanking Railway loan. The latter has increased the defaulted list to 57 bonds.

* * *

Industrial Profits in June.—In the aggregate, industrial profits continue to run higher than a year ago. The earnings of 260 companies whose reports were published in June show an increase of 11.09 per cent. over

the preceding year at £38,076,415. In the following table we relate these figures to the trend of net profits during the past two years:—

Year and Month	No. of Cos.	Net Profits*	Inc. on prev. year	Year and Month	No. of Cos.	Net Profits*	Inc. on prev. year
1936		£	%	1937		£	%
June	214	26,140,561	13·50	July	193	15,260,299	19·62
July	228	14,337,131	15·69	Aug.	62	6,042,402	9·41
Aug.	47	5,562,452	14·21	Sept.	81	7,269,607	27·80
Sept.	107	9,074,987	12·32	Oct.	177	14,884,260	26·97
Oct.	146	8,104,438	18·09	Nov.	206	23,579,407	20·25
Nov.	177	15,591,516	13·49	Dec.	152	18,101,112	14·69
Dec.	175	18,438,723	15·49				
1937				1938			
Jan.	110	13,222,882	15·92	Jan.	107	13,832,382	19·90
Feb.	208	27,956,588	8·95	Feb.	202	29,792,378	5·52
March	307	53,554,168	12·52	March	337	56,721,336	9·19
April	245	31,712,217	23·36	April	225	28,481,318	17·19
May	255	25,053,946	14·09	May	320	45,915,238	11·42
June	265	43,924,563	21·19	June	260	38,076,415	11·09

* After debenture interest.

Oil companies whose net profits last month amounted to £14,735,000 easily constitute the largest group, and provide over half of the disclosed increase. Tea companies record the remarkable rate of improvement of no less than 56 per cent. These two groups together provide roughly 40 per cent. of total net profits, and more than two-thirds of the increase. If they are excluded, to obtain a better indication of home industrial profits, the resultant increase for June companies is only 6 per cent.

Company Notes

Distillers' Report.—Some disappointment was expressed at the end of last week on the maintenance of the Distillers Company ordinary distribution at 22½ per cent. The published results of certain leading subsidiaries in the group had prompted some expectation of a further increase in the dividend. The full report, however, discloses a relatively moderate increase in total profits, after debenture interest, taxation, and other provisions, from £2,469,030 to £2,523,407. After making the same provisions for superannuation and fire insurance—these provisions, together with the £400,000 regularly transferred to reserve fund have now become common form—the 22½ per cent. distribution (including 5 per cent. cash bonus) is covered by earnings equivalent to 28·9 per cent. Profits in recent years are analysed in the following table and chart:—

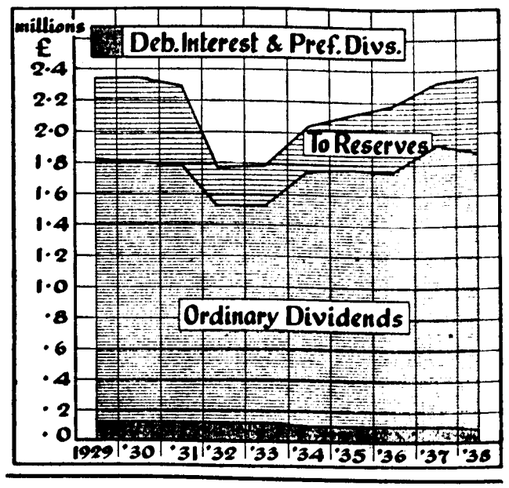
	Years ended May 15		
	1936	1937	1938
	£	£	£
Profit*	2,332,354	2,469,030	2,523,407
Superannuation, etc., fund	100,000	100,000	100,000
Fire insurance fund	50,000	50,000	50,000
Directors' fees	10,777	10,614	10,938
Preference dividend	101,475	99,825	97,350
Ordinary stock—			
Earned	*2,070,102*	*2,208,591*	*2,265,119*
Paid	1,640,394	1,814,123	1,764,009
Earned %	*25·2*	*27·4*	*28·9*
Paid %	20	22½	22½
Reserve fund	400,000	400,000	400,000
Carry forward	348,781	343,249	444,360

* After depreciation (including the writing down of investments in 1937-38) debenture interest, taxation and contingencies.

In the chart, we have combined the computed amount payable for debenture interest in recent years with the preference dividend.

Although the Distillers Company probably avoided the extreme effects of rising costs last year, it is possible that increased operating expenses, coupled with disappointing conditions in the American market, account for the moderate advance in profits. Further expansion is evident in the balance sheet. Investments in subsidiaries have increased from £15,349,881 to £16,915,212, and current and loan accounts with subsidiaries from £5,503,687 to £7,291,692. These movements are partly

DISTILLERS' COMPANY PROFITS 1929-1938



counterbalanced by an increase in amounts due to subsidiaries by the parent company from £7,052,122 to £8,240,345 and by a sharp reduction in cash holdings from £3,147,819 to £1,780,539. The market is prone to expect too much from Distillers—particularly from its interest in the American market—and the profits trend in recent years shows rather that it is a progressive equity of high standing, but lacking the dynamic qualities with which it is sometimes invested. At 99s. 3d. the £1 ordinary stock units provide a yield of £4 10s. 9d. per cent., which seems appropriate to this interpretation.

* * *

Richard Thomas Profits.—Our leading article on page 71 reviews in detail the scheme submitted by the directors of Richard Thomas and Company for raising new finance. For purposes of record, we give below the course of the group's consolidated earnings over the past three years. Although they were exclusively achieved from the operation of the old-style mills, and thus throw no light on the profit-earning capabilities of the new plant, under the revised form of control, they have some bearing upon the future investment status of the company's existing securities. It should be emphasised that the figures refer to the whole group, with the exception of the preference and ordinary dividend payments, which relate to the parent company:—

	Years to March 31		
	1936	1937††	1938
	£	£	£
Total profits	1,186,635	1,717,232	2,139,517
Fees, staff funds	17,988	19,946	24,598
Depreciation	225,000	360,000	400,000
Special expenses written off	25,706	20,872	86,703
Income tax	190,007	313,989	503,380
Interest & deb. redemption	173,960	213,105	292,435
Outside shareholders' interest	23,159	21,983	24,379
Net surplus	530,815	764,067‡	807,781‡
Preference dividends	202,822	202,822	202,822
Ordinary shares—			
Earned	*327,993*	*561,245*	*604,959*
Paid	296,041	353,492	164,063**
Earned (%)	*13·8*	*23·9*	*18·5*§
Paid (%)	12½	15	5**
Reserve and special appropriations	91,293	189,587	85,000
Carry forward†	785,844	816,460	1,172,356

† Struck after extraneous credits and miscellaneous debits, and before transferring, in 1937-38, £772,306 balance of Richard Thomas profit and loss account to general reserve. ‡ After deducting proportion of profits apportionable to capital. § On £4,375,000 ord. capital. ** Interim dividend only. †† 53 weeks.

OVER ONE HUNDRED AND TEN YEARS OF SERVICE
SCOTTISH UNION & NATIONAL
INSURANCE COMPANY
ASSETS EXCEED £17,000,000
FIRE LIFE ACCIDENT MARINE
Edinburgh: 35 St. Andrew Square
London: 5 Walbrook, E.C.4, and 45 Pall Mall, S.W.1.

Although the group's total profits increased by 24 per cent. from £1,717,232 to £2,139,517 during the year to March last, the directors have been forced to follow a policy of extreme conservatism. The group's depreciation provisions have been increased from £360,000 to £400,000 and after the payment of a 5 per cent. interim dividend, no further distribution has been made on the ordinary shares. The balance at profit and loss in the parent company's books (£772,306) is to be transferred to general reserve.

* * *

Bank and Discount Dividends.—No changes were anticipated in the interim dividend announcements of the leading banks and discount companies, and this week's declarations have maintained the rates distributed last year in every case. In the following table we set out the dividends declared to date, and the course of bank share prices during the past year:—

BANK AND DISCOUNT CO. DIVIDENDS

Name and Shares	1937 Interim	1937 Year's Total	1938 Interim	Price July 7, 1937	Price July 6, 1938	Yield % July 6, 1938
Banks	%	%	%			£ s. d
Barclays "B" £1	7	14	7	75/7½xd	75/–xd	3 14 9
Midland £12 (£2½ pd.)	8	16	8	10⅛	10⅛	4 0 9
Nat. Provincial "B" £5 (£1 pd.)	7½	15	7½	74/4½†	74/–	4 3 0
Westminster £4 (£1 pd.)	9	20	9	4 11/16	4/8	3 14 6‡
Martins £20 (£2½ pd.)	7	16	7	9⅛	8⅝xd	4 1 3*
Discount Cos.						
Alexanders £2 (£1 pd.)	7½	17½	7½	38/6xd	31/6xd	5 12 0
National "B" £7 10s. (£2 10s. pd.)	9	26	9	14	13¼	4 19 0

† One-fourth of price of old £20 shares (£4 paid). * Based on 14% dividend. ‡ Based on 18% dividend.

By all outward appearances, the banks as a whole enjoyed a more profitable half-year than in 1937. The net rise in advances, although checked in May, was still considerable, and implies an increased earnings differential over the yield previously obtained from investments which have been liquidated to provide increased accommodation for borrowers. Even in the best half-year, however, bank dividend policy would remain cautious, and in the circumstances of to-day, when the trade trend is in doubt, the arguments for this policy are clearly reinforced. The latest bank balance sheets to June 30th are summarised on page 102 of our statistical section.

* * *

Provision Companies' Falling Profits.—The latest reports of International Tea Company's Stores and Lovell and Christmas illustrate the paradox that trading in commodities in everyday demand by no means guarantees a corresponding stability of profits. Since 1935-36 International Tea profits have declined each year; profits for the year to March last showed a further fall from £680,310 to £626,043. Throughout the period, however, turnover has steadily increased. The company has suffered from the acute competition in provision retailing, from rising costs, and, on the retail side, from the upward revision of wages. In such circumstances there are limits to possible economies, while the adjustment of retail prices to higher costs has been ruled out by the exceptionally competitive character of the retail provision trade. As a result, the company's ordinary dividend, which was sharply reduced from 30 per cent. in 1935-36 to 16 per cent. a year ago, has been cut further to 10 per cent., and earnings for the ordinary stock amount to £205,048, compared with £287,701 for 1936-37. The directors have maintained the customary excess of earnings over the distribution, and a net addition to reserves of £50,000 has been made.

* * *

The setback experienced by Lovell and Christmas, the provision merchants and importers, during the year to June 11th last is more serious still, for profits have dropped from £143,204 to £90,472, and are now considerably less than half the 1935-36 total. Despite a saving of nearly £13,000 in directors' fees and bonus fund allocations,

INSURANCE SHARES AS A LONG-TERM INVESTMENT

Extracts from
"INSURANCE SHARES 1887-1937"
by the Right Hon. C. A. McCurdy, K.C.

II—THE ELEMENT OF LUCK

"SINCE all investors are not equally fortunate, it seemed to me that it would be of great interest to ascertain how a really unlucky person would have fared who, some time during the last quarter of a century, had chosen the most unfavourable year possible in which to buy insurance shares. The following table provides the answer to that question. It shows what happened to a hypothetical investment of £1,000 in the shares of the 'Economist' group of insurance companies made in any one of the years from 1913 to 1927, and held for a period of ten years.

An investment of £1,000 made in		per cent.		£
1913	1922	4·97		1636
1914	1923	4·97		1854
1915	1924	6·89		2951
1916	1925	7·23		3056
1917	1926	6·97		2638
1918	1927	5·73		2071
1919	1928	4·53		1990
1920	1929	4·92		2120
1921	1930	6·32		2404
1922	1931	5·57		1779
1923	1932	4·95		1567
1924	1933	4·52		1671
1925	1934	4·07		1656
1926	1935	4·27		1907
1927	1936	4·26		2039

…… would have earned an average annual income, free from tax, at the rate of …… and its capital value would have risen to ……

The element of luck does count for something. A holding of £1,000 worth of insurance shares bought in 1916—would have earned an average income of £72 . 6s . 0d. *free of income tax*, and by 1925 would have shown a capital appreciation of £2,056. At the other end of the scale is the comparatively unfortunate man who picked the worst possible year for buying insurance shares. His investment of £1,000, made in 1925, showed at the end of ten years a capital appreciation of £656 after earning, over the whole period, an average annual yield, free of income tax, of something over 4 per cent. There can be very few investors in any other market who, after faring thus, would feel that they had any cause to repine."

Copies of
INSURANCE SHARES 1887-1937
A comprehensive survey, with statistical tables, graphs, etc., and an examination of net yields by a leading Actuary
may be obtained free through any Stockbroker or Bank or from
TRUST OF INSURANCE SHARES LTD.
Managers of the "Bank-Insurance" Group of Unit Trusts.
30 CORNHILL, E.C.3
McN 2627

earnings for the ordinary capital amount to no more than £11,972, compared with £56,603 for the previous year—a fall which has been followed by the passing of the ordinary dividend. These results are presented in the report without comment, but the irregularity of the profits recorded in recent years, and the chairman's disclosures at last year's meeting, suggest that fluctuations in foodstuff prices have been of decisive importance. Similar conclusions are suggested by the reduction of Scribbans' profits from £150,085 to £107,273. Dividends on the ordinary and deferred capital (which received 5 per cent. and 14.16 per cent. respectively a year ago) have been passed. Lovell and Christmas £1 ordinary shares stand at 10s. 7½d., while the current yield of £5 4s. per cent. on International Tea 5s. units at 9s. 7½d. suggest that investors retain confidence in the company's ability to stage a recovery towards its former prosperity.

* * *

Petroleum Storage Capital Reorganisation.—Since its inception in 1928 this company (which recently came into prominence on the imposition of a power alcohol duty in the last Budget) has been distinguished by an unusual capitalisation. This now consists of £400,000 in £1 8 per cent. cumulative ordinary shares, carrying participation rights to 40 per cent. of residual profits after 8 per cent. has been paid on the deferred capital, and of £75,000 in 1s. deferred shares, which received a dividend of 344 per cent. for 1937. It is proposed to modify the capital structure of the group, maintaining at the same time the relative rights of the two classes of capital. The 1s. deferred shares will first be consolidated into 150,000 10s. shares. The capital of the company will then be increased to £850,000 by the creation and distribution as a capital bonus to existing holders of 150,000 £1 ordinary shares and 450,000 new deferred shares respectively, ranking identically with the existing issues. Profits available for distribution will in future be applied to the payment of a cumulative dividend of 6 per cent. on the ordinary capital, and then to a non-cumulative dividend of 2½ per cent. on the deferred shares. The division of residual profits between the two classes will remain at the rate of 40 per cent. for the ordinary and 60 per cent. for the deferred. The effect of the reduction in basic rates on the new capital will be to increase the gross cost of the fixed ordinary dividend from £32,000 to £33,000, and on the deferred share capital from £6,000 to £7,500. These increases, it will be observed, follow the principle of 40-60 per cent. division of extra profits, and the respective rights of the two classes in a winding-up have also been preserved. In short, the directors, pursuing their intention of bringing the issued capital of the company into closer relation with its earning power, have neatly solved the problem of preserving the rights of two markedly dissimilar classes of capital. In future, the company is to be known as Cleveland Petroleum Company, Limited, to identify it more closely with its products. Shareholders will note that the board intends to make interim payments of 12 per cent. on the increased ordinary capital and 19 per cent. on the old and new deferred shares if the scheme is approved. The reorganisation scheme has also coincided with the raising of the price of Cleveland Discol from 1s. 7d. to 1s. 7½d.

* * *

Union Cold Storage.—The report of Union Cold Storage for 1937 serves chiefly to prolong its remarkable record of stable profits. Over the past decade the difference in disclosed profits for the best and the worst years has barely reached 4 per cent. For the latest year, however, a greater degree of improvement has been revealed, for total profits are about £20,000 higher than in 1936, while in the three preceding years total earnings varied by less than £2,000. This improvement, however, is more than compensated by increased interest charges of £29,209 against £6,588. The table in the next column shows that earnings for the highly geared ordinary stock (which is privately held) are slightly lower than a year ago.

	Years ended December 31		
	1935	1936	1937
	£	£	£
Profit	964,049	964,894	984,632
Depreciation reserve	125,000	125,000	125,000
Interest and fees	14,494	8,988	31,534
Preference dividends	720,000	720,000	720,000
Ordinary stock—			
Earned	*104,555*	*110,906*	*108,098*
Paid	100,000	100,000	100,000
Earned %	*10·6*	*11·5*	*11·1*
Paid %	10	10	10
Carry forward	210,658	221,564	229,662

The accounts are among the least informative known to the investor. There has been no sign of the threatened setback in earnings which provided the background of the scheme for voluntary reduction of preference dividends four and a half years ago. Capitalisation of loans is suggested by a £268,400 drop in amounts due from subsidiaries and a £271,500 increase in shareholdings in subsidiaries, which, at £8,320,000, represent nearly half of total assets. The auditors' certificate, however, is given—as in past years—"subject to the value of shareholdings in subsidiary companies." Bank loans are 20 per cent. lower at £849,000, but specific mortgages are up from £72,506 to £925,010, while the general item for sundry creditors, loans, and provision for contingencies (with the addition in 1937 of bills payable) is reduced from £1,948,700 to £991,775. The 10 per cent. preference shares yield £6 11s. per cent.

* * *

Covent Garden Properties.—For the third year in succession, Covent Garden Properties record increased profits, amounting for the year to June 30th to £309,303, against £281,595. Taxation absorbs nearly £6,000 more, but an equivalent sum is released from interest, owing mainly to the repayment of 4½ per cent. first debenture stock last year. The whole increase in total profits is thus available for the ordinary capital, on which earnings amount to £77,994, against £48,287. The 7½ per cent. dividend is maintained from earnings equivalent to 8.2 per cent. on the increased ordinary capital. While the report—published only four days after the end of the financial year—refers to a decline in receipts from Covent Garden market and to a rise in rates and cost of repairs, some rise in net revenue was, in fact, to be expected from the year's acquisitions of new properties. The issue, last October, of 650,000 ordinary shares at 26s. 6d. yielded premiums of £211,250, of which £30,302 remains unappropriated, after writing off the balance of debenture issue and other expenses. Properties purchased during the year amounted to £818,664, or £583,840 net after deducting the cost of property sold. Further acquisitions are being undertaken, for the company has contracted to purchase properties costing £1,236,229, and intends to finance the operation by issuing £1,000,000 4 per cent. first mortgage debenture stock, secured specifically on the new properties and by a floating charge (subject to existing rights of the present stock) on the whole undertaking. At the same time, the directors' borrowing powers, now limited to £3,000,000, are to be raised to £5,000,000. The company's operations have expanded at a somewhat rapid rate in recent years, but the fruits of expansion have been evident in recent profits. The latest acquisitions promise to provide some net residue of earnings, after debenture interest, but the £1 ordinary shares offer as much as £6 16s. 9d. per cent. at the current price of 21s. 10½d.

* * *

Anglo-Dutch Plantations.—The latest results of this important plantation company do not maintain the high rate of recovery shown in 1936, but they are, nevertheless, most satisfactory. Profits from the Dutch subsidiary, before charging £194,746 for depreciation, amount to £661,713, an increase of 23 per cent. over the 1936 figure. The allocation of these receipts in the parent company's accounts is shown in the following table.

	Years ended December 31		
	1935	1936	1937
	£	£	£
Total receipts†	152,244	353,903	479,596
Income tax	...	20,000	85,000
Pension fund	...	10,000	10,000
Other expenses	15,416	16,643	45,964
Debenture interest	44,121	41,910	39,565
Ordinary Stock—			
Earned	*92,707*	*265,350*	*299,067*
Paid	100,000	210,000	270,000
Earned %	*3·7*	*9·5*	*10·3*
Paid %	4	7	9
General reserve	...	50,000	50,000
From sales of investments	...	2,035	*Dr. 371*
Carry forward	80,774	88,159	66,856

† After depreciation, etc., charged by the Dutch operating company, and after crediting interest on investments.

A substantial increase in taxation, coupled with an increase of some £29,000 in the bonus to the Eastern staff for 1936, limits the rise in the amount earned for stockholders to £33,717, and since the dividend is raised from 7 per cent. to 9 per cent., the general reserve allocation is maintained at £50,000 only by a draft upon the carry-forward. Through its Dutch subsidiary, the company is concerned in an important range of primary products. In 1936, sisal contributed more to gross profits than any other crop. Profits from this source again rose slightly in 1937 to Fls. 1,513,000, but were only third in importance, for the yield from rubber increased by 180 per cent. to Fls. 3,001,000 and from tea by 120 per cent. to Fls. 2,039,000. Higher tea prices played a considerable part in the year's progress, for the crop was actually reduced by 10 per cent. to 11,359,000 lb. Rubber prices were satisfactory, and the 35 per cent. increase in the crop was much smaller than the rise in rubber profits. As the company and its subsidiary make up their accounts to December 31st, the full effects of the decline in rubber prices were not experienced in the latest year. A yield of £6 2s. per cent. on the £1 stock units at 29s. 6d. thus appears to discount some further recovery from the low produce prices recorded earlier this year.

* * *

"Johnnies" Reduced Profits.—Dealers had largely discounted the non-payment, after four years, of the 5 per cent. cash bonus by Johannesburg Consolidated Investment. The distribution, thus reduced from 20 per cent. to the basic dividend rate of 15 per cent., appears to be covered by a margin of £127,500, for profits amounted to approximately £720,000 after providing for "all ascertained and estimated depreciation and for contingencies." The corresponding figure for the year to June, 1937, amounted to £1,141,878, which exceeded the 20 per cent. dividend with £351,878 to spare. The sum of £100,000 is transferred to reserve, compared with £350,000 in the preceding year, and the balance carried forward is increased from £168,753 to approximately £197,000. Perhaps the full report will indicate whether special importance is to be attached to this precipitate fall in profits. Some reduction, of course, was to be expected, for conditions in the mining share market have prevented the finance houses from maintaining their dealing profits this year. But "Johnnies" earnings in recent years have been relatively consistent, despite intermediate market fluctuations of similar kind. Shareholders will hope that the greater activity in the Kaffir market recently presages a higher level of profits during the current year.

* * *

The Week's Company Profits.—Our usual analysis of profit and loss accounts appearing on page 104 includes the results of 57 companies, apart from new concerns or those for which comparable figures are not available. The latest net profits of these companies amount to £7,937,000, and show an increase of 3½ per cent. over the previous year, when they amounted to £7,676,000. The total profits of 1,515 companies analysed this year amount to £219,710,000, an increase of 12 per cent., compared with profits of £195,979,000 for the previous year. This week's results are discussed on page 87 under the heading "Shorter Comments."

* * *

Company Meetings of the Week.—Reports of company meetings will be found in this issue from page 95. Mr A. d'Anyers Willis emphasised that full provision had been made in the accounts of *P. and O. Banking Corporation* for doubtful accounts in Shanghai and losses on exchange. A cautious advance policy had been followed in view of the fall in commodity prices. Sir Austin Harris, at the *National Bank of New Zealand* meeting, discussed the impact of New Zealand politics on the economic situation of the Dominion, and referred to a considerable fall in the net overseas funds of the reserve banks and trading banks. The chairman of the *Imperial Bank of Iran* referred to the effect of barter and clearing agreements with Russia and Germany on the bank's Iranian business, but showed that these had been offset as far as possible by the expansion in the internal bill business. The chairman of *Lobitos Oilfields* informed shareholders that the refinery at Ellesmere Port was now operating on a profit-earning basis. Addressing shareholders of *British Glues and Chemicals*, Mr T. Walton referred to the part which the company could play in the development of the livestock industry, by supplying special feeding products. The chairman of *Anglo-Spanish Construction Company* reported that less than half of the traffic on the Santander Mediterraneo railway was now of a military character. Sir Edward Rosling discussed the outlook for the tea and sugar—the company's principal products—at the *Anglo-Ceylon and General Estates* meeting. At the *Ohlsson's Cape Breweries* meeting the chairman anticipated the maintenance of the existing distributions on the increased capital.

THE STOCK EXCHANGES

London

SETTLING DAYS

TICKET JULY 19 — ACCOUNT JULY 21

THIS week's market honours have been carried off by gilt-edged and Kaffir shares. While the opposite ends of the "House" have done well, firm conditions have been maintained in the industrial share market, and the demand for typical commodity shares has been well maintained on Wall Street's ability to resist profit-taking. Technical conditions on the New York Stock Exchange do not govern the chances of nation-wide recovery, but they are playing an important part in the course of commodity dealings and commodity shares in London.

The *gilt-edged advance* (on which we comment on page 78) appeared to be due to a return of speculative interest in the market, to calmer political conditions, but largely to reports of the imminence of an Anglo-American trade agreement, backed by a war debts settlement and currency stabilisation. "Undated" stocks made sharp progress, under the lead of Old Consols and War Loan, both of which showed striking gains during the first four days. The new Defence bonds reached 1⅛ premium. Corporation issues were sympathetically affected, the L.C.C. loan and the Leeds scrip showing particular strength.

The sharp advance in *German and Austrian bonds* from their nominal levels of last week was not maintained. Even on Monday the best prices were not held, and the readiness of holders to take profits became even more apparent on later days, as we show in a table on page 78. Further support for Brazilian issues was reported at first, and Far Eastern issues recovered further in mid-week.

*

After an unconvincing display of optimism, the *home rail market* succumbed to fears regarding the completion of the half-year's rail traffics, and despite a final rally they showed net losses in mid-week, evenly spread between the junior and marginal preference stocks. Business in foreign rails remained small, but Cordoba debentures reacted on reports that some reduction would be sought in the purchase price for the line. Other

(*Continued on page 86*)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields of fixed interest stocks 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 increase or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1937 Highest	Prices, Year 1937 Lowest	Prices, Year 1938 Jan. 1 to July 6, inclusive Highest	Lowest	Name of Security	Price July 6, 1938	Change since June 29, 1938	Yield July 6, 1938 £ s. d.
				British Funds			
84 15/16	73⅛	79¼	71	Consols 2½%	76¼	+ 2	3 5 7
113	105¾	111¾	107	Do. 4% (aft. 1957)	110½	+ 1	3 5 0n
101 5/16	94⅜	100¼	96	Conv. 2½% 1944-49	100	+ ⅝	2 10 9
103 9/16	97⅝	103¼	99	Do. 3%, 1948-53...	102½	+ 1	2 15 6
106 25/32	99	104⅝	98¼	Do. 3½% after 1961	103¾	+1½	3 5 6n
108	105	105	104 3/16	Do. 4½% 1940-44	105	+ ½	1 19 0
117½	111¼	115⅝	112¼	Do. 5% 1944-64 ...	114½	+ ½	2 11 0
92½	89	91½	87⅝	Fund. 2½% 1956-61	91½	+ 1	3 0 11
96⅞	89⅞	97 13/16	94	Fund. 2¾% 1952-57	97	+ ½	2 19 0
101⅝	92⅞	99 5/16	95⅛	Fund. 3% 1959-69...	99	+1½	3 1 3
116⅜	109	114⅞	110½	Fund. 4% 1960-90...	114¼	+ 1	3 1 6
99 5/16	96	101 9/16	97¾	Nat. D. 2½% 1944-48	101½	+ ¾	2 6 5
114¾	107⅛	112 13/16	107¾	Victory Bonds 4%...	112¼	+ ¾	3 11 3f
105 13/16	99⅝	103⅝	99½	War L. 3½% af. 1952	103¼	+1⅜	3 3 6n
96⅞	84 3/16	90⅛	84⅛	Local Loans 3%	89½	+1¾	3 7 0
102	99½	102	99½	Austria 3% 1933-53..	101x	+ ¾	2 18 4
72	62	68	63¼	India 2½%	68	+2½	3 13 6
85¼	74¼	81	75	Do. 3%	81	+ 2	3 14 1
98¾	87	94 5/16	88½	Do. 3½%............	94	+ 1½	3 14 6
119½	112¼	117	114¾	Do. 4½% 1958-68	115½	...	3 8 6
				Dom. & Col. Govts.			
109⅞	105	108⅞	104¾	Austr. 5% 1945-75 ...	105	...	4 3 3
105⅜	101	104 15/16	100¼	Canada 4% 1940-60	103	...	3 6 0
118	114½	115	112⅞	Nigeria 5% 1950-60	113x	+ 1	3 12 9
110	104¼	108	101¾	N. Zealand 5% 1946	103	+ 1	4 10 11
107⅜	103¼	107 19/32	102	Queens. 5% 1940-60	104	...	3 7 6
114⅛	110½	112 13/16	109¾	S.Africa 5% 1945-75	110	...	3 7 5
				Foreign Governments			
103	93	96½	88½	Arg. 4½% Stg. Bds.	89x	+ ¼	5 1 2f
105½	97¾	102	24	Austria 1930 5%	54½	+15½	9 3 6
91¾	84¼	89	48	Do. 4½% 1934-59	70	+10	7 7 6
102⅛	95¼	99	95	Belg. 4% red. by 1970	98	...	4 1 4
33¼	24½	34½	31½	Bulgaria 7½%	33½	...	7 9 3m
89¾	37	37½	16	Brazil 5% Fd. 1914	20½	+ 1	Nil
28	15	19⅝	16¼	Chile 6% (1929)......	18½	...	4 4 6v
95¾	54½	60½	40½	China 5% (1912)	47½	...	10 10 6f
101⅞	59	73½	43	Do. 5% (1913)	61½x	+2½	8 2 9f
108⅜	101½	105¾	58	Czechoslovakia 8%...	76½	− 1	10 7 0f
100	92½	98½	94	Denmark 3%	97½x	+1½	3 2 0
106½	100½	104	100¼	Egypt Unified 4%....	102	+ ½	3 18 0
18½	11	13	9¼	French 4% (British)	10½	...	5 10 0e
66	52¾	60	43½	Ger. Dawes Ln. 5%	56	+ 6	8 18 6
49¼	35	46	32½	Do. Young Ln. 4½%	46	+ 8	9 15 6
40¾	30	34½	25	Greek 6% Stab. Ln.	33½	+ 1	7 9 3w
62	47⅛	58½	30	Hungary 7½%	44½	+ 1	8 8 6h
88¾	53	60	38	Japan. 5½% 1936-65	48½x	+ ¼	11 6 9f
94¾	57½	64½	43	Do. 6% ('24) red. 1959	52	− 1	11 10 9f
121¾	110½	124	115	Norwegian 4% 1911.	117½	...	3 8 0
61½	40¾	50	36	Peru 7½% 1922.......	47½	+2½	
83	56	72	54	Poland 7%	70	...	7 17 2s
20½	13	15½	11	Roum. 4% Con. 1922	15½	+ 2	12 9 0y
96⅜	88¼	92	78	U.K. & Arg. C. 3% ...	81	...	3 14 1
				Corporation Stocks			
118	111½	115¾	110½	Bir'ham 5% 1946-56	112½	...	3 4 9
118¾	112¾	117	112	Bristol 5% 1948-58...	115	+ ⅛	3 5 0
95¼	82½	87½	83	L.C.C. 3%	87	+ 1	3 9 0
101	93	97½	94	Liverpool 3% 1954-64	96	...	3 5 0
104⅜	100⅜	105⅛	101½	Middx. 3½% 1957-62	104	...	3 4 9

Prices, Year 1938 Jan. 1 to July 6, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, July 6, 1938	Change since June 29, 1938	Yield July 6, 1938 £ s. d.
				Public Boards			
114½	110½	2½	2½	C. Elec. 5% 1950-70	114	...	3 14 8
				Lon. Pass. Transport			
119½	112	2¼	2¼	4½% "A" 1985-2023	116½	+ ½	3 13 0
129¼	125	2¾	2½	5% "A" 1985-2023...	127½	+ 1	3 12 0
122⅝	116½	2½	2½	5% "B" 1965-2023...	118½	+ 1	3 14 0
84	73¼	2¾b	1½a	"C" 1956 or after.....	75	+ 1	5 13 3
91¼	85	1½	1½	Met. W.B. "B" 3%..	91	+1½	3 6 0
118	114¼	2½	2½	P. of Lon. 5% 50-70	116	...	3 7 0
				British Railways			
65	46	½a	3½b	G.W. Ord.	47	...	8 10 2
4⅝	2¼	Nil	Nil	L. & N.E.R. Def.......	3	...	Nil
8⅝	4⅜	Nil	Nil	Do. 5% Pref. Ord.	5	...	Nil
97	72	1¼a	3¾b	Do. 5% Pref. 1955	74	...	7 16 8
27⅛	13½	½c	1¾c	Do. 4% 2nd Pf.......	15	...	11 13 4
68¼	42½	1a	3b	Do. 4% 1st Pf.......	45	− 1	8 17 9
30⅛	15⅜	1¼c	1½c	L.M.S. Ord.	16½	...	9 1 9
70¼	44	4c	4c	4% Pf. 1923	46½	...	8 12 0
82¼	62¼	2a	2b	4% Pf.	66½	...	6 0 4
21⅜	16¼	½c	1½c	Southern Def.	17	+ ½	8 16 6
87	64	2a	3b	Do. 5% Pf. Ord.	69	+ 1	7 5 0
115½	104½	2½a	2½b	Do. 5% Pf.	108	+ 1	4 12 7
				Dom. & Foreign Rys.			
14	7 7/16	Nil	Nil	Antofagasta Ord.......	10	...	Nil
6½	3⅜	Nil	Nil	B.A. & Pac. Ord.......	5	...	Nil
17	8¾	Nil	Nil	B.A. Gt. Sthn. Ord...	14	+ 1	Nil
12⅛	6⅛	Nil	Nil	B.A. West. Ord.......	10	+1½	Nil
13¼	6½	Nil	Nil	C. Arg. Ord...........	10	+ 1	Nil
8 7/16	5	Nil	Nil	Can. Pac. Com. $25..	7½	+ 1	Nil
28½	25¼	2c	2c	Costa Rica Ord.	26½	...	7 10 11
43/9	33/9	Nil	1c	Nitrate Rlys. £10......	40/-	...	5 0 0
66	35	†2a	†2b	San Paulo Ord.	43	+4⅛	9 6 0†
16/3	14/3	1c	1c	Taltal Rly. Ord. £5	15/-	...	6 13 3
				Banks and Discount			
75/6	59/-	10b	7½a	Alexanders £2, £1 pd.	62/6x	+1/6	5 12 0
35/-	32/6	5a	5b	Bk. of N. Zealand £1	35/-	...	4 11 5e
352½	330	6a	6b	Bk. of England......	346½	+ 3	3 9 3
76/6	71/3	7b	7a	Barclay B. £1	75/-x	+10d	3 13 6
43/6	41/-	3¼b	3a	Barcl. (D.,&c.) A £1	43/6	+6d	2 15 0
8 9/16	7¼	3½a	4½b	Bk. of Aust. £5	7¾	+ ¼	5 3 3
£44⅛	£39½	8c	8c	Bk. of Mont. $100...	£44	...	3 13 6e
26½	24	o5¼c	o6c	Bk. of N.S.W. £20..	25	...	3 16 8e
55/-	32/6	6a	Nil c	Brit. Overseas A £5	35/-	...	Nil
12 19/32	11 9/16	7a	7b	Chtd. of India £5.....	11¾	...	6 0 0
13/4½	12/-	3⅓b	3⅓a	Com. Bk. of Aus. 10/-	12/6	...	4 6 3e
53/9	50/-	5a	5b	District B. £1 fy pd...	53/9	...	3 14 5
90/-	74/6	3½b	3½a	En. S. & Aust. £5 £3p.	77/6	+ 2/6	5 8 0
10⅜	9 15/16	10b	8a	Hambros £10, £2½ p.	9⅞	...	4 10 6
£96¼	£82	£2½a	£3b	Hong. and S. $125.	£88½	...	6 4 4
64/6	56/9	6a	6b	Lloyds £5, £1 pd.	62/-	+ 1/6	3 19 0
9¾	8⅜	9b	7a	Martins £20, £2½ pd.	8⅝x	+ 1/6	4 1 0
89/3	78/3¾	8b	8a	Midland £1, fy. pd..	86/-	...	3 14 0
6 5/16	5¾	5a	5b	Nat. Dis. £2½ fy. pd.	6	...	4 3 3
41	34	4a	11b	Nat. of Egypt £10....	35	...	4 5 0
41¼	37½	9a	9b	N. of Ind. £25, £12½p	38½	+ ½	5 18 0
3⅞	3 7/16	7½b	7½a	N. Prov. £5, £1 pd.	3 11/16	...	4 0 0
488	444	8½a	8½b	Roy. Bk. of Scotland	460	+ 5	3 14 0
15 25/32	13⅞	5a	10b	St. of S.A. £20, £5 pd.	15¾	+ ½	4 15 0
51/3	43/-	3¾a	6¼b	Union Dis. £1	47/6	+ 7½d	4 4 3
99/-	90/-	11b	9a	West. £4, £1 pd.	97/6	− 6d	4 2 0
				Insurance			
28⅝	24½	40a	50b	Alliance £1, fully pd.	27¼	+ ¾	3 6 0
16	12¾	†3/6a	†4/6b	Atlas £5, £1¼ pd. ...	16	+ ¾	2 10 0†
10 3/16	9⅛	20a	20b	Com. Un. £1, fy. pd.	10⅛	...	3 19 0
5½	4⅜	1/6a	2/-b	Gen. Acc. £1, 5/ pd.	4¾	+ ⅛	3 14 0
31	26⅛	25a	25b	Lon. & Lanc. £5, £2pd.	28½	+ ½	3 10 6
11⅝	9½	3/2a	3/1b	N.Brit.&Mer. £1¼ f.p.	11⅛	+ ½	2 16 0†
20⅝	18½	†25a	†30b	Pearl (£1), fy. pd. ...	20	+ ¾	2 15 0†
16	13¾	6/-a	6/-b	Phœnix £1, fy. pd. ...	16	+ ¾	3 15 0
35⅝	29½	†25a	†72¼b	Prudential £1 A	35½	+ 1½	2 17 0†
106/-	81/3	†50c	†50c	Do. £1, with 4s. pd. .	97/6	+2/6	2 0 6†
10 5/16	8¼	11a	19b	Royal Exchange £1.	10⅛	+ ¼	2 19 6
8 15/16	7½	3/3a	3/3b	Royal £1, 10/- pd. ...	8¾	+ ¼	3 18 0
16¾	15¼	6/6a	6/6b	S.U.& N.I.A £20, £1pd	16½	...	3 18 0
87/-	69/8¼	1/3a	1/6b	Sun In., £1 with 5/pd.	82/6	...	3 6 6
8 17/32	7¼	†10a	†10b	Sun Lf. Ass., £1 fy.pd.	8⅜	...	2 6 6†
				Investment Trusts			
267	230	4a	8b	Anglo-Amer. Deb. ...	230	...	5 4 0
65½	47½	3c	3½c	Anglo-Celtic Ord. ...	47½	...	7 7 4
11/3	7/6	7½c	10c	Brit. Assets Trust 5/-	10/-	+1/3	5 0 0
233	208	6b	4a	Debenture Corp. Stk.	213	...	4 13 11
75	55½	1½a	3b	For. Amer. &c., Def.	64½	+ 2	6 19 6
137½	119½	4½b	2½a	Guardian Investment	119½x	+1½	5 17 2
254	201	4a	8b	Ind. and Gen. Ord. ..	227	+ 2	5 5 9
275½	223	5a	8b	Invest. Trust Def. ...	229	...	5 13 6
17/-	14/9	2½a	6½b	Lake View Inv. 10/-	15/6	...	5 9 0
252½	233	8½b	3½a	Mercantile Inv.........	240	...	5 1 6
154	123	3a	4½b	Merchants Trust Ord.	125½	+ 1	5 19 6
251½	223	5a	7b	Metropolitan Trust ..	228	...	5 5 3
5/-	3/4½	2½c	4c	Scottish Inv. 5/-	4/-	+ 6d	5 0 0
218	178	3½a	6b	Scottish Mort., &c. ..	180	...	5 5 7
221	190½	3a	9b	Trustees Corp. Ord.	188½x	+ 5	5 6 1p
193	167	4a	6b	United States Deb....	177½	...	5 12 8
				Financial Trusts, &c.			
11/9	6/3	2½c	4c	Argentine Land, &c. 10/	7/6	...	5 6 9
35/-	22/9	10c	13⅓c	Brit.S.Afr. 15/- fy. pd.	28/-	+ 1/9	7 2 0
23/9	15/7½	10c	10c	Charterhouse Inv. £1	19/4½	+ 1/10½	10 6 8
16/10½	13/10½	2a	2b	C. of Lond.R.Pty. £1	15/-	...	5 6 9
33/9	25/7½	†2½a	†8¾b	Daily Mail & Gen. £1	31/6	+2/-	7 2 0†
7	6 1/16	4¼b	3a	Dalgety £20 £5 pd.	6⅜	...	5 14 0
23/6	19/3	3a	6b	Forestal Land £1 ...	21/6	+ 6d	8 7 0
25/10½	19/-	Nil c	z 4 (c)	Hudson's Bay Co. £1	23/6	+ 1/-	3 17 6
20/-	13/9	2½a	5b	Java Invest. £1	18/9	+ 1/3	8 0 0
5⅜	2¼	Nil	Nil	Peru. Corp. Pref.	3	...	Nil
10/6	7/-	3c	3½c	Primitiva Hold. £1...	8/6	+ 1/-	8 5 0
17/3	12/6	7½c	7½c	Staveley Trust £1 ...	14/4½	...	10 9 1
34/10½	23/9	10c	12½c	Sudan Plant. £1......	33/9	+3/1½	7 8 0
				Breweries, &c.			
77/6	61/3	12½b	5a	Ansell's Brewery £1	76/-	+ 1/-	4 11 0
32/-	21/9	5½b	2½a	Barclay Perkins £1...	28/6	+ 1/6	5 11 4
131/-	103/9	†20b	†5a	Bass Ratcliff Ord. £1	126/-	+ 1/-	3 18 0†
67/-	51/-	3a	12b	Charrington & Co. £1	65/6	+ 1/-	4 12 0
82/6	70/-	6a	14b	Courage Ord. £1	79/6	+ 1/-	5 0 0
107/9	85/-	7½a	15b	Distillers Ord. £1	99/-x	+ 3/-	4 11 0
125/-	102/6	17b	12a	Guinness Ord. £1 ...	120/-	+ 2/-	4 17 0
113/6	91/-	20b	7½a	Ind Coope & All. £1	100/6	+ 2/-	5 9 0
43/-	34/-	3½a	7½b	Meux's Ord. £1.......	41/-	+ 2/-	5 6 6
93/-	76/3	15b	8a	Mitchells & Butlers £1	89/6	+ 1/6	5 2 0
75/-	63/9	5a	12½b	Ohlsson's Cape £1 ...	67/6	+ 1/3	5 3 9
78/-	65/-	14b	4a	Simonds (H.&G.) £1	69/-	+ 2/-	5 4 0
107/3	87/6	†5a	†17½b	S. African Bws. £1 ...	104/6	+ 4/6	4 6 0†
42/-	30/-	4a	6b	Taylor Walker Ord. £1	38/6	+ 1/6	5 4 0
26/3	19/4½	2a	5½b	Walker (P)&R.Cain £1	22/9	+ 1/-	6 12 0
77/9	62/6	13b	6a	Watney Combe Def. £1	75/6	+ 1/-	5 0 6
				Iron, Coal and Steel			
24/6	19/9	4a	6b	Allied Ironfound. £1.	21/3	...	9 8 3
44/-	37/3	4a	6b	Babcock Wilcox £1...	40/-	+ 1/3	5 0 0
9/4½	4/7½	10c	10c	Baldwins 4/-	5/9	...	7 0 0
46/3	37/3	4a	10b	Bolsover Col. Ord. £1	40/-	...	7 0 0
32/3	24/9	†5a	†12½b	Brown (J.) Ord. 10/-	30/-	+ 1/-	5 17 0†
36/7½	28/1½	†2a	†6b	Butterley Co. Ord. £1	28/9	...	5 11 4†
11/3¾	6/9	5c	8⅓c	Cammell Laird 5/- ...	8/6	+ 6d	4 18 6
25/7½	19/9	3a	5b	Colvilles Ord. £1	23/6	+ 3d	7 2 0
11/10½	7/5¼	7½c	10c	Consett Iron Ord. 6/8	9/6	+ 6d	7 0 0
87/6	78/6	5a	15b	Cory, William, Ord. £1	85/-	+ 2/6	4 15 0
34/3	19/9	6c	10c	Dorman Long Ord. £1	26/3	+ 2/3	7 12 5
55/3	34/3	14c	18c	Do. Pref. Ord. £1...	42/6	...	8 9 6
70/-	62/6	†6a	†11½b	Firth Brown £1.......	65/-	...	5 8 0†
31/1½	22/6	†3a	†4½b	GuestKeen &c.Ord. £1	26/9	+ 6d	5 12 6†
33/9	26/6	7½a	15b	Hadfields 10/-	30/6	+ 6d	7 8 0
31/4½	21/6	7½b	2½a	Horden Collieries £1	24/9	+ 4½d	8 2 0
29/-	25/9	5c	9½c	Lambert Bros. Ord. £1	26/3	...	7 4 0
13/10½	7/7½	2c	3½c	Ocean Coal&Wilson £1	9/-	...	7 14 6
12/3	8/10½	5c	10c	Pease and Partners 10/	10/9	+ 6d	9 14 0
23/9	16/9	2a	5½b	Powell Duffryn £1 ...	18/6x	+ 10d	8 0 0
48/4½	36/2¼	†7½b	†5a	Sheepbridge C.&I. £1	37/6	...	6 12 6†
35/4½	24/4½	3½a	8½b	Shipley Coll. Ord. £1	26/3	...	9 2 10
40/-	28/9	12c	13c	S. Durham } Ord. £1	33/9	+ 1/10½	7 14 0
20/-	12/-	6c	7c	Steel & Iron } B Ord £1	13/11½	...	10 14 0
46/3	40/7½	4a	6b	Stanton Iron. £1	46/3	+ 7½d	4 6 6
58/-	46/-	†9½b	†3a	Staveley Coal, etc. £1	48/9	+ 1/3	5 2 0†
40/3	31/6	7½c	12½c	Stewarts & Lloyds £1	38/-	...	6 12 0
28/9	23/3	4a	6b	Swan, Hunter £1 ...	27/6	+ 1/3	7 5 5
10/10½	3/-	15c	5c	Thomas (Rich.) 6/8	3/3	− 9d	?

(a) Interim dividend. (b) Final dividend. (c) Dividends for full year. (d) Paid in £N.Z. (e) Allowing for exchange. (f) Flat yield. (h) Yield on 3¾% basis. (i) Yield worked on a 5½% basis. (m) Based on payment of 2½%. (n) To redemption at par, in year shown. (v) Yield on 15/8% basis. (p) Yield worked on a 10% basis. (w) Yield based on 40% of coupon. † Free of Income Tax. (y) Yield based on 45% of coupon. (t) Yield worked on a 14% basis. (z) 4% paid free of income tax.

Prices, Year 1938 Jan. 1 to July 6, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, July 6, 1938	Change since June 29, 1938	Yield July 6, 1938 £ s. d.
				Iron, Coal, &c.—cont.			
25/3	20/9	Nil	Nil	Thornycroft, John £1	22/6	+ 1/3	Nil
$62¼	$38½	1c	Nil c	U. States Steel $100	$60½	+ $7	Nil
27/6	20/-	6b	3a	Un. Steel Cos. Ord. £1	24/-	+ 6d	7 10 0
26/10½	19/9	10c	10c	Vickers 10/-	22/-	− 3d	4 11 0
29/6	21/-	10c	3¾a	Ward (Thos. W.) £1.	26/3	7½d	7 12 5
36/6	33/1½	10⅛c	12⅔c	Weardale S. etc. Df £1	33/9	...	7 8 0
5 15/16	4½	12½a	22½b	Whitehead I. & S. £1	4¾	...	7 6 0
50/-	40/7½	15c	15c	Yarrow & Co. £1......	50/-	+ 2/6	6 0 0
				Textiles			
5/9	2/9	Nil	Nil	Bleachers £1	3/9	...	Nil
5/6	2/10½	Nil	Nil	Bradford Dyers £1...	4/6	...	Nil
5/4½	2/4½	Nil	Nil	Brit. Cel. Ord. 10/-..	3/6	+ 3d	Nil
7/6	4/-	Nil	Nil	Calico Printers £1 ...	5/4½	+ 7½d	Nil
41/9	32/6	10c	10c	Coats, J. and P. £1 ...	39/3	+ 1/6	5 1 6
48/1½	33/6	3½a	7b	Courtaulds £1	37/3	+ 1/-	5 15 0
39/9	26/9	2½a	7½b	English Swg. Ctn. £1	30/7½	+ 2/6	6 10 6
6/9	3/4½	Nil	Nil	Fine Cotton Spin. £1	4/4½	...	Nil
33/9	25/-	3a	5½b	Linen Thread Stk. £1	28/9	+ 1/3	5 18 3
49/4½	36/3	†12½c	†10c	Patons & Baldwins £1	43/9x	+ 2/-	4 11 5†
18/9	6/3	6c	Nil a	Whitworth & Mit. £1	6/10½	+ 7½d	17 10 0
				Electrical Manufactg.			
45/3	34/9	10c	10c	Associated Elec. £1...	38/6	+ 1/-	5 3 3
95/6	77/6	5a	15b	British Insulated £1	90/-	+ 1/3	4 9 0
93/3	78/9	5a	15b	Callenders £1.........	92/6	+ 2/6	4 6 7
30/-	18/9	6½b	6a	Crompton Park. A 5/-	27/6	...	2 7 6
31/6	24/4½	Nil c	10c	English Electric £1...	31/-	+ 2/10½	6 8 0
78/3	67/-	17½c	20c	General Electric £1..	77/6	+ 2/6	5 3 3
20/-	16/-	5a	15b	Henleys (W. T.) 5/-..	20/-	...	5 0 0
41/3	34/-	5a	7½b	Johnson & Phillips £1	37/6	...	6 13 3
30/6	22/9	7½c	7½c	Siemens £1	25/-	...	6 0 0
				Electric Light, &c.			
$13 9/16	$7⅜	Nil	$1c	Brazil Trac., no par..	$13⅛	− 1⅞	7 12 0
68/-	62/6	6a	9b	Bournemouth & Ple.	65/-	+ 1/3	4 12 4
39/3	24/6	2a	5b	British Pow. & Lt. £1	29/-	+ 6d	4 17 5
34/3	33/-	3½a	4b	City of London £1 ...	33/6	...	4 8 6
42/-	33/6	3a	5b	Clyde Valley Elec. £1	37/-	+ 6d	4 6 0
51/-	45/3	3a	7½b	County of London £1	49/-	+ 6d	4 5 6
40/3	34/-	4a	5b	Edmundsons £1	40/-	+ 1/6	4 10 0
35/-	31/6	2½a	5b	Lancashire Elec. £1	32/-	...	4 12 6
32/4½	28/9	3a	4b	Lond. Ass. Elec. £1..	30/-	...	4 13 4
50/3	43/6	3a	9b	Metro. Electric £1 ...	49/6	+ 6d	4 17 0
38/-	33/3	2½a	5½b	Midland Counties £1	37/-	+ 6d	4 6 6
33/-	26/6	2½a	4½b	North-East. Elec. £1	33/-	+ 1/-	4 4 0
48/9	44/6	4a	6b	North Metro. £1.....	48/9	+ 2/6	4 2 1
37/9	34/-	2½a	5½b	Scottish Power £1....	37/-	+ 1/-	4 6 10
41/0	37/6	3a	5b	Yorkshire Electric ...	40/6	...	3 19 0
				Gas			
25/-	21/6	5⅝a	5⅝b	Gas L. & C. £1........	24/3	+ 3d	4 17 0
138	117	4a	6b	Imp. Cont. Stk.	125½	+ 8	7 19 4
23/9	21/6	2½a	2⅞b	Newc.-on-Tyne £1 ..	23/-	...	4 12 0
109¾	101¾	2½a	3b	S. Metropolitan Stk.	106½	+ 1	5 3 6
				Motors and Cycle			
51/3	36/3	15c	12½c	Albion Motors Ord. £1	43/9	+ 3/9	5 14 0
39/4½	31/-	†7½c	†2½a	Assoc. Equip. Ord. £1	36/3	+ 2/6	4 2 9†
32/6	22/-	50c	50c	Austin 5/-	27/6	+ 1/10½	9 1 9
23/-	18/3	Nil	Nil	Birm. Sml. Arms £1	21/9	+ 6d	Nil
22/9	18/-	83⅓b	33⅓a	Dennis 1/-	18/9	...	6 6 0
23/1½	16/3	6c	5c	Ford Motors £1.......	19/4½	+ 1/3	5 3 4
57/6	48/-	12½b	2½a	Lucas, J. (£1)	55/-	+ 2/6	5 9 0
89/4½	71/3	20c	25c	Leyland Motors £1 ..	87/6	+ 5/-	5 14 0
33/3	24/9	45c	45c	Morris Motors 5/- Od.	31/6	+ 3/3	7 2 0
61/3	38/1½	20b	5a	Ral. Cycle Hold. £1	48/9	+ 7/6	10 4 0
104/3	81/3	6a	16½b	Rolls-Royce £1.......	103/9	+ 3/9	4 6 0
16/7½	9/9	25c	40c	Stand. Motor 5/-.....	14/6	+ 1/9	7 0 0k
				Shipping			
7 3/16	3⅞	5a	15b	Clan Line Steam. £1	5	+ ¼	4 0 0
4/6	2/7½	Nil	Nil	Cunard £1	3/3	...	Nil
24/6	15/7½	3c	5c	Furness, Withy £1...	19/-	+ 6d	5 10 0
24/6	17/6	4c	2½a	P. & O. Def. £1	22/6	+ 6d	3 11 0
23/7½	16/9	4½c	5c	Royal Mail Lines £1.	18/6	...	5 8 0
22/3	13/6	Nil c	Nil c	Union Castle Ord. £1	16/-	...	Nil
				Tea and Rubber			
18/6	9/6	2½c	5c	Allied Sumatra £1...	17/-	+ 2/-	5 19 0
30/-	18/1½	4a	5b	Anglo-Dutch £1	29/3x	+ 3/-	6 2 6
29/4½	18/3	5a	10b	Bah Lias £1	27/-	+ 2/-	11 2 0
27/-	22/6	2a	6b	Jhanzie Tea £1........	23/9	− 1/3	6 14 9
38/6	31/6	5a	7½b	Jorehaut Tea £1......	35/-	+ 5/-	7 2 9
37/6	29/6	2½a	10b	Jokai (Assam) £1	32/6	...	7 14 0
18/10½	10/-	5c	5c	Linggi Plant. £1......	18/9	+ 1/3	5 6 8
3/10	2/0¾	5a	7½b	London Asiatic 2/-...	3/9	+ 3d	6 13 3
30/3	17/6	4a	6b	Rubber Trust £1	30/3	+ 2/9	6 13 3
3/8¼	2/-	5a	10b	United Serdang 2/-	3/6	+ 1½d	8 11 6
				Oil			
99/4½	67/-	5a	20b	Anglo-Iranian £1 ...	98/9	+ 17/6	5 1 0
32/6	24/9	32½a	12½b	Apex (Trinidad) 5/-	30/9	+ 2/9	7 6 0
37/9¾	25/-	Nil	Nil	Attock £1	37/6	+ 2/6	Nil
6 1/16	4	5a	25b	Burmah Oil £1	4 15/32	+ ⅜	4 9 3k
12/10½	3/7½	10d ps c	11d ps c	Mexican Eagle M.$4	5/-	+ 2d	?
£42	£33⅞	6a	11b	Royal Dutch fl.100...	£38¾	+ ⅞	4 12 6
5 1/16	3½	†7½a	†12½b	Shell Transport £1 ..	4⅝	+ ¼	4 6 7†
5⅛	4 1/16	20b	10a	Trinidad Lease. £1...	5⅛	+ 5/32	5 17 0
				Miscellaneous			
20/6	17/3	5c	5c	Aerated Bread £1.....	20/-	...	5 0 0
25/-	20/-	9c	8c	Allied News. £1	22/-	+ 1/-	7 5 9
25/9	18/-	7c	7c	Amal. Metal £1	23/1½	+ 2/6	6 1 0
16/6	11/3	5a	3b	Amal. Press 10/-......	13/6	+ 6d	6 0 0
15/-	11/-	11b	10a	Assoc. Brit. Pic. 5/-	13/3	+ 1/-	8 0 0
17/9	10/3	26⅔c	25c	Assoc. News. Df. 5/-	13/3	+ 1/3	9 8 0
88/1½	67/6	7½a	15b	Assoc. P. Cement £1	85/-	+ 1/3	5 6 0
72/6	56/10½	5a	10b	Barker (John) £1.....	60/-	+ 2/6	5 0 0
65/7½	41/3	60c	85c	Beechams Pills Df. 5/-	61/3	+ 8/9	6 19 0
49/9	37/6	m 29c	s32⅓c	Boots Pure Drug 5/-	43/9	+ 7½d	4 3 0
29/9	23/1½	7½c	10c	Borax Deferred £1...	28/1½	+ 3/1½	7 2 6
17/9	12/6	9c	Nil c	Bow. Paper Mills £1	15/-	− 3d	Nil
56/3	44/3	15b	7½a	Bristol Aero. 10/- ...	56/3	+ 2/6	4 0 0
53/1½	40/6	4a	8½b	Brit. Aluminium £1 .	53/-	+ 1/9	4 14 0
36/3	31/-	2¾a	5b	British Match £1......	33/6	+ 1/-	4 13 6
5 7/16	4 13/32	†20c	†21¼c	Brit.-Amer. Tob. £1	5⅜	+ 7/16	4 0 0†
84/4½	64/4½	7a	10b	British Oxygen £1 ...	77/6	+ 5/-	4 8 0
62/-	46/3	17½b	7½a	Brockhouse (J.) £1...	52/6	− 7½d	9 10 0
68¾	45½	Nil c	4c	Cable & Wir. Ord. ...	54	+ 5½	7 8 2
7⅝	6	20b	15a	Carreras A Ord. £1...	7½	+ ½	4 13 3
14/-	8/3	20c	25c	Crittall Mfg. Ord. 5/-	13/9	+ 9d	9 1 9
45/-	38/3	10c	12½c	De Havilland Air. £1	43/9	+ 2/6	5 14 0
33/-	25/3	9c	9c	Dunlop £1	30/6	+ 1/9	5 17 6
37/6	35/-	10b	5a	Eastwoods Ord. £1...	37/6	...	8 0 0
16/3	9/9	10c	10c	Elec. & Mus. Ind. 10/-	13/3	+ 1/3	7 11 0
26/3	18/-	15a	20b	Ever Ready Co. 5/-...	19/6	+ 1/-	9 0 0
26/4½	17/-	10c	†12½c	Fairey Aviation 10/-..	25/6	− 6d	4 19 0†
55/-	45/-	5a	7½b	Finlay (Jas.) & Co. £1	55/-	+ 2/6	4 10 9
6 21/32	5 5/16	7½a	20b	Gallaher Ltd. Ord. £1	6¼	+ ⅛	4 8 0
7/-	3/9	Nil c	Nil c	Gaumont-Brit. 10/-..	4/9	+ 3d	Nil
20/6	11/3	8a	8b	Gen. Refract's 10/-..	14/-	+ 1/3	11 6 0
35/3	23/-	22½b	15a	Gestetner (D) (5/-)...	30/-	+ 2/6	5 16 0v
90/7½	68/9	5a	20b	Harrisons&Cros.Df.£1	82/6	+ 2/6	(d)
76/6	60/7½	5a	13½b	Harrods £1...........	63/9	+ 1/3	5 15 0
30/-	19/10½	27½b	15a	Hawker Siddeley (5/-)	27/9	+ 1/-	7 8 0
27/6	21/-	8c	9c	Imp. Airways £1 ...	27/6	+ 1/3	6 11 0
35/3	27/6	3a	5½b	Imp. Chem. Ord. £1	32/9	+ 1/6	5 4 7
13/7½	8/-	Nil c	5c	Imp. Smelting £1.....	12/6	+ 1/10½	8 0 0
7¾	6	†7½a	†17½b	Imp. Tobacco £1 ...	7 5/16	+ 5/16	3 10 0†
$51⅝	$38⅞	c$1·30	c$2·25	Inter. Nickel n.p......	$50	+ $1	4 0 0n
12/9	9/4½	5a	5b	International Tea 5/-	10/-x	− 3d	5 0 0
40/3	32/9	4a	6b	Lever & Unilever £1	38/9	+ 1/3	5 3 3
60/-	43/9	22½c	20c	London Brick £1 ...	56/3	+ 3/9	7 2 3
5 13/16	5	8⅓a	14⅛b	Lyons (J.) Ord. £1 ...	5½	+ 1/16	4 0 0
60/7½	42/6	15a	27½b	Marks & Spen. 'A' 5/-	59/4½	+ 3/9	3 10 0
4 11/16	3⅜	12½b	7½a	Murex £1 Ord.	4⅛	...	4 19 9
37/-	32/6	2½a	9⅜b	Phillips (Godfrey) £1	35/-	+ 7½d	6 16 0
35/6	26/3	7½a	10b	Pinchin Johnson 10/-	32/6	+ 3/-	5 7 9
42/9	26/3	32½b	12½a	Prices Trust Ord. 5/-	41/3	+ 6/3	5 8 6
58/9	42/6	3⅛a	11⅞b	Radiation Ord. £1 ...	56/3	+ 3/9	5 6 10
5 15/32	4⅞	22½c	22½c	Reckitt & Sons Ord. £1	5 5/16	+ 1/16	4 5 0
14/3	11/-	†5a	†8⅓b	Sears (J.) Ord. 5/- ...	12/-	+ 3d	5 12 0†
14/6	8/9	2½c	4c	Smthfld.&Arg.Mt. £1	10/3	+ 9d	7 19 0
60/6	51/6	2½a	12½b	Spillers Ord. £1	53/1½	...	5 13 0
25/10½	21/-	Nil	Nil	Swed. Match, B.kr.25	25/7½	+ 1/10½	Nil
83/-	70/-	14b	4¼a	Tate and Lyle £1 ...	78/9	+ 1/3	4 12 0
47/6	36/6	5a	5b	Tilling, Thos. £1 ...	47/6	+ 1/3	4 4 3
68/4½	52/6	11b	5a	Tob. Secrts. Ord. £1	65/-	...	4 19 0
53/-	30/7½	60c	w35c	Triplex Safety G. 10/-	42/6	+ 1/10½	8 4 0
89/4½	74/4½	16¼b	10a	Tube Investments £1	83/9	+ 3/9	6 6 0
87/6	70/-	16¼b	3¾a	Turner & Newall £1..	82/6	+ 3/1½	4 17 0
57/4½	46/3	7½b	5a	United Dairies £1 ...	56/-	+ 6d	4 11 0
27/7½	18/4½	15b	7½a	United Molasses 6/8..	25/-	+ 2/6	6 0 0
39/8¼	33/9	7½b	5a	W'llpapr Mfrs. Def. £1	36/3	+ 1/10½	6 18 0
39/3	32/6	3a	7b	Wiggins, Teape Ord. £1	36/-	...	5 11 0
70/-	60/6	15a	45b	Woolworth Ord. 5/-..	65/-	+ 1/3	4 12 4
				Mines			
70/7½	52/6	95c	95c	Ashanti Goldfields 4/-	67/6	+ 1/10½	5 12 0
12/10½	8/0¾	p11b	p6a	Burma Corp. Rs. 9 ...	11/9	+ 2/-	10 0 0r
3/6	1/6	Nil c	Nil	Commnwlth. Mng. 5/-	2/4½	− 1½d	Nil
81/3	62/6	32½c	6¼a	Cons. Glds. of S. Af. £1	77/-	+ 4/-	5 4 0
16⅞	14¾	95b	95a	Crown Mines 10/- ...	16⅛	+ ⅜	5 19 0
13 5/16	6	30a	Nil b	De Beers (Def.) £2½..	9⅛	+ ⅞	7 14 0
69/4½	51/10½	20c	15c	Jo'burg. Cons. £1.....	56/3	+ 1/3	5 12 6
48/3	30/10½	11¼b	11¼a	Randfontein £1	34/4½	+ 1/4½	13 6 0
12⅞	9⅛	37½b	25a	Rhokana Corp. £1 ...	12	− ⅞	5 4 0
19⅞	12¾	Nil	Nil	Rio Tinto £5	15	+ ¾	Nil
21/7½	13/7½	80c	10a	Roan Antelope Cpr. 5/-	18/3	+ 1/6	(b)
11½	9⅜	75a	75b	Sub Nigel 10/-........	11	+ ½	6 17 6
9⅛	7	2/6a	6/-b	Union Cp. 12/6 fy pd.	9⅛	+ ⅝	4 13 2
9 25/32	5 13/16	Nil	Nil	W. Witwatersrand 10/-	7⅞	+ ½	Nil
19/1½	5/2¼	10c	Nil c	Wiluna Gold £1	15/9	+ 9d	Nil

NEW ISSUE PRICES

Issue	Issue price	July 6, 1938	Change since June29	Issue	Issue price	July 6, 1938	Change since June29
Afr. Expl. 4%	100	2–3 pm	...	Holt B. 4% db.	101	2⅜–2⅝ pm	+ ¾
As-ManS.A.5/-	...	5/4½–5/10½	...	Ind. Coope £1	£3	44/6–45/6pm	+ 6/-
7% Pref. ...	...	5/6–6/-	...	L.C.C. 3½%..	101½	1–1⅛ pm	+ 1¼
Austla. 3¾%..	99	⅜–⅛ dis	+ 9/16	Nat. Def. 3%	98	1½–1⅝pm	+ 5/16
B,C&H.P.3½%	99	⅛ dis–⅛ pm	...	Plym'th 3¼%	98	1⅝–1⅞ pm	+ ¼
BeiraWks5½%	101	1½–½ dis	...	Stntn Iron 4%	102½	102½–102¾	+ ⅛
Chich.3½%...	...	101¾–102	+ ½	Wick (A.C.)5/-	7/-	6/9–7/3	...
Gt.Un.S.4½%	99	⅝–⅜ dis	− ½	6% pref. £1...	£1	18/9–20/-	+ 6d
Hillman 5/-...	10/6	10/-–10/3	+ 7½d				

UNIT TRUST PRICES

as supplied by managers and Unit Trusts Association

(Table does not include certain closed trusts)

Name and Group	July 6, 1938	Change since June29	Name and Group	July 6, 1938	Change since June 29
Municipal & Gen.			Gold 3rd Ser.	13/–14/-x	+ 3d
For. Govt. Bond ...	14/9–15/9	+ 6d	Keystone	16/3–17/3	+ 6d
Limited Invest. ...	19/6–20/3x	+ 1/-	Keystone 2nd	13/6–14/6x	...
Mid. & Southern...	18/9–19/6	+ 3d	Keystone Flex......	15/1½–16/1½	+ 7½d
Scottish & Northn.	17/3–18/-	...	Key. Consol.	14/6–15/6	+ 6d
Bank-Insurance			**Allied**		
Bank & Insur.* ...	18/9–19/9	+ 6d	Amer. Indsts.	17/–18/-	...
Insurance*	20/6–21/6x	...	Brit. Ind. 1st	17/9–18/9	+ 9d
Bank*	17/6–18/6	+ 3d	Do. 2nd	15/–16/-	+ 3d
Invest. Trust*	13/6–14/3	+ 3d	Do. 3rd	15/–16/-	+ 6d
Scot. B.I.I.T.*	14/10½–15/9	...	Do. 4th	16/9–17/9	+ 6d
Cornhill deb.*	21/1½–21/10½	...	Elec. Inds.	16/–17/-x	...
Cornhill def.*	13/9–14/9	+ 10½d	Metals & Min. ...	14/3–15/3	+ 9d
National					
National C.	17/9–18/9	+ 3d	**Other Groups**		
National D.	16/9–17/9	+ 6d	Brit. Emp. 1st Unit.	17/3–18/3	+ 6d
Nat. Invest.	13/7½–14/7½	+ 7½d	Brit. Gen. "C" ...	15/3–16/3	+ 6d
Amalgamated	20/3–21/3	+ 3d	Rubber & Tin	1/2½–1/4	...
Century...............	17/–18/-	+ 4½d	Producers	8/–8/6	+ 3d
Gilt-edged	17/9–18/3x	...	Domestic	7/–7/6x	...
Scottish	17/–18/-	+ 6d	Do. Priority...	9/3–9/9	...
Universal	18/1½–19/1½	+ 6d	1st Prov. "A" ...	19/9–20/9	+ 6d
"15 Moorgate"			Do. "B".......	15/–16/-	+ 6d
Inv. Flexible	13/–14/-	+ 6d	Do. Reserves	15/6–16/6	+ 6d
Inv. Gas & El. ...	12/7½–13/7½	+ 3d	Selective "A".......	15/9–16/9	+ 4½d
Inv. General.........	16/10½–17/10½	+ 7½d	Selective "B" ...	15/10½–16/10½	+ 4½d
Inv. 2nd Gen.	14/4½–15/4½	+ 6d	Brit. Trans.	13/3–14/3	+ 3d
Inv. Gold	16/9–17/9	+ 7½d	Bank, Ins. & Fin....	15/3–16/3x	...
Hundred	17/7½–18/7½	+ 6d	British Bank Shrs.	19/9–20/9x	+ 3d
Provident	13/6–14/6	+ 3d	Do Insur. Shrs.	16/3–17/3	...
Savings Unit	8/10½–9/6	+ 3d	Brewery	14/6–15/6x	+ 3d
Security First	14/–15/-x	...	Protected 1st	19/3–20/3	+ 6d
Keystone			Do. 2nd	16/9–17/9	+ 6d
Gold 2nd Ser.	17/9–18/9x	+ 6d	Do. 3rd	11/9–12/9	+ 3d

* Bid and offered prices are free of Commission and Stamp Duty. (a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (k) Yield on 20% basis. (m) Including bonus of 5% free of tax. (n) Yield worked on a 2 per cent. basis. (r) Calculated at 18½ annas per share of Rs. 9. (p) Annas per share. (s) 8⅓% paid free of income tax. † Free of Income Tax. (v) Yield worked on 35% basis. (w) Paid on £300,000 more capital than in preceding year. (d) 17½ per cent. cash dividend and 7½ per cent. in deferred ordinary stock. (y) Dividend before the 200% capital bonus 4s. per share.

(*Continued from page* 83)

Argentine issues lost part of their small initial gains.

Improvement in the *industrial market* continued, but conditions became somewhat quieter as the week progressed. Richard Thomas were the chief feature of the iron and steel section. All securities were firm before the scheme was published. When details were known the debentures improved, but the ordinary shares and the preference lost ground. Other iron and steel shares were strong at first, but quietened later. Coal shares on the whole gained ground. Electrical equipment issues followed the general trend, and after a good start became more irregular in mid-week. Motor shares were satisfactory and continued to receive a certain amount of support when other sections were slackening. Among aircraft issues, Handley Page responded to the good results and the scrip bonus, while de Havilland improved in anticipation of the report. Tobacco shares were a firm though not very interesting market, while brewery issues made progress on provincial support. Activity in textiles shares was limited, but prices hardened. Stores showed a similar trend, firm or advancing quotations being accompanied by a poor turnover. Provision and catering issues made a mixed showing, International Tea falling on the reduced profits (see page 81). The Furness Withy dividend increase had small effect upon shipping shares, though interest in this section picked up at first. The miscellaneous section opened satisfactorily, but failed to hold its ground in mid-week.

★

Oil shares followed an upward trend and turnover was quite satisfactory, except when Wall Street, as on Tuesday, failed to provide a lead. Petroleum Storage issues rose on the announcement of the capital reorganisation scheme. A cheerful start in rubber shares was followed by more subdued conditions, and later by some irregularity. Business remained on a small scale, holders not being inclined to part with their shares. Tea shares were quiet, but showed no weakness.

Mining shares, after an aggressive start, showed more subdued conditions. In mid-week, however, Kaffirs returned to the fore, after a partial eclipse of some weeks. Developing mines received renewed attention, Western Holdings reaching 18s. 3d. while Marievale advanced, but in mid-week interest turned more to dividend payers on Paris support. As an exception to the general tendency, "Johnnies" weakened on the reduced distribution. Some broadening of interest in West African gold mines proved short-lived. Rhodesian copper and base metal shares became less active after a firm start.

"FINANCIAL NEWS" INDICATORS

1938	Total Bargains‡	Corres. Day 1937	Security Indices: 30 ord. shares*	Security Indices: 20 fixed int.†
July 1	7,220	*6,620*	87·1	128·6
July 4	7,385	*7,805*	88·0	128·7
July 5	6,550	*7,350*	88·6	128·9
July 6	6,120	*7,750*	88·8	129·4
July 7	6,870	8,000	89·8	129·8
1938				
High...	...	...	*97·2*	*131·0*
Low ...	...	...	*Jan. 12*	*Feb. 4*
			79·4	*126·9*
			Mar. 16	*Mar. 17*

‡ Approx. total recorded in S.E. List. * July 1. 1935 = 100. † 1928 = 100.

ACTUARIES' INVESTMENT INDEX

Though less pronounced than in the previous week, a rise is again recorded by the Actuaries' index of 151 industrial ordinary share prices, which on Tuesday, July 5th, stood at 67·6, compared with 66·4 a week ago and 63·2 a month ago. The corresponding average yield has fallen below 5¼ per cent. again, being 5·72 compared with 5·82 and 6·03 per cent., respectively. A selection of the separate indices follows :—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100): June 7, 1938	June 28, 1938	July 5, 1938	*Price High 1938*
Insurance (10) ...	111·3	115·1	117·1	*121·5*
Bldg. mats. (6) ...	76·3	80·1	82·2	*87·1*
Elec. mfg. (12) ...	111·8	117·5	120·8	*129·7*
Motors (6)	32·0	34·0	35·8	*39·0*
Oil (4)	78·0	85·0	91·5	*91·5*
Home Rails (4) ...	49·2	50·4	49·9	*71·0*
Miscellaneous (20)	57·5	60·5	63·1	*66·7*

Group	Yields (%): June 7, 1938	June 28, 1938	July 5, 1938	*Price Low 1938*
Insurance	3·82	3·69	3·63	*110·8*
Building mats. ...	7·23	6·89	6·77	*75·0*
Elec. manufg. ...	6·03	5·91	5·73	*111·1*
Motors	7·47	6·95	6·61	*32·0*
Oil	6·56	6·98	6·50	*67·1*
Home Rails	6·74	6·70	6·80	*49·2*
Miscellaneous ...	5·51	5·16	4·96	*57·4*

New York

After anticipating Monday's Independence Day holiday, with a two-point rise in the Dow Jones industrial index and a turnover of 1,470,000 shares on Saturday last week, Wall Street reopened in a rather cautious mind on Tuesday. A technical reaction occurred at first, but the falling volume which accompanied lower prices was regarded as a favourable sign, and dealers were not disposed to see any real significance in a moderate decline in the industrial average, after its 25-point advance in a fortnight. The real test of the market's staying power, however, was avoided, for, after an early reaction, stocks resumed their upward course in mid-week, and selling limits below Tuesday's closing level were not called into operation. Rail stocks provided a feature on the grant of increased passenger fares to the Eastern companies. Despite the uneasiness caused by the abandonment of the steel "basing point" price system, steel shares were well to the fore in the resumed mid-week advance. Output was affected this week by the holiday, but is expected to reach 30 per cent. of capacity next week. Commodity stocks, and particularly base metals, were active on rising commodity prices, but, like the rest of the market, more sensitive than of late.

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).

WEEKLY AVERAGES

	1938: Low Mar. 30	High Jan. 12	June 22, 1938	June 29, 1938	July 6, 1938
347 Ind'ls. ...	75·9	104·6†	93·5	102·2	104·6
32 Rails	19·0	31·4	22·1	25·5	27·1
40 Utilities...	57·7	78·8	75·2	75·7	77·3
419 Stocks ...	63·7	87·6†	79·0	85·4	87·6
Av. yield %*	8·35 High	4·12† Low	4·78	4·27	4·12

* 50 Common Stocks. † July 6th.

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

June 30	July 1	July 2	July 4	July 5	July 6
113·9	117·1	119·6	Closed (*a*)	117·8	119·4

1938 High: 119·6 July 2nd. Low: 83·6 March 31st. (*a*) Independence Day

TOTAL DEALINGS IN NEW YORK

1938	Stock Exchange: Shares 000's	Stock Exchange: Bonds $000's	Curb Shares 000's
June 30	2,580	10,270	363
July 1	2,020	7,740	332
,, 2*	1,470	4,840	224
,, 4	(*a*) Closed	(*a*) Closed	(*a*) Closed
,, 5	1,700	7,180	230
,, 6	1,820	7,370	219

* Two-Hour Session. (*a*) Independence Day.

New York Prices

	Close June 30, 1938	Latest July 6, 1938
1. Rails and Transport		
Atchison	33	38
Balt. & Ohio...	7⅛	11
B.M.T.....	9½	11⅛
Can. Pacific...	6⅞	7½
Ches. & Ohio	30½	32⅛
G.N. Ry. Pf...	18¾	21⅞
Illinois Cent...	10¼	12
N.Y. Central...	16	18⅞
Northern Pac.	10¼	12
Pennsylv. R...	18¾	22⅜
Southern Pac.	15½	17⅝
Southern Rly.	10½	13⅜
Union Pac. ...	82	82¾
Greyhound ...	11¼	14¼
2. Utilities and Communications		
Am. W'works	10½	12⅜
C'wlth. & S....	1⅜	1½
Con. Edison...	26⅞	29⅝
Col Gas & Elc	7⅜	8⅝
El Bond & Sh.	8⅞	9⅞
Nat Pwr & Lt.	7½	8⅛
N. American..	21¾	23⅞
Pac Gas & Elc	28⅝	29½
Pac. Lighting	39¼	41½
Pub Serv N.Jl	31	33
Stan Gas & E.	4½	5
United Corp.	3	3⅛
Un. Gas Imp.	10¼	11¼
Amer. Tel. ...	141½	142½
Internat. Tel.	10½	10⅞
Westn. Union	29¼	33⅛
Radio	7	7⅝
,, B. Pref.	54¾	55¾
3. Extractive and Metal		
Am. Rol. Mill	20⅝	20⅜
Beth. Steel ...	58¾	61
Beth. Steel P.	96½	98
Republic St.	18⅝	19⅜
U.S. Steel ...	56⅜	60½
U.S. Steel Pf.	108⅝	109⅝
Alaska J'neau	10½	10¼
Am. Metal ...	34½	37
Am. Smelting	48¾	51¼
Anaconda ...	31	35⅜
Bohn Alum ...	25	25¼
Cerro de Pas...	42½	45¾
Int. Nickel ...	49⅝	50½
Kennecott ...	38¼	42⅝
Patino Mines	9⅞	10⅜
Tex. Glf. Sul.	34	33½
U.S. Smelt....	67	69
Vanadium ...	17⅝	19
Atlantic Refg.	24	24⅜
Phillips Petr.	40	42⅝
Shell Union...	15¾	17¾
Shell Un. Pf...	101¾	103⅛
Socony Vac...	14⅝	15½
Stan. Oil Cal.	30½	31⅞
Stan. Oil N.J.	52⅞	55⅜
Texas Corp.	43⅜	44⅞
4. Manufacturing		
Briggs	24¼	26⅝
Chrysler	59⅜	67¾
Elec. Autolite	19¾	22
Gen. Motors..	36⅛	39⅝
Hudson Mtr.	7⅝	8⅝
Nash Kelvntr	9⅛	10
Packard Mtr..	4⅜	5¾
Bendix Avtn.	14⅛	15⅜
Boeing Airpln	26	28⅝
Douglas Air...	47⅞	49⅝
United Aircft.	27⅛	28
Air Reduction	60¾	61½
Allied Cheml.	172	175½
Col. Carbon	83	91¼
Dupont	119¾	119
Un. Carbide	77¾	80
U.S. Ind. Alc.	22¼	22⅝
Alvin Chalmer	48½	48⅝
Gen. Electric	40⅛	42⅛
West'hseElec.	96¾	101
American Can	96½	100¼
Addressogrph	22⅛	21¾
Caterpillar ...	53⅜	55¾
Cont. Can. ...	48	47
Ingersoll Rnd	85	88½
Int. Harvester	64⅛	66⅞
Johns Manvle	91½	93¾
Am. Radiator	14¾	15¼
Corn Prods....	66	66¼
J I Case & Co.	91⅛	96½
Glidden	22¾	23½
G. Am. Trans	45½	47⅛
Celanese of A.	16¾	18
Ind. Rayon ...	20	22⅛
Colgate Palm.	10¾	11½
Eastm'n Kdk.	169½	172⅛
Gillette	8⅝	8⅛
Lambert Co.	12⅝	13¾
Loews	49⅝	52⅛
20th Cen. Fox	23⅜	25⅜
5. Retail Trade, etc.		
Mont. Ward	41⅞	44
J. C. Penney	75¾	81¾
Sears Roebck	66½	69
United Drug	5¼	6⅛
Walgreen ...	17	17
Woolworth ...	45⅞	47½
Borden	16¾	17⅝
Gen. Foods...	33	33⅜
Kroger Grcy.	15	17
Nat. Biscuit	24⅜	24⅛
Nat. Dairy ...	15	15¾
Stand. Brands	8⅛	8⅜
Am. Tob. B.	77¾	80¾
Lig. Myers B.	100⅛	100½
Lorillard	17¾	17⅝
Reyn. Tob. B.	42	41½
Nat. Distillers	22	22¾
Schenley Dis.	19	19½
6. Finance		
Comcl. Credit	38	43
Atlas Corp....	8	8½
Com. Inv. Tr.	44	46⅝

Capital Issues

THE fixed-interest investor has enjoyed a wide selection of new issues this week. The terms chosen for the £1,000,000 *Bournemouth* loan are similar to those of the recent Leeds issue, with the significant exception that the price is raised from 98 to 98½. Strong gilt-edged prices, and the attractions of the "name," as expected, ensured a ready success for the issue, the conversion lists for which close next week. Part of the *Midland Counties Electric* 3½ per cent. debenture issue is reserved for conversion of the existing 4 per cent. stock. The company has an excellent earnings record, and its future debenture obligation is well covered by earnings. The first stage of *British Oxygen* new financing is marked by an issue of 5 per cent. second preference shares of £1 at 22s. 6d. The company has made substantial progress in recent years, and its total preference dividend requirements calculated cumulatively rather than by the "prior deductions" method adopted in the prospectus) are covered seven and a half times by average net profits during the past three years. The new shares offer the satisfactory yield of £4 9s. per cent. The profits of *Walker Brothers, Limited*, a sheet metal concern, show a very rapid increase from £11,370 for the year to March, 1936, to £44,301 in the latest year, and its net assets amount to £140,024. Its issues of 5 per cent. debenture stock and 7 per cent. 10s. preference shares at par result in a "three-decker" capital structure unusual for a concern of this size. Both issues, however, will have the advantage of a sinking fund, provided from residual profits, after allocations for depreciation, taxation, "reserves" and a dividend not exceeding 7 per cent. on the ordinary capital (which remains in private hands). This sinking fund will be applied to the repayment of the preference shares at 11s. 3d. by purchase or drawings, after which it will be available to supplement the debenture redemption provisions. Particulars "for information" have been published regarding £1,000,000 4 per cent. debenture stock of *African Explosives and Industries*, and on behalf of *Jersey General Investment Trust* and *Ascot District Gas and Electricity*.

CAPITAL ISSUE TOTALS

Week ending July 9	Nominal Capital £	Conversions £	New Money £
To the Public	3,870,000	1,650,000	2,330,000
To Shareholders	565,000	...	708,750
By S. E. Intro.	600,000	...	612,000
By Permis. to Deal ...	275,677	...	292,136
Sav. Certs., 5 days, June 30	Nil	...	...

Year to date	Including Conversions £	Excluding Conversions £
1938 (New Basis)	203,445,482	187,027,429
1937 (New Basis).....	*348,749,296*	*302,155,600*
1938 (Old Basis)	154,885,609	139,417,651
1937 (Old Basis)	*237,797,675*	*193,635,914*

Destination (Excluding Conversions)

Year to date	U.K. £	Brit. Emp. ex. U.K. £	Foreign Countries £
1938 (New Basis)	145,602,253	38,995,947	2,429,229
1937 (New Basis)	*255,213,408*	*45,748,732*	*1,193,460*
1938 (Old Basis)	121,073,526	15,945,001	2,399,124
1937 (Old Basis)	*179,535,725*	*14,100,189*	*Nil*

Nature of New Borrowing (Excluding Conversions)

Year to date	Deb. £	Pref. £	Ord. £
1938(NewBasis)	128,250,392	9,090,409	49,686,628
1937(NewBasis)	*152,897,985*	*21,202,863*	*128,054,752*
1938(OldBasis)	118,510,223	3,897,496	17,009,932
1937(Old Basis)	*139,259,067*	*14,432,481*	*39,944,366*

NOTE.—"Old Basis" includes public issues only; "New Basis" includes all new capital in which permission to deal has been granted.

PUBLIC OFFERS

Bournemouth Corporation.—Issue of £1,000,000 3¼ per cent. stock at 98½, redeemable at par 1962 or from 1958 on notice. Holders of £650,000 6 per cent. stock may convert £100 old receives £100 new, and £1 10s. cash). Rateable value, 1938–39, £1,909,832; rates, 7s. 10d.

Midland Counties Electric Supply Company.—Issue of £1,750,000 3½ per cent. debenture stock at 100, £1,000,000 being reserved for conversion by holders of £1,000,000 4 per cent. debenture stock. Redeemable at par December, 1962, or from 1952 at 101 on notice. Owns capital of electric supply, etc., companies, serving 3,000 sq. miles. Operating companies' earnings: 1935, £628,100, 1936, £664,703; 1937, £767,352.

British Oxygen Company.—Issue of 1,000,000 5 per cent. cumulative second £1 preference shares at 22s. 6d. (Rank after £500,000 6½ per cent. cumulative preference and before £2,841,252 ordinary stock.) On winding-up, receive 2s. 6d. premium. Proceeds to repay bank advances and for new activities. Profits after depreciation: 1935, £477,497; 1936, £674,820; 1937, £809,902.

Walker Brothers, Ltd.—Issue at par of £50,000 5 per cent. debenture stock and 140,000 7 per cent. redeemable cumulative 10s. preference shares. Stock redeemable December, 1958, at 102½, or at 105 by drawings from 1939, or on notice from 1941. Preference shares redeemable by drawings from 1939 to 1958 at 11s. 3d. Makers of steel sheets, etc. Net assets, £140,024, purchased for £140,000 in 200,000 2s. ordinary shares and discharge of £120,000 bank loan. Profits before depreciation, directors' fees and commissions and interest, years to March 31: 1936, £11,370; 1937, £17,754; 1938, £44,301.

BY STOCK EXCHANGE INTRODUCTION

African Explosives and Industries, Ltd.—Particulars of £1,000,000 4 per cent. first mortgage debenture stock, placed at par less ¼ per cent. Redeemable by 1963 by drawings at 101, or on notice from July, 1948, at 102. Profits, after depreciation, years to September 30th: 1935, £900,010, 1936, £930,141; 1937, £1,029,848.

Jersey General Investment Trust.—Issued capital 250,000 £1 ordinary shares and 250,000 5½ per cent. cumulative £1 preference shares. Total assets, £655,215. Balance of profit year to April 30, 1938, £44,961.

Ascot District Gas and Electricity Company.—Issue of £30,000 3¾ per cent. stock, redeemable at par July, 1968, or from 1963 on notice. Interest ranks *pari passu* with that on existing debenture stocks. Messrs Seymour Pierce and Company take issue at 99½ net.

SHORTER COMMENTS

Company Results of the Week.—The continuance of favourable economic conditions in South Africa is reflected in the rise in net profits of SOUTH AFRICAN BREWERIES from £487,569 to £504,642. Full reports from the Powell Duffryn group confirm the satisfactory indications of the preliminary announcements. Total profits of POWELL DUFFRYN STEAM COAL are £16,240 higher at £336,084, and provide an increase in earnings for the ordinary stock from 7·1 to 7·7 per cent. to cover the increased dividend, while the surplus of WELSH ASSOCIATED COLLIERIES is 8 per cent. higher at £160,268. POWELL DUFFRYN ASSOCIATED COLLIERIES report that in 1937–38 the volume of trade—principally home trade—expanded substantially, and there was some increase in export trade, despite trade handicaps and currency restrictions. Although these advantages were partly offset by a wage increase and by higher costs of materials, total profits increased by £22,600 to £846,838. Tea companies' profits continue to show impressive improvement. JOKAI (ASSAM), whose crop was only 9 per cent. higher than in 1936, reports net profits of £113,818, against £70,862, the average price (on a London basis) having risen from 13·54 to 13·97d. a lb. A deficit is again recorded by ANGLO-ARGENTINE TRAMWAYS. Gross peso receipts in Buenos Aires were a little higher, but expenses rose in a greater proportion, partly owing to rolling stock maintenance and track renewals. The dividend of TRUSTEES CORPORATION is raised from 10 to 12 per cent., and the balance-sheet cost of securities is fully covered by the valuation. Difficulties of international trading have affected AMALGAMATED DENTAL COMPANY, whose net profits are £134,363 against £141,554. The report of HOVIS, LTD., does not comment on the decline in the net earnings for 1937–38 (which amount to £152,920 against £179,633), though it is probable that profits have been influenced by fluctuations in wheat prices.

MISCELLANEOUS

Eastwoods Flettons, Ltd.—Net profits £51,397 for year to March 31, 1938, after £10,000 to depreciation reserve (same). This compares with £52,364, including £3,635 on sale of investments. Final dividend of 9 per cent. on preferred ordinary shares makes total of 14 per cent. against 15 per cent. Deferred distribution reduced from 2s. to 1s. 8d. per share.

South African Breweries.—Net profits for year to March 31, 1938, £504,642, an increase of £6,220. To South African depreciation £63,404 (£31,386). Tax, £125,000 (£67,000). Ordinary dividend and bonus 22½ per cent., tax free. To contingencies reserve, £30,000. Carry-forward raised from £89,497 to £105,167.

Palestine Electric Corporation.—Gross revenue, 1937, £P.611,051 against £P.582,765. Amount earned for dividends, £P.227,566 (£P.217,208). To general reserve, £P.50,000 (same), and £P.12,000 (same) to preference sinking fund. Ordinary dividend maintained at 7½ per cent., free of U.K. tax. Carry-forward raised from £P24,240 to £P.25,851.

Furness Withy and Company.—Ordinary dividend is increased by 2 per cent. to 5 per cent., less tax, for the year to April 30, 1938. Payment August 19th to holders registered July 26th.

Handley Page, Ltd.—This company is issuing a further bonus to ordinary stockholders of one ordinary stock unit for every two held, by capitalising £124,465. Net profits £210,126 for 1937, against £100,181. Final ordinary dividend of 20 per cent., tax free, (equal to 55.2 per cent. gross on old capital before 100 per cent. share bonus December last). With interim of 10 per cent., less tax, year's distribution is equal to 65·2 per cent. gross on £124,465.

Powell Duffryn Steam Coal Co.—For year to March 31, 1938, income is £336,084, against £319,844. After fees of £4,376 (£4,435), preference dividends less tax absorb £11,546 (£11,840), and preferred ordinary, £21,643 (£22,192). Ordinary dividend, 7½ against 7 per cent., absorbing £288,986 (£277,467). Carry forward, £16,174 against £6,641.

John Lysaght, Ltd.—Profit for 1937, £628,370, against £477,746. To depreciation, £80,000 as before. To general reserve, £200,000 (nil). Ordinary dividend raised from 17½ to 20 per cent., tax free. Carry-forward reduced from £395,536 to £307,906. Negotiations have taken place with American Rolling Mills Company for the joint erection in Australia of a works for making high-class black sheets.

Hovis, Ltd.—Net profit for year to March 31, 1938, £122,843, a fall of £18,436. To depreciation, £20,077 (£18,354). To staff pension fund, £10,000 (£20,000). Ordinary distribution maintained at 20 per cent. To reserve, £20,000 (£30,000). Carry-forward increased from £45,383 to £60,270.

Industry and Trade

Employment Returns for June.—The returns for June 13th show that the decline in the numbers employed continues. Compared with May, 1938, there were 42,000 fewer insured persons, aged 16 to 64, in employment and 326,000 fewer than in June of last year. The numbers unemployed on the register rose from 1,778,805 in May to 1,802,912 in June; the increase is partly accounted for by temporary stoppages, due to local holidays and to extensions of the general Whitsun holiday. Greater unemployment was recorded in the cotton, boot and shoe, iron and steel and engineering trades, and there was a seasonal decrease in the numbers employed in coal mining. On the other hand, the hotel and boarding-house trades, agriculture and the distributive trades showed a seasonal increase in employment. Compared with June, 1937, the number of unemployed has risen by about 500,000, of which increase the cotton industry accounts for more than one-fifth.

* * *

Better Cotton Prices.—The Liverpool price for American middling cotton, which had fallen to 4.20d. per lb. on May 31st, has passed the 5d. limit this week for the first time since the middle of March. The rise was due less to a revival of consumers' buying than to a contraction of offerings and some speculative activity. Apparently operators in cotton are feeling that the price of the product has fallen too much in recent months and that a major rally is justified, particularly as there are continuous reports of increasing insect activity in some of the leading American cotton districts. The next American crop is not expected to exceed 12 million bales, less than one-third of last year's record crop, and may be even below that figure. Nevertheless, the carry-overs of both American and outside cotton will be so high at the end of the season (July 31st) that the size of the new crop will play a much smaller rôle on the market this year than it usually does. In fact it appears that, in spite of the smaller new crop, total supplies of cotton in 1938-39, owing to the record carry-overs, will be not much smaller than the record supply of 1937-38. It is true some 7,000,000 bales of cotton will be held by the United States Government at the end of this season, as their loan scheme will almost certainly be prolonged for another year, but nevertheless total supplies of free cotton will remain well above requirements during the next twelve months. A true and major improvement in cotton prices, therefore, can only come from an increase in consumption. So far, however, the state of international cotton consumption is anything but satisfactory. In the first nine months of this season world consumption of all growths reached only 20,196,000 bales, against 23,173,000 bales a year ago, while consumption for the whole of the 1937-38 season is expected to be 27,100,000 bales, against 30,900,000 bales a year ago. In the United States recent consumption figures showed a decline of over one-third on the year. In Japan consumption has been compulsorily curtailed to the lowest possible level, and for Lancashire the June report of the Joint Committee of Cotton Trade Organisations does not see even a trace of any temporary recovery. There are some hopes that the possible revival of industrial activity in the United States and the prospects of trade revival in Europe will stimulate the demand for cotton in future, but so far these hopes are not yet tangible enough to provide a safe basis for a further improvement in the price of cotton.

* * *

Tin Buffer Stock Scheme.—The details of the buffer stock scheme for tin were published by the Colonial Office this week. It will be recalled that a referendum of producers in Malaya had resulted in a majority of two to one in favour of the buffer stock scheme, and on June 20th the International Tin Committee, representing all the Governments concerned except Siam, approved the proposed draft scheme. At that meeting the Committee decided that the quota under the control agreement for the quarter beginning on July 1st was to be 35 per cent. of standard tonnages (the standards being augmented in the case of Malaya and Dutch East Indies by 7½ per cent.) and that the contribution to the buffer stock for the same quarter should be a quota of 10 per cent. of standard. The initial stock is to consist of about 10,000 tons of tin, which may be increased to a maximum of 15,000 tons by a resolution of the International Tin Committee. The committee will fix a special quota from time to time for the purpose of providing the buffer stock, and each party to the control scheme will contribute to the buffer stock *pro rata* to its standard tonnage. The first contribution is to be handed over not later than October 31, 1938, and the balance not later than January 31, 1939. If any party elects to contribute less than its permissible quota the balance is to be offered *pro rata* to the other parties. The tin contributed to the buffer stock is to be of a quality which complies with the requirements of the London Metal Exchange, and the contributions may take the form of tin or London Metal Exchange warrants, or warrants on any other warehouse or approved documents of title. All contributions to the buffer stock are to be included as soon as possible in the "visible supply."

* * *

The buffer stock will be operated by an executive body headed by a manager and assistant manager, who will be appointed by a sub-committee of the International Tin Committee. No person who is concerned in the production, smelting or marketing of tin is eligible for appointment as manager or assistant manager. With the exception of certain specified information to be furnished to the International Tin Committee, the operations of the executive will be strictly secret. Buying or selling will be carried out through "dealing members" of the London Metal Exchange only and in such a way as to spread transactions as far as possible among all members. Any cash balances standing to the credit of the buffer stock in excess of £2,500,000 are to be distributed to the signatories in proportion to their contributions. The scheme is to end at the same time as the International Tin Agreement; but provision is made for orderly liquidation of any stocks which may be held at that date. One feature of this buffer stock scheme which will be required as a necessity is that the executive should be, like Cæsar's wife, above suspicion. The speculators who profit by wide fluctuations in tin prices on the London Metal Exchange will not at all welcome the provision for secrecy; but secrecy is, of course, as essential for pool operations in tin as it is for operations of the Exchange Equalisation Fund. The present objective of the scheme is to maintain a price between £200 and £230 per ton, and if Wall Street bullishness prevails, and business confidence is restored, the tin control may have difficulty, without buffer pool selling, in preventing the price of tin soaring above £230 per ton, seeing that the existing quota (including 10 per cent. for the buffer pool) is only 45 per cent. of standard tonnages. If the price of tin is really to be stabilised, the mechanism of a buffer pool does become an essential part of the system of control. The practical test of the new scheme, however, as distinct from its theoretical justification, can come only from the manner in which experience reveals its operations.

* * *

New Fall in Shipping Freights.—As we foreshadowed a month ago, the May fractional increase in *The Economist* shipping freight index number was only a temporary check to the decline. The June index number is 96.1, representing a fresh fall of 1.7 points since May.

The Economist INDEX OF FREIGHT RATES
(1898 – 1913 = 100)

	Average, 1913	June, 1937	Mar., 1938	Apr., 1938	May, 1938	June, 1938
European waters	110·0	166·8	109·3	108·2	109·2	107·3
North America	113·1	120·7	110·6	114·0	111·0	108·0
South America	123·4	151·4	129·6	131·7	132·3	127·0
India	106·3	158·4	120·0	106·0	111·7	111·9
Far East and Pacific	117·4	159·3	111·8	109·2	106·2	104·7
Australia	127·9	165·5	111·6	113·0	113·0	112·8
Total	116·3	157·0	115·5	113·7	113·9	111·9
1913 = 100	100·0	134·9	99·2	97·7	97·8	96·1

	Index No.	Inc. or dec. Points		Index No.	Inc. or dec. Points
Home trade	102·2	+ 3·2	South America :—		
Bay—outwards	97·2	+ 5·5	Outwards	99·1	−11·5
Bay—homewards	140·3	+ 1·6	Homewards	155·0	+ 0·9
Mediterranean :—			India—outwards	101·1	− 2·1
Outwards	87·1	− 1·0	India—homewards	122·7	− 2·5
Homewards	114·9	+ 9·4	Far East, etc.	104·7	− 1·5
North America	108·0	+ 3·0	Australia	112·8	− 0·2

Rates for the home trade remained firm, but Bay and Mediterranean rates were lower. There was a sharp fall in the rates outward to South America, while those for North America and Far Eastern waters were on the whole weaker.

* * *

Anglo-French Coal Conference.—The difficulties which have arisen between France and Great Britain over the administration of the French coal import licensing system, and the operation of the coal-pitwood barter agreement of June, 1934, have been the subjects of a conference in Paris during the last fortnight between representatives of the French Government, importers, and consumers, on the one side, and representatives of the British Government, colliery owners, and coal exporters on the other. The datum period chosen originally by the French Government for the determination of import quotas was 1928/30, and in that period the proportion of the total imports of coal, coke, and patent fuel supplied by Great Britain was just over 40 per cent. This proportion has steadily declined. In 1937 it was approximately 33.7 per cent., while since the beginning of the current year it has fallen to 26.4 per cent. Under the Anglo-French Trade Agreement of June, 1934, an arrangement was entered into for the exchange monthly of 40,000 tons of British coals for French pitwood, in the proportion of 2 tons of pitwood for 3 tons of coal. South Wales colliery owners have been purchasing regularly the specified quantities of French pitwood under this barter transaction, but the corresponding quantities of South Wales coals have not been taken by French importers, and the accumulated arrears now exceed 300,000 tons. Another British grievance is that the French railway companies have reduced enormously their purchases of South Wales locomotive coals. These are the three principal questions considered by the conference from the British side. The French aspects of the controversy concern chiefly the trade balance and the welfare of the French coal-mining industry. The French Government has represented that the exchange position has compelled it to restrict coal imports from all sources, particularly in view of the enormous increase in the cost of foreign coals as a result of the devaluation of the franc and the greatly increased f.o.b. prices. They state that the decline in the British share of the quota for foreign coals has been due partly to the altered character of the demand (i.e., for more coke and for less raw coal), partly to the decrease in the imports of bunkering coals, and partly to the fact that, by the terms of the Agreement of 1934, French consumers were given the right to buy freely from any source their bunker coal, metallurgical coal, and supplementary and complementary allocations, totalling in the aggregate about 50 per cent. of the total imports of coal, coke and patent fuel. The Government is also obliged to secure French colliery capital and mining labour as far as practicable from foreign dumping. Negotiations are continuing between the two Governments over the determination of general coal quotas and the disposal of the arrears, but an agreement was reached for the exchange of 120,000 tons of Welsh coal at the reduced exship price of 22s. 3d. per ton for 80,000 tons of pitwood during the next four months.

* * *

Changes in the Coffee Market.—The 1937-38 coffee season, which has just come to an end, has brought about a substantial change in world coffee deliveries. For the first time for years Brazil, the pre-eminent supplying country, has been able to improve its position slightly against that of the smaller producers. In the first eleven months of the season Brazil supplied 13,402,000 bags of coffee to the world market, an increase of slightly over 400,000 bags on the year. Simultaneously, the deliveries of non-Brazilian coffee declined by over 180,000 bags to 9,986,000 bags. The rise in the Brazilian figure is chiefly due to the higher deliveries to Europe, a market on which Brazil's losses were particularly heavy in the preceding years. As the change in the trend of Brazilian deliveries started to make itself felt in November, 1937 (in the first four months of the season Brazil had actually lost further ground), there is no reason to doubt that the improvement was solely due to the change in Brazil's coffee policy late last autumn. The past few months, therefore, have proved convincingly that the reduction in the Brazilian coffee export tax, the concessions to Brazilian exporters regarding the quotation of coffee drafts and the discontinuation of purchases in the free market by the Brazilian National Coffee Department were steps in the right direction. Although they have resulted in a substantial fall in international coffee prices, and thus in Brazil's coffee proceeds, they have put an end to the continuous decline in Brazilian deliveries experienced during the past few years. For the 1938-39 season the prospects for a further increase in Brazilian supplies at the expense of the smaller producing countries are even better than they were during the past twelve months, as the new crops of some of the non-Brazilian producers (and particularly that of Colombia,

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the largest supplier of milds) have suffered from excessive frost. Consequently, there are possibilities that in 1938-39 Brazil will be able to recover some of the coffee market lost in recent years as a result of her short-sighted policy.

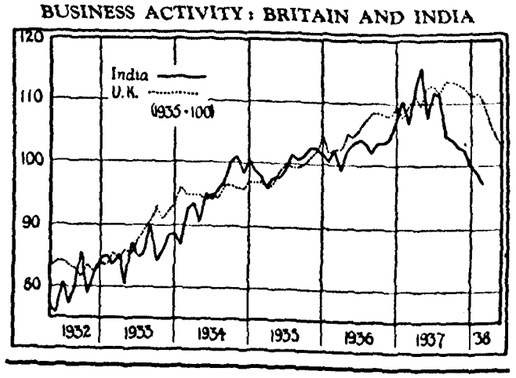
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Oil from Coal.—At the annual meeting of Low Temperature Carbonisation, Ltd., at the end of last week, Colonel W. A. Bristow, the chairman, gave an impressive account of the company's activities. In spite of the warm winter and spring, the company's sales and profits are making records and the potential output is being extended considerably by a number of new constructions. The Bolsover coalite plant is now working at capacity, and the Barugh and Askern works have been improved by the addition of further plant and machinery. The large coal oil distillation plant at Bolsover is progressing and its first part is now being started up. Moreover the coalite plant in South Wales is under construction and should be completed next winter. These developments give the impression that the British output of oil from coal is rising at a rapid rate. In fact, however, in all low temperature carbonisation processes oil is produced only as a by-product, the chief product being a semi-coke (smokeless fuel). According to a reply of the Secretary of Mines in the House of Commons some months ago, only 1 million gallons of light oil (petrol) and 6 million gallons of heavy oil (partly Diesel oil) were produced by low temperature carbonisation in this country in 1937, compared with 0·8 and 3·7 million gallons respectively in 1936. Hydrogenation on the other hand supplied 35 million gallons of light oil last year against 33·3 million gallons in 1936. Consequently the rise in Britain's oil from coal production will be determined by the development of the hydrogenation rather than by that of the low temperature carbonisation method. In hydrogenation, however, no new developments are to be expected for the time being. At the annual meeting of Imperial Chemical Industries (the only company producing oil from coal by hydrogenation in this country) at the end of April last, Lord McGowan pointed out that his company would not extend its commitments in hydrogenation development for at least another two years even if the guarantee of State protection were unlimited. In spite of the successful operations of Low Temperature Carbonisation, Ltd., therefore, no major increase in Britain's oil from coal production is to be expected during 1938 and 1939.

* * *

Business Activity in India.—We congratulate *Capital*, the well-known Indian financial review, on the publication of an index of business activity for India. The basis and methods of computation are broadly the same as those of *The Economist's* index—the figures being a geometric mean of thirteen series from which normal seasonal fluctuations have been eliminated, and the base year being 1935. But while changes in industry and commerce can be regarded as a fair measure of fluctuations in British national income, the case of India is somewhat different. An overwhelming proportion of India's population is engaged in agriculture, and a relatively large amount of agricultural output is consumed on the spot. As an indication of conditions, however, in Indian trade and industry—particularly large-scale trade and industry—the new index admirably performs its functions. A glance at the annexed chart shows how closely the Indian index has followed the British in recent years, though the recent business recession seems to have been sharper in India than in this country. The slightly greater fluctuations of *Capital's* index may be due to the absence of as comprehensive and, therefore, as stabilising a factor as our own figures of insured workers in employment. Rail and river-borne trade and cheque clearances, the nearest Indian equivalent, account for 44 per cent. of the Indian index, but cheque clearances are far from having the same representative quality in India as in Great Britain.

BUSINESS ACTIVITY: BRITAIN AND INDIA



OTARD'S EST. 1795
V.S.O.P.
LIQUEUR BRANDY
MATURED AND BOTTLED AT CHATEAU DE COGNAC

* * *

Allocation of Milk Supplies.—In the four years of its life, the Milk Marketing Board has erected 11 new creameries and five milk depots in various parts of England, which are concerned in the manufacture of milk products—butter, cheese or condensed milk. This policy of the Board has brought difficult relations with the previously established manufacturers, who are thus both its competitors and customers, since the Board is a party to the sale of all milk from the farms. The manufacturers claim that the Board's competition is unfair, since the Board is not an ordinary business concern and that there is now in many districts insufficient milk for both the old and the new plants. They also claim that the Board has brought unofficial pressure to bear on the farmers who had been supplying the older creameries in order to obtain their output of milk for its own creameries. The Board have defended their policy by stressing its need for information on manufacturing costs, but it can hardly need sixteen creameries and depots to obtain information which could have been got far more cheaply by buying a couple of the already existing plants; it is probable that the Board is, in fact, anxious to get as much as possible of the milk surplus to liquid requirements under its own control. Another source of contention between the Milk Marketing Board and the manufacturers has arisen over the allocation of "calls" for the liquid milk market in the winter months. During the temporary stringency in the supplies of liquid milk last winter, the Board, exercising powers under its agreement with the manufacturers, "called up" various amounts of manufacturing milk, against the payment of compensation. But the proprietors of the plants concerned, while they agree to the necessity of the diversion of milk, naturally object to its execution by one of their own competitors. This seems, indeed, to be a function which should be exercised by an impartial body, such as the proposed Milk Commission. It is unfortunate that the promised Milk Bill, which was to have set up such a Commission, has been postponed until the next session of Parliament.

* * *

Foreign Trade of Turkey.—The House of Commons discussed this week the Anglo-Turkish Credit Agreement Bill, by which the British Government granted a loan of £6,000,000 to the Turkish Government to be used for the purchase of defence material in Great Britain. Another credit of £10 millions was previously arranged with the assistance of the Export Credit Guarantee Department, and these may help to check the falling trend of British trade with Turkey. Between 1932 and 1937, British imports into Turkey fell from 12.4 per cent. of the total to 6.2 per cent. and the British share in the total of Turkish exports fell from 9.8 per cent. to 7.1 per cent. During this period both Germany and the United States have increased their trade with Turkey. Last year Germany bought 36.5 per cent. of Turkey's exports against 13.6 per cent. in 1932, and supplied 42.1 per cent. of her imports, compared with 23.2 per cent. in the earlier year. The United States supplied 2.6 per cent. of Turkey's imports in 1932, but 15.1 per cent. in 1937; the proportion of Turkey's exports bought by the United States, however, increased only from 11.9 per cent. to 13.9 per cent. The value of Turkish foreign trade is still increasing; the value of imports rose from £T92.5 millions in 1936 to £T114.4 millions in 1937, and that of exports from £T117.7 millions to £T138 millions. The greater increase in imports led to a considerable fall in the export surplus, from £T25.2 millions to £T23.6 millions. Iron and steel, cotton goods and machinery are the largest items in the import trade and accounted in 1937 for 44.1 per cent. of the total. Turkey's main export is tobacco, which supplied 31.8 per cent. of the total value of exports in 1937; exports of fruit and cereals are also important, and they account together for about a third of the total value of Turkish exports.

* * *

Selling Vacuum Cleaners.—On February 5th we published an article on "Machinery in the Home" which discussed, *inter alia*, the causes of the marked decline in the average price of vacuum cleaners sold in this country from £13 19s. in 1930 to £8 in 1934. The view was then expressed that this fall was largely due to a reduction in the proportion of sales of vacuum cleaners effected by door-to-door selling. This interpretation has since been questioned by a representative of one of the most important manufacturers of vacuum cleaners. He contends that, so far from there having been a decline in the number of cleaners sold by door-to-door salesmen since 1930, there has in fact been a considerable increase. In September, 1931, a duty was imposed on imported vacuum cleaners. As a result, domestic production increased almost tenfold, from 37,550 in 1930 to 318,000 in 1934. To a considerable extent, it is claimed, this increased output was of a lower standard of quality than the machines which had previously been imported. These facts, our correspondent argues, sufficiently explain the fall in price to which our contributor drew attention in his article. The door-to-door salesman is by no means disappearing from the business; and no change in selling methods can be adduced to explain the fall in prices.

* * *

Wholesale Prices Firmer.—For the second fortnight in succession British wholesale prices have been rising, and this fortnight the increase is more marked. *The Economist's* complete index is 1·3 per cent. higher, while British prices of primary products have risen by 1·9 per cent. In the United States the movement is not quite so definite. There has been a relatively sharp advance of 3·9 per cent. in the prices of primary products, but the Irving Fisher general index number is slightly lower than a fortnight ago. Wholesale prices on the Continent show a slight upward tendency.

SEPTEMBER 18, 1931 = 100

Date	*The Economist* Indices: British Complete Index (sterling)	Primary Products: British (sterling)	Primary Products: American (dollar)	Price of Gold (sterling)	U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
1936								
Dec. 30th	131·3	163·9	187·3	166·7	128·8	113·0	116·3†	95·4
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	144·3	181·9	199·7	167·4	137·3	121·8	126·2	97·5
Apr. 28th	142·0	169·9	183·5	165·4	135·6	120·5	128·7	97·0
June 2nd	142·7	170·2	178·9	165·6	134·3	119·8	133·2	97·5
June 30th	139·5	165·9	176·8	165·7	134·1		134·2	97·5
July 28th	140·2	167·1	171·8	164·5	133·8	130·8	137·1	97·9
Aug. 25th	137·9	164·4	165·3	164·2	133·0	133·3	137·1	98·1
Sept. 22nd	136·0	164·0	166·3	165·1	133·7	139·4	137·7	97·6
Oct. 20th	133·6	156·2	152·3	165·4	129·5	138·8	141·6	97·3
Dec. 1st	127·5	145·4	138·9	164·8	125·1	134·0	143·3	97·0
Dec. 29th	127·8	147·4	135·3	164·2	120·5	135·8	143·8	97·0
1938								
Jan. 5th	128·9	148·2	136·8	164·5	120·6	137·4	143·6	96·9
Jan. 19th	127·8	146·5	137·7	164·3	120·9	138·1	143·5	96·9
Feb. 2nd	126·6	144·4	135·4	164·5	119·8	137·9	142·9	97·0
Feb. 16th	125·0	141·7	136·8	164·5	119·5	138·1	142·4	96·9
Mar. 2nd	125·1	143·1	138·7	164·5	120·3	138·1	142·5	97·2
Mar. 16th	123·9	140·8	134·8	164·5	119·3	139·9	142·5	97·2
Mar. 30th	122·7	137·0	129·3	164·6	117·7	139·4	141·7	97·1
Apr. 12th	122·6	137·8	130·6	164·6	117·6	139·9	141·5	97·0
Apr. 27th	121·4	137·8	127·5	164·3	116·9	139·9	142·8	97·0
May 11th	121·3	137·0	126·1	164·6	117·1	145·3	143·4	96·9
May 25th	119·6	132·2	121·9	165·5	117·2	145·6	...	96·3
June 8th	119·1	131·5	121·6	165·4	117·0	145·8	...	96·8
June 22nd	119·3	133·2	124·8	165·8	117·6	147·3	...	96·9
July 6th	120·8	135·7	129·7	165·9	117·3*	148·2*	143·8*	97·1*

* These figures relate to June 22nd. † Monthly average.

The following table shows the movement of the various groups comprised in *The Economist* index number :—

The Economist INDEX
(1927 = 100)

	Sept. 18, 1931	June 30, 1937	June 22, 1938	July 6, 1938
Cereals and meat...	64·5	91·2	87·0	89·1
Other foods	62·2	67·5	57·8	56·8
Textiles	43·7	70·7	51·5	52·8
Minerals	67·4	106·5	91·7	93·4
Miscellaneous	65·8	86·1	75·0	75·4
Complete index	60·4	84·3	72·0	72·9
1913 = 100	83·1	116·0	99·1	100·3
1924 = 100	52·2	72·8	62·2	63·0

The rise in British prices is mainly in raw materials. In the textile group, raw cotton, wool tops, flax and jute are all higher. There has been a general advance in non-ferrous metals. In the miscellaneous group timber and hides are cheaper, but there was a sharp advance in rubber and a lesser increase in linseed oil. Food prices were less definite in their movements. Meat, bacon and potatoes were higher, and there was also a recovery in maize, but flour, tea, cocoa and butter were all cheaper.

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BRITISH WHOLESALE PRICES

	June 29, 1938	July 6, 1938
CEREALS AND MEAT		
GRAIN, etc.—		
Wheat—	s. d.	s. d.
No. 2, N. Man. 496 lb.	...	...
Eng. Gaz. av., per cwt.	7 11	7 11
Liv. July, per cental	6 5	6 4
Flour, per 280 lb.—		
Straights, d/d London	32 0	31 0
Manitoba, ex store	33 0 – 34 6	32 6 – 34 0
Barley, Eng. Gaz. av.	9 5	9 5
Oats, " "	8 3	8 9
Maize, La Plata, landed, 480 lb.	30 3	31 3
Rice, No. 2 Burma, per cwt.	8 $7\frac{1}{2}$	8 $7\frac{1}{2}$
MEAT—		
Beef, per 8 lb.—		
English long sides	4 6 – 5 4	4 8 – 5 4
Argentine chilled hinds	4 2 – 4 6	4 4 – 4 7
Mutton, per 8 lb.—		
English wethers	4 8 – 5 8	4 4 – 5 8
N.Z. frozen wethers	3 0 – 4 2	3 0 – 4 2
Lamb, per 8 lb.—		
N.Z. frozen	4 10 – 5 8	4 10 – 5 4
Pork, English, per 8 lb.	5 0 – 5 6	5 4 – 5 8
BACON (per cwt.)—		
English	99 0	99 0
Danish	99 0	99 0
Dutch	98 0	98 0
Irish	95 0 – 99 0	95 0 – 99 0
HAMS (per cwt.)—		
Canadian	102 0	102 0 – 104 0
United States	97 0 – 98 0	98 0 – 100 0
OTHER FOODS		
BUTTER (per cwt.)—		
Australian	122 0	119 0 – 120 0
New Zealand	125 0	121 0 – 122 0
Danish	126 0	124 0
CHEESE (per cwt.)—		
Canadian	78 0 – 80 0	78 0 – 80 0
New Zealand	68 0	68 6
English Cheddars	...	...
Dutch	46 0 – 55 0	47 0 – 55 0
COCOA (per cwt.)—		
Accra, g.f.	22 3 – 22 3	23 6 – 24 0
Trinidad	37 0 – 45 0	36 0 – 44 0
Grenada	37 0 – 38 0	35 0 – 37 6
COFFEE (per cwt.)—		
Santos supr. c. & f.	29 6	30 6
Costa Rica, medium to good	42 0 – 62 0	42 0 – 62 0
Kenya, medium	45 0 – 70 0	45 0 – 70 0
EGGS (per 120)—		
English (15–$15\frac{1}{2}$ lb.)	14 6 – 15 0	16 0 – 16 6
Danish ($15\frac{1}{2}$ lb.)	11 3 – 11 9	11 6 – 12 0
FRUIT—		
Oranges, S. African ..... boxes	... – ...	7 0 – 10 9
" Brazilian ..... boxes	7 6 – 11 0	8 0 – 12 0
Lemons, Malaga ..... ½cases	18 9 – 23 0	18 9 – 23 0
" Sicilian ..... boxes	14 0 – 19 0	14 0 – 18 0
Apples, Amer. (var.) .....barrels	... – ...	...
" Virginian $21\frac{4}{25}$	9 6	9 6
" No. 1 Albemarle		
Grapes, Almeria .....barrels	... – ...	...
Grapefruit, S. African	10 9 – 14 3	10 9 – 14 3
LARD (per cwt.)—		
Irish, finest bladders	56 0 – 62 0	56 0 – 62 0
U.S.	47 6 – 50 0	48 0 – 50 3
PEPPER, per lb.—		
Black Lampong (in Bond)	0 $2\frac{3}{4}$	0 $2\frac{3}{4}$
" " (Duty paid)	0 $3\frac{1}{4}$	0 $3\frac{1}{4}$
White Muntock (in Bond)	0 $3\frac{7}{8}$	0 $3\frac{7}{8}$
" " (Duty paid)	0 4	0 4
	0 $4\frac{3}{8}$	0 $4\frac{3}{8}$
	0 $4\frac{1}{2}$	0 $4\frac{1}{2}$
POTATOES (per cwt.)—		
English (new)	16 0 – 20 0	11 0 – 15 0
SUGAR (per cwt.)—		
Centrifugals, 96°, prpt. shipm. c.i.f. U.K./Cont.	5 $0\frac{3}{4}$	5 $0\frac{3}{4}$
REFINED London—		
Yellow Crystals	18 6	18 6
Cubes	22 9 – 23 3	22 9 – 23 3

* Weeks ended June 23rd and 30th.

	June 29, 1938	July 6, 1938
SUGAR (per cwt.)—cont.	s. d.	s. d.
Crushed	21 0	21 0
Granulated	18 $10\frac{1}{2}$ – 19 9	18 $10\frac{1}{2}$ – 19 9
Home Grown	18 9 – 19 0	18 9 – 19 0
TEA* (Auction Average) (per lb.)—	d.	d.
N. India	14·15	13·80
S. India	13·43	13·32
Ceylon	14·18	14·05
Java	12·19	11·69
Sumatra	11·00	10·96
Africa	11·89	11·55
Total	13·68	13·49
TOBACCO (per lb.)—	s. d.	s. d.
Virginia stemmed and unstemmed, common to fine	0 8 – 2 6	0 8 – 2 6
Rhodesian stemmed and unstemmed	0 9 – 1 10	0 9 – 1 10
Nyasaland stemmed and unstemmed	0 7 – 1 4	0 7 – 1 4
East Indian Stemmed	0 6 – 2 0	0 6 – 2 0
East Indian Unstemmed	0 5 – 1 6	0 5 – 1 6
TEXTILES		
COTTON (per lb.)—	d.	d.
Raw, Mid-American	4·90	5·15
" Sakellaridis, F.G.F.	7·52	7·97
" Giza, F.G.F.	6·92	7·52
Yarns, 32's Twist	$9\frac{3}{8}$	$9\frac{3}{8}$
" 40's Weft	10	$10\frac{3}{8}$
" 60's Twist (Egyptian)	$17\frac{1}{4}$	$17\frac{1}{2}$
Cloth, 32 in. Printers, 116 yds., 16×16, 32's & 50's	s. d. 17 0	s. d. 17 2
" 36 in. Shirtings, 75 yds., 19×19, 32's & 40's	23 3	23 6
" 38 in. ditto, 38 yds., 18×16, 10 lb.	9 10	9 11
" 39 in. ditto, $37\frac{1}{2}$ yds., 16×15, $8\frac{1}{4}$ lb.	8 11	9 0
FLAX (per ton)—	£ s.	£ s.
Livonian ZK	61 10	61 10
Pernau HD	62 0 – 64 0	62 0 – 66 0
Slanetz Medium, 1st sort	85 0 – 84 0	85 0 – 88 0
HEMP (per ton)—		
Italian PC	70 0	70 0
Manilla, July–Sept. "J2"	21 10	21 10
JUTE (per ton)—		
Native 1st mks., c.i.f. H.A.R.B., Aug.–Sept.	17/10/0	18/7/6
Daisee 2/3 c.i.f. Dundee, Oct.–Nov.	16/17/6	17/15/0
SISAL, (per ton)—	£ s.	£ s.
African, July–Sept.	16 0 – 18 0	16 10 – 19 0
SILK (per lb.)—	s. d.	s. d.
Canton	7 3	7 3
Japan	6 9 – 7 6	7 0 – 8 0
Italian, raw, fr. Milan	8 0 – 7 3	8 0 – 7 3
WOOL (per lb.)—	d.	d.
English, Southdown, greasy	$10\frac{1}{2}$	11
" Lincoln hog, washed	10	10
Queensland, acd. super combg.	$22\frac{1}{2}$	$22\frac{1}{2}$
N.S.W. greasy, super combg.	13	13
N.Z., greasy, half-bred 50–56	$12\frac{1}{2}$	$12\frac{1}{2}$
" Crossbred 40–44	$11\frac{1}{2}$	$11\frac{1}{2}$
Tops—		
Merinos 70's average	$27\frac{1}{2}$	$27\frac{1}{2}$
" 64's "	26	26
Crossbred 48's	16	16
" 46's	$15\frac{1}{2}$	$15\frac{1}{2}$
MINERALS		
COAL (per ton)—	s. d.	s. d.
Welsh, best Admiralty	19 6	19 6
Durham, best gas, f.o.b. Tyne	22 6 – 19 9	22 6 – 19 9
Sheffield, best house, at pits	20 0 – 22 0	20 0 – 22 0
IRON AND STEEL (per ton)—	24 0	24 0
Pig Cleveland No. 3, d/d.	109 0	109 0
Bars, Middlesbrough	265 0	265 0
Steel rails, heavy	202 6	202 6
Tinplates per box	21 6	21 6
NON-FERROUS METALS (per ton)—		
Copper—		
Standard cash	36/13/9 – 36/16/3	39/16/3 – 39/17/6
Three months	37/0/0 – 37/1/3	40/2/6 – 40/3/9
Tin—		
Standard cash	184/0/0 – 184/10/0	193/5/0 – 193/15/0
Three months	185/5/0 – 185/10/0	194/10/0 – 194/15/0
Lead, soft foreign—		
Cash	14/6/3 – 14/7/6	15/6/3 – 15/7/6
English, pig	16/10/0	17/5/0
Spelter, G.O.B.—		
Spot	13/8/9 – 13/11/3	14/7/6 – 14/10/0
Aluminium, ingots and bars	100/0/0	100/0/0
" rolling billets	102/0/0	102/0/0
Nickel, home and export	180/0/0 – 185/0/0	180/0/0 – 185/0/0
Antimony, Chinese	52/0/0	52/0/0
	s. d.	s. d.
Wolfram, Chinese per unit	52 0 – 55 0	48 0 – 51 0
	£ s. d.	£ s. d.
Platinum, refined per oz.	6/12/6	7/5/0
Quicksilver per 76 lb.	13/18/0 – 13/18/6	13/18/0 – 13/18/6

* Weeks ended June 23rd and 30th.

	June 29, 1938	July 6, 19
	s. d.	s. d.
GOLD, per fine ounce	140 $8\frac{1}{2}$	140
SILVER (per ounce)—		
Cash	1 7·02	1
MISCELLANEOUS		
CEMENT, best Eng. Portland, d/d site, London a in paper bags 20 to ton (free, non-returnable)—		
4-ton loads and upwards	42s. per	
CHEMICALS—	s. d.	s. d.
Acid, citric, per lb., less 5%	1 0 – 1 $0\frac{1}{4}$	1 1
" Nitric	0 2 – 0 3	0 2 – 0 3
" Oxalic, net	0 5 – 0 6	0 5 – 0 6
" Tartaric, English, less 5%	1 1 – 1 $1\frac{1}{4}$	1 1 – 1 $1\frac{1}{4}$
Alcohol, Plain Ethyl	12 0	12 0
Ammonia, carb. ton	20/0/0 – 21/0/0	20/0/ – 21/0/
" Sulphate	7/14/0	7/14/
Arsenic, lump per ton	35/0/0	35/0/
	s. d.	s.
Borax, gran. per cwt.	13 6	13
" powder	15 0	15
Nitrate of soda per cwt.	8 0	8
Potash, Chlorate, net	0 4 – 0 $4\frac{1}{2}$	0 4 – 0
" Sulphate per cwt.	10 0	10 0
Soda Bicarb. per cwt.	10 0 – 11 0	10 0 – 11 0
Crystals per cwt.	5 0 – 5 3	5 0 – 5
Sulphate of Copper per ton	17/5/0	17/15
COPRA (per ton)—		
S.D. Straits, c.i.f.	11/1/3	11/3/
HIDES (per lb.)—	s. d.	s. d.
Wet salted, Australian	0 4 – 0 $4\frac{3}{4}$	0 4 – 0
West Indian	0 $2\frac{1}{4}$ – 0 3	0 – 0
Cape	0 $4\frac{3}{8}$ – 0 $4\frac{3}{4}$	0 – 0
Dry and Drysalted Cape	0 $6\frac{1}{4}$ – 0 $6\frac{3}{4}$	0 – 0
Market Hides, Manchester—	0 $4\frac{1}{4}$	0
Best heavy ox and heifer	0 $5\frac{1}{2}$	0
Best cow	0 $3\frac{3}{8}$ – 0 $3\frac{3}{4}$	0 – 0
Best calf	0 $4\frac{3}{4}$ – 0 $5\frac{3}{4}$	0 – 0
INDIGO (per lb.)—		
Bengal, gd. red.-vio. to fine	5 0 – 6 0	5 0 – 6 0
LEATHER (per lb.)—		
Sole Bends, 8/14 lb.	1 0 – 1 10	1 0 – 1 10
Bark Tanned Sole	2 0 – 2 10	2 0 – 2 10
Shoulders from DS Hides	0 $5\frac{1}{2}$ – 0 $7\frac{1}{2}$	0 5 – 0 7
" Eng. or WS do.	0 $7\frac{1}{2}$ – 1 3	0 7 – 1 3
Bellies from DS do.	0 $4\frac{3}{4}$ – 0 $5\frac{3}{4}$	0 4 – 0 5
" Eng. or WS do.	0 6 – 0 8	0 6 – 0 8
Dressing Hides	1 0 – 1 8	1 0 – 1 8
Ro. Eng. Calf, 20/35 lb. per doz.	3 6 – 4 6	3 6 – 4 6
PETROLEUM PRODUCTS (per gall.)—		
Motor Spirit No. 1, London	1 6	1 6
Petroleum, Amer. rtd. brl. Lond.	0 10	0 10
Fuel, oil, in bulk, for contracts ex. instal. Thames—		
Furnace	0 $3\frac{3}{4}$†	0 3
Diesel	0 $4\frac{1}{2}$†	0 4
ROSIN (per ton)—		
American	13/15/0 – 18/0/0	14/5/0 – 18/5/0
RUBBER (per lb.)—	s. d.	s. d
St. ribbed smoked sheet	0 $6\frac{13}{16}$	0 7
Fine hard Para	0 $6\frac{3}{4}$	0 7
SHELLAC (per cwt.)—		
TN Orange	39 0 – 42 0	40 0 – 43 0
TALLOW (per cwt.)—		
London town	17 6	17 6
TIMBER—		
Swedish u/s 3×8 per std.	21/10/0	21/10/0
" $2\frac{1}{2}$×7 "	21/0/0	21/0/0
" 2×4 "	18/10/0	18/10/0
Canadian Spruce, Dis.	22/10/0	22/10/0
Pitchpine per load	11/0/0	11/0/0
Rio Deals per std.	35/0/0	35/0/0
Teak per load	27/0/0	27/0/0
Honduras Mahogany logs c. ft.	0/12/0	0/12/0
English Oak Planks "	0/6/0	0/6/0
English Ash Planks "	0/7/0	0/7/0
VEGETABLE OILS (per ton net)—		
Linseed, naked	23/2/6	23/12/6
Rape, refined	33/0/0	33/0/0
Cotton-seed, crude	19/0/0	19/10/0
Coconut, crude	15/12/6	15/15/0
Palm	13/2/6	13/10/0
Oil Cakes, Linseed, Eng.	9/2/6	9/2/6
Oil Seeds, Linseed—		
La Plata, June	11/12/6	11/17/6
Calcutta	12/10/0	12/15/0
	s. d.	s. d.
Turpentine per cwt.	33 0	32 3

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

COMMODITY STATISTICS

Coal

COAL OUTPUT ('000 tons)

District	Week ended June 18, 1938	Week ended June 25, 1938	Jan.–May 1937	Jan.–May 1938
Northumberld.	262·5	200 1	5,828·0	5,909·7
Durham	650 7	620 2	13,426·6	14,353·4
Yorkshire	846 5	657 6	19,339·5	19,890·6
Lancs, Cheshire and N. Wales.	348·4	331 3	7,510·5	7,690·6
Derby, Notts & Leicester	606·7	545 9	14,802·1	15,181·1
Staffs, Worcs, Salop & Warwick	390·5	364 9	8,686·5	8,936·8
South Wales & Monmouth	758·5	775 8	15,227·3	16,266·3
Other English districts*	105·8	100 3	2,228·0	2,412·9
Scotland	562·4	563·1	13,594·6	13,424·3
Total	4,532·0	4,159·2	100643·1	104065·7

* Including Cumberland, Gloucester, Somerset, and Kent.

Cotton

RAW COTTON delivered to Spinners ('000 bales)

Variety	Week ended June 24, 1938	Week ended July 1, 1938	Total Deliveries Aug. 1, 1936–July 2, 1937	Total Deliveries Aug. 1, 1937–July 1, 1938
American	19·4	20·0	1,127	1,139
Brazilian	2·6	4·0	346	258
Peruvian, etc.	1·5	1·7	131	105
Egyptian	7·4	3·9	383	324
Sudan Sakel	3·1	1·0	153	132
East Indian	12·0	11·7	529	356
Other countries	0·9	1·6	207	156
Total	46·9	43·9	2,876	2,470

Metals

SALES ON LONDON METAL EXCHANGE

	Week ending June 29, 1938	Week ending July 6, 1938	From Jan. 1 to July 6, 1938
	Tons	Tons	Tons
Copper	12,750	15,750	239,025
Tin	2,725	2,750	46,510
Lead	8,650	12,350	180,550
Spelter	12,350	15,200	162,475

U.K. STOCKS

	June 25 1938	July 2, 1938
	Tons	Tons
Copper (Br. official w'houses):	6,443	6,060
Refined	28,537	29,726
Rough	6,524	6,939
Tin (London and Liverpool)		

Foods

WORLD SHIPMENTS OF WHEAT AND FLOUR ('000 quarters)

	Week ended June 25, 1938	Week ended July 2, 1938	Season to July 3, 1937	Season to July 2, 1938
From—				
N. America	262	330	25,147	21,839
Argentina and Uruguay	119	199	19,907	7,967
Australia	318	381	12,699	15,231
Russia	35	91	11	5,281
Danube and dist.	60	142	9,711	6,412
India	80	150	1,700	1,576
Other Countries	...	...	2,121	691
Total	874	1,293	71,296	58,997
To—				
U.K.	106	287	16,773	14,366
"Orders"	262	446	18,768	13,395
France	2	1	1,494	830
Belgium	71	40	4,448	4,618
Holland	35	40	2,405	2,951
Italy	46	127	5,310	1,232
Greece	77	49	1,762	2,257
Scandinavia	16	24	1,844	1,505
Austria, etc.	38	52	2,057	1,968
Other European Countries	...	...	2,373	4,197
Ex-European Countries	221	227	14,062	11,678
Total	874	1,293	71,296	58,997

WORLD SHIPMENTS OF MAIZE AND MAIZE MEAL ('000 quarters)

From	Week ended June 25, 1938	Week ended July 2, 1938	From Apr. 1 to July 3, 1937	From Apr. 1 to July 2, 1938
Argentina	242	226	11,670	1,825
Atlantic America	385	305	...	5,631
Danube Region	71	49	1,510	1,816
S. & E. Africa	1	...	348	30
Indo-China, etc.	29	37	61	311
Total	728	617	13,589	9,613

SALES OF BRITISH CEREALS

	Week ended June 25, 1938	Week ended July 2, 1938	From Aug. 1 to July 3, 1937	From Aug. 1 to July 2, 1938
Wheat...cwt.	73,588	46,819	10,689,881	10,631,387
Barley...cwt.	853	1,266	10,328,177	10,291,558
Oats ..cwt.	9,731	12,339	2,203,770	2,172,331

OTHER FOODS

	Week ended June 27 1938	Week ended July 2, 1938
BACON:		
Arrivals in London (bales):		
Danish	13,181	13,188
Canadian	4,381	4,519
Dutch	1,671	1,933
Lithuanian	1,381	1,413
Polish	2,424	2,486
COCOA:		
Movements in Lond. (bags):		
Landed	7,897	31,085
D/d for home consumption	4,502	7,137
Exports	828	267
Stocks, end of week	83,878	107,559
COFFEE:		
Movements in Lond. (cwt.):		
Brazilian—Landed	...	101
" D/d for home consn.	63	177
" Exports	...	...
" Stocks, end of week	2,578	2,502
Central and S. American:		
Landed	4,242	635

OTHER FOODS—(contd.)

	Week ended June 25, 1938	Week ended July 2, 1938
COFFEE (*contd.*):		
D/d for home consumption	2,088	3,885
Exports	1,737	2,411
Stocks, end of week	149,198	143,537
Other kinds—Landed	416	939
" D/d for home consn.	3,558	2,503
" Exports	688	391
" Stocks end of week.	108,117	106,162
MEAT:		
Supplies at Smithfield (tons):		
Total	7,778	8,335
Beef and veal	4,268	4,354
Mutton and lamb	2,633	3,005
Pork and bacon	435	560
Poultry, etc.	442	416
PEPPER:		
Movements in Lond. (tons):		
Black—Landed	...	3
" Delivered	5	11
" Stocks, end of week.	1,929	1,921
White—Landed	...	10
" Delivered	50	44
" Stocks, end of week	9,373	9,339
SUGAR:		
Movements, London and Liverpool (tons):		
Imports	17,604	16,182
Deliveries	16,911	16,265
Stocks, end of week	211,569	211,486
TEA:*		
Sales on Garden A/c. (pkgs.):		
N. India	13,980	12,287
S. India	11,056	8,677
Ceylon	28,122	28,017
Java	4,633	4,347
Sumatra	415	742
Africa	5,349	3,787
Total	63,555	57,857

* Weeks ended June 23rd and 30th.

Miscellaneous Commodities

MOVEMENTS OF RUBBER IN LONDON AND LIVERPOOL

	Week ended June 25, 1938	Week ended July 2, 1938
Landed tons	2,099	2,132
Delivered tons	1,003	757
Stocks, end of week tons	91,085	92,460

WORLD SHIPMENTS OF LINSEED ('000 tons)

	Week ended June 25, 1938	Week ended July 2, 1938	From Jan. 1 to July 3, 1937	From Jan. 1 to July 2, 1938
Argentine to—				
U.K. and Orders	0·4	3·4	321·1	167·1
Continent	9·6	12·5	301·3	373·0
U.S.A. and Canada	14·1	3·6	501·8	170·0
Australia, Brazil, etc.	1·2	0·1	16·0	12·0
Calcutta to—				
U.K. and Orders	1·3	1·0	67·4	40·6
Continent	...	...	0·2	0·9
Bombay to—				
U.K. and Orders	3·3	...	23·1	75·0
Continent	...	0·1	8·0	3·4
Madras to U.K.	...	...	...	...
India to—				
Australia, etc.	...	...	5·1	4·3
U.S.A.	...	...	...	...
Sundries	...	...	...	...
Total	29·9	20·7	1244·0	846·3

AMERICAN WHOLESALE PRICES

	June 29, 1938 Cents	July 6, 1938 Cents
GRAINS (per bushel)—		
Wheat, Chicago, July	$75\frac{3}{4}$	$71\frac{3}{4}$
Winnipeg July	102	98
Maize, Chicago, July	$57\frac{1}{4}$	$57\frac{3}{4}$
Oats, Chicago, July	$26\frac{1}{8}$	$26\frac{7}{8}$
Rye, Chicago, July	$51\frac{7}{8}$	$53\frac{1}{2}$
Barley, Winnipeg, July	$51\frac{1}{2}$	$49\frac{3}{8}$
METALS (per lb.)—		
Copper, N.Y., Domestic spot	9·02½	9·70
Producers' export	9·30	9·97½
METALS (per lb.)—*cont.*		
Tin, N.Y., Straits spot	42·60	43·50
Lead, N.Y., spot	4·50	4·90
Spelter, East St. Louis, spot	4·50	4·75
MISCELLANEOUS (per lb.)—		
Cocoa, N.Y., Accra, July	4·89	5·08
Coffee, N.Y., cash—		
Rio, No. 7	$4\frac{3}{4}$	$4\frac{5}{8}$
Santos, No. 4	$7\frac{1}{4}$	$7\frac{1}{4}$
Cotton, N.Y., Am. mid., spot	8·85	9·21
MISCELLANEOUS (per lb.)—*cont.*		
Cotton, Am. Mid., July	8·75	9·11
Lard, Chicago, July	8·52½	8·72½
Petroleum, Mid-cont. crude 33 deg. to 33·90, at well, per barrel	116	116
Rubber, N.Y., smkd. sheet spot	$14\frac{11}{16}$	$15\frac{5}{16}$
Do. do. Aug.	$14\frac{3}{4}$	$15\frac{5}{8}$
Sugar, N.Y., Cuban Cent., 96 deg., spot	2·68	2·71

INDUSTRIAL REPORTS

THE figures for unemployment in June published by the Ministry of Labour this week and discussed in a note on page 88 show a further increase, but reports from the main industrial centres are not unduly depressed. The falling-off in the demand for coal is largely seasonal and business in iron and steel in most districts is considered satisfactory for the time of year. Inquiry is improving in nearly all trades, but little new business has been settled as yet. This is particularly true in the case of the cotton textile trade, where the most important event on the market is the advance in raw cotton prices, but where many producers describe sales as disappointing. It is now very widely felt that any important improvement is unlikely before the autumn, but it is also fairly confidently expected that there will be an increase in industrial activity then.

Coal

Sheffield.—The demand for coal is generally quiet, and while industrial demand is steady, consumption is smaller on account of short-time working in some branches of industry. Gas and house coal supplies are accumulating in view of reduced requirements. Stocks of blast-furnace coke are increasing as a result of the smaller number of furnaces now operating. Business in large patent oven and graded coke for central heating is dull. The export market shows no improvement, and the outlook is by no means cheerful. Washed nuts and smalls have been marked down sixpence per ton, but little business is attracted. Other prices, for both inland and export, are unaltered.

★

Newcastle.—Market conditions here are little changed. Northumberland shows little improvement, but there is a feeling that prices will shortly become more stable, as there has been a fair amount of buying ahead by consumers in the Scandinavian countries. Furthermore, this coalfield is regaining home trade which was lost twelve months ago. The Durham section is very quiet; there is a scarcity of trade in all grades and short time is a common occurrence. Export trade in patent oven coke is more brisk, substantial contracts having been completed at minimum prices for delivery over next season.

★

Glasgow.—There are no indications of improvement in demand on either home or export account, and the usual pre-holiday shipping activity seems likely to be absent this year owing to the existence of ample stocks at Continental depots. Despite restricted production in most areas supplies are fully adequate for current requirements. Denmark has been sending one or two useful orders. Lanarkshire and Ayrshire are suffering from reduced household, industrial and overseas demand.

★

Cardiff.—Colliery steams were disorganised last week by delays in the arrival of tonnage owing to the gales, and shipments in the foreign and coastwise trades totalled only 352,000 tons, compared with 416,100 tons in the previous week, and 416,572 tons in the corresponding week last year. The shipping position has improved over the week-end and loadings have been a little more active. The demand for ordinary steam smalls is quiet, but the reduced outputs of large steams are being almost entirely absorbed under contracts, while sized classes are relatively scarce. Prices are nominally unchanged. The course of the Anglo-French negotiations on the French import of British coal are discussed in a Note on page 89.

Iron and Steel

London.—The usual quiet summer conditions prevail in the iron and steel markets, and there is considerable irregularity in the rate of operations now ruling in the different departments, says the official report of the London Iron and Steel Exchange.

New business in the pig iron market is on a very limited scale, and most consumers are using their stocks and deliveries received against old contracts. The tendency to limit production to demand continues and has led to a reduction in the number of furnaces in operation.

Business in the semi-finished steel department has also been affected by the heavy stocks which have not yet been absorbed. Recently there have been indications that some consumers are again interested in the market. This section of the industry, however, is working below capacity, and it is not expected that the demand will revive fully until the early autumn.

The brighter tone which was noticeable recently in the finished steel department has been maintained, but there has been no important improvement in the volume of new business. The heavy steelworks are provided with orders sufficient to keep them occupied for some time, and recently the lighter sections of the industry have experienced an improvement in demand. Export business continues to be restricted by adverse trading conditions, and overseas consumers are pursuing a policy of buying from hand to mouth.

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Sheffield.—There is no indication of substantial improvement over the next few weeks. Consumers have substantial stocks in hand, and there is no need for them to come into the market. Forge and foundry iron are exceedingly quiet, but basic is rather better. For special qualities of hematite there is a fairly good demand. Not much change can be reported in finished iron; the position of common bars is more satisfactory than that of crown iron, which is neglected.

There continues to be a good demand for acid and basic steel, although requirements are much below those of six months ago. Stainless steel sheets are a big feature, and business in wire rods is fairly substantial.

The staple industries in this district are fully employed, and there is plenty of work in heavy castings and forgings. Production of crucible and electrically melted steel is at a high level. The lighter steel branches are rather patchily employed, but the call for engineers' tools is well maintained.

★

Middlesbrough.—Shipments of all classes of pig iron, manufactured iron and steel from the Tees during June amounted to 31,350 tons, which is 9,400 tons lower than the previous month, and is the lowest total for some time. The outstanding feature is the fact that shipments of pig iron during the first half of this year amounted to only 9,000 tons, whilst during the first half of last year the quantity shipped was approximately 50,000 tons. During the six months ending June 30, 1938, eleven furnaces have been put out of operation in this area.

There is no change in the iron trade position, and the existing stocks do not encourage the hope of any change before the autumn. Cleveland foundry iron production is practically suspended and basic iron is more than sufficient for requirements.

East Coast hematite also continues in surplus supply, and unless there is an increase in the demand it is expected that more furnaces will be put out of operation.

★

Glasgow.—The position in the West of Scotland is considered quite satisfactory for this time of year, when a slackening of demand is normal. Steel plants are still running to capacity, and there has been no serious curtailment of operations at other plants. Makers of finished material are particularly busy, and heavy tonnages are being supplied to users in all parts of the country. No improvement is reported by the tube makers in this district, who are experiencing a very quiet spell.

★

Cardiff.—There has been a slight improvement in the undertone of the tinplate market. In the week ended June 25th production equalled 44.03 per cent. of capacity compared with 38.47 per cent. the previous week, and operations have been resumed this week at some of the Llanelly furnaces. Shipments of tinplates at Swansea in the week ended June 30th totalled 4,408 tons as against 3,185 tons the previous week and 8,793 tons a year ago. The sheet market continues quiet for both the inland and export trades. Prices are nominally unchanged.

Tinplate Industry Statistics

	Week ended June 26, 1937	Week ended June 18, 1938	Week ended June 25, 1938
Production—per cent. of capacity	73·98	38·47	44·03

	Week ended June 29, 1937	Week ended June 23, 1938	Week ended June 30, 1938
	Tons	Tons	Tons
Shipments	8,793	3,185	4,408
Stocks (warehouse and in vans)	2,775	6,437	6,220

	Twenty-six Weeks ended June 29, 1937	Twenty-six Weeks ended June 30, 1938
	Tons	Tons
Shipments	218,072	126,339

(*Continued on page 98*)

COMPANY MEETINGS

P. & O. BANKING CORPORATION LIMITED

NEED FOR CAUTIOUS POLICY

The eighteenth annual meeting of the P. and O. Banking Corporation, Limited, was held, on the 1st instant, at 122 Leadenhall Street, London.

Mr A. d'Anvers Willis (the chairman) expressed his regret at the retirement of Mr Gubbay from the general managership of the bank, and his pleasure that Mr Gubbay would continue in the capacity of deputy-chairman. Mr C. E. Malkinson, of head office, had been appointed to succeed Mr Gubbay as general manager.

Continuing, he said: I remarked last year that a greater volume of suitable advances would be required to enable us to maintain profits at the level of previous years, and although the earlier months of our financial year were full of promise in this respect, the course of world events prevented the promise developing into reality. Our business in the Far East received a rude shock following the outbreak of the Sino-Japanese hostilities and, of course, expansion in that sphere of our activities became out of the question. All our efforts had to be concentrated instead on safeguarding the bank's position in Shanghai, while at the same time having due care for our customers' interests. In this we received the fullest measure of assistance from Mr Booth, who was our manager in Shanghai during those very trying months from August until February, 1938, and from the bank's Compradore, Mr Zee Mao Dong. I cannot speak too highly of the bearing of our Shanghai staff through the whole period when Shanghai was a war area.

The reduction in our profits this year, which is attributable directly to the Shanghai situation, has been kept within modest bounds by the successful efforts made to protect the bank's interests in that centre. Full provision has been made for all doubtful accounts in Shanghai as elsewhere, and the inevitable loss incurred in Shanghai exchange and the depreciation of our holding in Shanghai Municipal debentures has been provided for in full.

NEED FOR CAUTION

Turning to our other fields of operation, the sharp fall in commodity prices, the causes for which have been so thoroughly ventilated by economists and others that it is unnecessary for me to cover the same ground again, made a cautious policy on our part necessary. Therefore, while our trade advances to customers have been on the whole fully maintained, the increase which you will see of £1,200,000 in our advances was almost wholly accounted for by the use of funds at home in short and temporary loans of a gilt-edged character.

The figures on both sides of the balance sheet are also affected by the rates of conversion adopted this year of 1s. for the Shanghai dollar against a rate of 1s. 3d. in last year's balance sheet. Hongkong dollar balances, rupee balances and Straits dollar balances have again been converted at 1s. 3d., 1s. 6d. and 2s. 4d. respectively,

Our holdings of investments were depressed at the end of our financial year, due to the crisis in Europe during that month following the German march into Austria.

THE OUTLOOK

The predominating feature of the world situation at the present moment as I see it, particularly in those countries in which we are operating, is the uncertain outlook created both by the existence of political tension and the restrictions which hamper the interchange of primary commodities. Were an improvement to take place in American business conditions and sentiment it is possible that a rise in commodity prices might follow. Such a rise in itself might not necessarily bring about an increased volume of business in the areas in which we are working so long as there is the present lack of confidence created by the continuance of political tension and the abnormal conditions which prevail in China.

Although our profits are lower this year, I feel sure that the shareholders will approve of the provision made by the directors out of the profits of the present year of £5,000 to the officers' pension fund.

The balance-sheet as well as the profit and loss account of the Allahabad Bank, Limited, is attached to our report, and this reveals another year of such successful effort by that institution that I feel no hesitation in asking shareholders again to endorse our feeling that the board and the management of that bank deserve our sincerest congratulations.

The report and accounts were unanimously adopted, and the payment of a dividend of 4 per cent. per annum, less income tax at 4s. 4d., was approved.

NATIONAL BANK OF NEW ZEALAND, LIMITED

TRADE POSITION IN THE DOMINION

The sixty-sixth ordinary general meeting of the National Bank of New Zealand, Limited, was held, on the 7th instant, at 8 Moorgate, London.

Sir Austin E. Harris, K.B.E. (the chairman), said that the profit for the year, after appropriations to contingency accounts, out of which full provision had been made for bad and doubtful debts, exchange, a new item in N.D.C., and other contingencies, was £105,727, which was £2,889 more than last year. The difficulties to which he referred last year—loss of exchange business, low interest rates and the increase in cost of labour, all enforced by legislation—remained with them. He thought they would agree, therefore, that the improvement in profits this year was very satisfactory, especially as it had been achieved after providing considerable increases in staff salaries. Shareholders had already received an interim dividend of 4 per cent. per annum, free of tax, and they now proposed a final dividend for the half-year to March 31st last at the rate of 5 per cent. per annum, less tax.

The value of the overseas trade of the Dominion for the year was considerably in excess of that of the previous year. Exports were valued at £52,215,000 sterling, an increase of £3,834,000, whilst imports increased by £8,388,000, so that the favourable trade balance fell from £10,131,000 to £5,577,000 sterling.

LEGISLATION

During the year the Government had devoted much time to the development of its plan for National Superannuation and Health Insurance. The plan contemplated the formation of a new Social Security Department, and the benefits included a pension of 30s. a week to both men and women at age 60, with an allowable income of 20s. a week from other sources. Those receiving an income of £2 10s. or more would not benefit. Other provisions included the free service of a general practitioner to all members of the community and free hospital and sanatorium treatment.

That scheme, in the form in which it had been made public, must involve a heavy drain on the future finances of the Dominion, as well as a serious burden on the individual taxpayer. It was, however, premature to make definite criticism before the details of the Bill which would be submitted to Parliament had been published.

He had told shareholders last year that the board were hopeful that they would be able to participate in the returning prosperity of the Dominion. This they had, to a limited extent, been able to do. Throughout the year 1937 New Zealand enjoyed a period of prosperity which resulted in improved trade figures and increased demand for bank advances. The high total of their advances showed that they had been able to meet considerable demands for increased accommodation from their customers, but they had reached the stage when they must be careful not to encourage over-trading. There had recently been some evidence of a falling off in business activity, accompanied by a fall in the favourable trade balance. Those two factors could probably be attributed to the fall in the value of wool, trade recession in the rest of the world and political uncertainty in New Zealand itself. The approach of a General Election was always a disturbing factor, and it was not surprising that many people in New Zealand were adopting a cautious attitude and were slow to undertake commitments until the result of the election to be held before the end of the year was known.

SIGNS OF RETURNING CONFIDENCE

They were anxious at all times to assist the industry and production of New Zealand to the best of their ability, but they would be failing in their duty as bankers if they shut their eyes to the danger that might arise from overstocking at a time of uncertainty for trade and a continuance of large imports when exports were bringing in a smaller return. During the past two years there had been a considerable fall in the net overseas funds of the reserve bank and trading banks. In this connection it was pertinent to remember that over £17,000,000 of New Zealand Government bonds fell due for repayment in London at the beginning of 1940, but he had no doubt that this was being borne in mind by the Dominion authorities.

In spite of all this, he was hopeful that the signs of returning confidence and the easing of international tension which during the last few weeks had shown themselves might be the precursors of a general economic recovery and might lead to better times ahead.

In conclusion, he announced that he had decided to retire from the chair and would be succeeded by Lord Balfour of Burleigh.

The report was unanimously adopted.

IMPERIAL BANK OF IRAN

DIVIDEND MAINTAINED

The forty-ninth ordinary general meeting of the Imperial Bank of Iran was held, on the 6th instant, at 51 Gracechurch Street, London, Colonel Sir A. Henry McMahon, G.C.M.G., G.C.V.O., K.C.I.E. (chairman of the company), presiding.

The Chairman, in the course of his speech, said:—I shall deal first with the figures of net profit, which are £11,456 less than last year. Part of this reduction is due to higher taxation, including National Defence Contribution. The rest of the reduction is fully accounted for by a special and, we hope, temporary reservation under the heading of Exchange. As you will remember, transactions in foreign exchange in Iran have been under Government control since March, 1936, at the official selling rate of 80½ rials per £ sterling. The demand for foreign exchange is, however, greater than the supply, and there is accordingly some delay and difficulty in meeting the requirements of the market. As a result of this our exchange requirements in Iran for remittance to London, to meet sterling disbursements and to transfer the profits of our business in Iran, are, to some extent, in arrears. We are assured by the authorities concerned that we shall get this exchange in time, but we have considered it advisable to make a conservative reservation under the heading of Exchange before arriving at the present figures of net profit.

As a consequence of this regrettable necessity we are unable this year to add anything to reserve account, which therefore remains at the figure of £750,000, while the amount carried forward again shows a small increase. Our ability, notwithstanding the lower net profit, to recommend the same distributions as have been made for the past eight years may be taken as the fruit of our past conservatism in this country, not less than as evidence of our trust in the assurances of the authorities in Iran.

THE BALANCE SHEET

The total figures of the balance sheet show a reduction of £100,000. Deposits are £200,000 higher. Bills payable, etc., shows little change. Acceptances are down by £264,000; part of this is due to lessened activity in exports from Iraq and the rest is accounted for by a reduction in guarantees relating to railway and other capital construction in Iran.

On the other side of the balance sheet, the cash item shows little change. Investments are increased by some £210,000. Discounts, loans and advances are increased by £273,000. The greater part of the substantial total under this heading is employed in financing internal business in Iran, where we take our due share in assisting trade and industry.

Bills receivable shows a reduction of some £288,000 on last year, which reflects partly reduced export business from Iraq as compared with an abnormally active season in the previous year, and partly a reduced share in the foreign trade of Iran. Under the barter arrangements concluded in August, 1935, with Russia, and the clearing agreement made in October, 1935, with Germany, an increased proportion of the foreign trade of Iran has gone to those countries, and in most of this business we are unable to assist as bankers. Even in the trade of Iran with Britain our activities are impeded by the diversion of business under conditions detrimental to open competition. As against these reductions in import and export banking, our internal bill business in Iran has increased in conformity with the higher level of industrial production in Iran.

Bank premises, furniture and stationery now stand at the nominal figure of £1,000. I need hardly say that the actual cost of our property in Iran represents a substantial figure of capital which is still invested there.

THE POSITION IN IRAN

The Government of H.I.M. the Shah continues to prosper under his firm and resolute statesmanship. The betrothal of H.I.H. the Crown Prince to H.R.H. Princess Fowzieh of Egypt is an event of good augury for the future. The Transiranian Railway, a project that imagination boggled at ten or fifteen years ago, is expected to be open for through traffic in two months' time, but His Imperial Majesty does not rest on achievements, however great, and projects for further railway and other development are already under consideration.

The increasing industrial development of Iran, with its attendant expansion of credit, has occasioned a marked rise in wages and in the cost of living, and the efforts of the authorities have recently been directed to correcting the upward movement in prices.

The report and accounts were unanimously adopted, and a final dividend of 7s. per share and bonus of 2s. per share, both payable free of income tax, were approved.

ANGLO-SPANISH CONSTRUCTION COMPANY, LIMITED

INCREASED VOLUME OF TRAFFIC

The thirteenth ordinary general meeting of the Anglo-Spanish Construction Company, Limited, was held, on the 6th instant, at 1 London Wall Buildings, London, E.C.

Mr David McA. Eccles (the chairman) said that the cash position of the company had changed very little during the year, and the board did not consider it wise to take any decision regarding the disposal of the cash in hand until the situation in Spain became clearer.

The results of the exploitation of the Santander-Mediterraneo Railway showed a marked improvement, and a surplus of Ps. 640,000 over running expenses had been earned during the year. Well under half the total traffic was of a military character, and the volume of civilian transport was steadily increasing. The great importance of the railway to the economy of Spain had been demonstrated beyond question.

Continuing, the Chairman said:—We are concerned in a business undertaking in a country where a bitter civil war is being waged, throughout the course of which the British Government have wisely adhered to an attitude of strict neutrality. We can only speak with authority of conditions in those areas where we operate and of which we therefore have first-hand knowledge.

The Santander-Mediterraneo Railway traverses for a distance of some 300 miles country which has been in General Franco's hands from the beginning of the war. Here we have the testimony of our own staff and the evidence of our operating conditions and results. Food is plentiful, and the cost of living has shown no tendency to rise except where imported articles are concerned. Labour is rather scarce, but the company's employees have worked exceptionally well and handled a larger volume of traffic without a corresponding increase in their numbers. Business in Castile is flourishing, and a number of new undertakings have sprung up to supply the gap created by the severance from Nationalist Spain of such cities as Madrid and Barcelona. We believe that some of these undertakings will remain and that our traffic may therefore be permanently enlarged. But it is not possible, in existing circumstances, to speak with confidence about conditions in the immediate future. The hope shared by every well-wisher of Spain, and this country is conspicuously among their number, is that there may be a speedy termination of hostilities and that with the end of the civil war we may witness an early execution of a large programme of political and economic reconstruction.

The report and accounts were unanimously adopted.

LOBITOS OILFIELDS, LIMITED

SUBSTANTIAL INCREASE IN PROFITS

The thirtieth annual general meeting of Lobitos Oilfields, Limited, was held, on the 4th instant, in London.

Mr H. C. R. Williamson (the chairman) said that the net profit for the year amounted to £262,367, and the directors recommended a final dividend of 5 per cent. and a bonus of 5 per cent., both subject to income tax at 5s., making 15 per cent. for the year.

The tanker fleet had been fully employed throughout the year at considerably improved average freights, and showed a substantial profit—the first, with the exception of the very small profit for 1936, since 1931. Freights recently had had a serious decline, but as some of the vessels were engaged in carrying crude oil for their own refinery requirements, and others were on time charters fixed some time ago, the present low rates would not affect them to any great extent in the current year.

The refinery at Ellesmere Port was now on a profit-earning basis. The results for 1937 were satisfactory and completely justified the venture. The additions and alterations referred to last year had been partly completed and they were already turning out some of the lubricating oils of improved quality for which the plant was designed while the remainder of the plant, now nearing completion, would permit a full line of superior oils to be produced.

The Peruvian subsidiary had been able to increase its dividend for last year from 10 per cent. to 15 per cent. Production was greater by 25,532 tons than in the previous year and sales were correspondingly larger.

They reverted during the year to their previous practice of declaring an interim dividend, and if nothing unforeseen occurred they hoped to give shareholders a similar new year's present in 1939.

The report was unanimously adopted.

ANGLO-CEYLON AND GENERAL ESTATES COMPANY, LIMITED

SUBSTANTIALLY IMPROVED RESULTS

SIR EDWARD ROSLING'S ADDRESS

The meeting of the Anglo-Ceylon and General Estates Company, Limited, was held, on the 6th instant, in London.

Sir Edward Rosling, chairman and managing director of the company, who presided, first referred to the regretted death of Sir Stanley Bois, who, it would be recalled, had resigned from the board last year after having served as a director for 17 years.

Continuing, he said that the results for the year under review again showed an improvement on those for the previous year, the net profit being £80,015, as compared with the corresponding figure of £58,159 for the year 1936-37. The amount brought forward was £37,356, making a total of £117,371 to be dealt with, and they would have seen from the report the proposed appropriation.

It was suggested in certain quarters in Ceylon that they should have their own rupee instead of using the Indian rupee as their standard, one reason being that should India decide to alter the ratio of its rupee in regard to sterling Ceylon would have it in its power to maintain its own ratio. He could hardly imagine a more disastrous result for the Colony in the event, say, of India fixing its exchange at 1s. 4d. and Ceylon retaining theirs at 1s. 6d.—an equivalent to a 12½ per cent. tax on all those exports which competed with India, such as tea, rubber, etc. He did not wish to imply that there was any probability of India altering its ratio, but, at the same time, it was not an impossibility. He was sure that Ceylon would be better advised not to consider any departure from the present usage of the Indian rupee.

In Ceylon their tea crop amounted to 3,913,138 lb., as compared with 3,635,192 lb.; it realised a net average of just under 1s. 2d. per lb., or an improvement of nearly one penny. The International Committee had increased the exportable allowance to 92½ per cent. for the current season, an increase of 5 per cent., but there might be some alteration in the assessed standard of production, and meanwhile their estimates were based on a crop of 4,000,000 lb.

Rubber, in which their direct interests were very small, showed an improvement in crop, but the price realised was about 1½d. lower; there was, however, a profit of between £2,000 and £3,000. The profit from minor products and rents was £4,500.

SITUATION IN MAURITIUS

In Mauritius the climatic conditions were again favourable, and the amount of sugar produced in their own factories and those of the subsidiary companies totalled 36,214 tons, as against 34,937 tons, but the season had ended with prices at a low level. The International Export Control Committee had unfortunately not been able to maintain sugar prices at last year's level, and they could only hope that some improvement would be effected before long.

As to prospects, in Ceylon their tea and rubber crops continued to be controlled by the International Committee. At present tea prices were slightly under those of last year, but as their year only commenced in April very little of this season's tea had been sold.

Rubber, in which their direct interest was small, was on a low price level, although in view of the control they had every reason to look for an improvement, and, in fact, it would almost appear to have commenced.

LABOUR CONDITIONS

As to sugar, the position depended on prices and labour. They had every reason to expect another good crop, but prices were still low, and there was an agitation for increased pay for the labourers. During last crop there were strikes and rioting, accompanied by loss of life in parts of the island. Fortunately, they themselves had suffered very little. Very exaggerated statements had been made in various quarters as to starvation wages and unsympathetic treatment of the labour, but when it was realised that the average labourer would not work more than four to five days a week—and very often only half-days—and in that time earned sufficient to keep him for the whole seven days, it was difficult to argue that he was underpaid. He did not say that there were not certain conditions which were open to improvement both in connection with hygiene and sanitation, but an increase in pay was not going to effect any improvement in that respect. As to the cost of living, rice—the staple food—was no dearer to-day than it was 50 years ago, and he resented the implication that they were producing their sugar by means of sweated labour.

The report and accounts were unanimously adopted and a final dividend of 6 per cent., making 10 per cent. for the year, was approved.

OHLSSON'S CAPE BREWERIES, LIMITED

FURTHER PROGRESS

The forty-ninth annual general meeting of Ohlsson's Cape Breweries, Limited, was held, on the 7th instant, in London.

Mr Geoffrey Dent (the chairman) said that he was once again able to record a satisfactory year's progress and an increased profit from trading and rentals of £20,905. Trading conditions had continued to be very favourable throughout the Union of South Africa and the company had enjoyed its fair share of prosperity. There had been a steady expansion of the business, with increased sales of their products, and that expansion had been common to all parts of the Union and to Rhodesia. Every branch of the business had shared in the increase.

During the year higher costs had had to be faced in the shape of increased rates on improved properties and increased wage rates paid to their workmen. It was satisfactory to know that the rates of pay of their employees compared very favourably with those of other industries in South Africa. There was also the very heavy burden of increased taxation. Every opportunity had been taken of increasing the outlets for the sale of their products, by the financing of customers and the acquisition of new properties.

What would be the final result of the drastic alterations brought about by the South African Liquor Act it was yet too early to say, but the results of the first six months' trading indicated that there had been no falling off in the company's business. The loss of some licences and the loss of trade and revenue from the sale of spirits in other bars converted to wine and malt licences would appear to have been largely offset by increased revenue and beer trade from the improved properties that remained.

The profit for the year amounted to £285,283, and they proposed to pay a final dividend of 7½ per cent. and a bonus of 5 per cent., less tax, making 17½ per cent. for the year, which, taking into consideration Dominion income tax relief, was equivalent to approximately 19¾ per cent. where the standard rate of income tax had to be borne. While he had no intention of prophesying, he had every hope that the earning capacity of the business should enable the present rate of dividend and bonus to be maintained on the capital as increased by the offer of 75,000 ordinary shares to the present holders.

The report was unanimously adopted.

BRITISH GLUES AND CHEMICALS, LIMITED

STRONG POSITION

The eighteenth ordinary general meeting of British Glues and Chemicals, Limited, was held, on the 6th instant, at the Connaught Rooms, London.

Mr T. Walton, F.C.A. (the chairman), in the course of his speech, said:—We do not expect a sudden return of stability and confidence, and we have thought well, in fixing the dividends recommended to be paid, to give effect to our belief in the importance of again adding to reserves. Not only are our reserves augmented; our liquid position, helped by our adequate allocations for depreciation and obsolescence, is strong.

World conditions in the past year have been far from helpful. Remembering Spain, Central Europe and China, the last a very important market to us, and the financial and economic conditions in the United States and South America, you will not look to me for prophecy. There are grave dangers, yet the future does not lack hopefulness; cessation of the Far Eastern war and reopening of the Chinese market, better understanding among the European nations, further improvement in the American position—these may entirely or in degree be hoped for, and we and all nations would benefit.

Though our profits are lower compared with the previous year, we are nevertheless able to recommend dividends at the rates of the two preceding years, to increase reserves by £10,000, to write off £5,000 from machinery and plant, in addition to usual depreciation, and to write down investments in subsidiary companies by £2,500. The reduction in profit is due to increased cost of raw materials, manufacturing commodities, wages, coal and transport, not the whole of which we have been able to recover in our selling prices.

RESEARCH DEPARTMENT AT DISPOSAL OF AGRICULTURE

During the year the glue trade was good on the whole, but towards the end of the year there was distinct falling off in home and export demand. Again I want to give wide publicity to the great help our research department can give to all consumers of

adhesives and to invite and urge them to make the fullest possible use of our knowledge and experience in helping to solve their many technical problems.

Shareholders will be well aware of the attention which is being devoted by our Government to the development of the livestock industry, both as contributory to defence and as an aid to our farmers. We are anxious to place our fullest assistance, including that of our research department, at the disposal of agriculture on questions relating to the feeding of animal protein to farm stock and of supplementing the ration of that stock by an adequate supply of the minerals required under modern conditions of intensive farming. We produce a wide range of products for the purposes I have indicated, and the importance to the agricultural industry of taking advantage of the most recent scientific research and of adopting the most modern practice cannot be over-emphasised.

The report was unanimously adopted.

(*Continued from page 94*)

Textiles

Cotton (Manchester).—All other matters in the market have been overshadowed by the further advance in raw cotton prices, and rates for the American staple in Liverpool are now nearly 1d. a lb. higher than at the end of May. Inquiry in yarn and piece-goods has broadened, but many producers have described the sales as disappointing. Weather reports from the American belt have been somewhat mixed, but further rains in several parts have increased anxiety as to damage to the crop.

Demand in American yarns has fallen off somewhat, total sales being smaller than in the previous week. Nominal changes have taken place in the price agreements, the futures basis being altered from July to October. Although numerous miscellaneous sales have been arranged in piece-goods, there has not been any real expansion in the turnover.

★

Wool (Bradford).—During the past fortnight there has been a slight "lift" in the Bradford market. The tone is better, more business has been done, and prices for merino tops are mostly about 1d. above the lowest point.

A cable has been received this week from the National Council of Wool Selling Brokers of Australia giving the disposals and stocks of wool for the 1937-38 season as at June 30th last. The most important item is the quantity of wool carried over, which, at 235,701 bales, is the largest amount for the past dozen years. The actual quantity disposed of is 2,718,460 bales, and is creditable considering the difficult conditions prevailing during the whole of the year. The new clip, which begins to be shorn this month in Australia, is estimated to be 200,000 bales less than the previous one, but the quantity carried over will just about make up the deficiency. This means that for the current season Australia's clip will be about 3,000,000 bales. No decline is expected in the clips from New Zealand or South Africa.

THE COMMODITY MARKETS

THE general trend has been upward during the past week in practically all markets, in sympathy with the revival of buying on Wall Street; this, in turn, has been stimulated by the better prices for most commodities, but these advances are still based mainly on speculative buying. The *Economist's* complete index of British wholesale prices rose from 119.3 on June 22nd (September 18, 1931 = 100) to 120.8 on July 6th, a very definite advance after a year of falling prices. The improvement in rubber and metal prices was continued, and raw cotton showed a further rise; the grain market, however, has been somewhat irregular. Moody's daily index of American staple commodities rose from 140.8 (December 31, 1931 = 100) to 144.8 in the week ended last Wednesday.

Metals

Copper.—The standard cash price rose during the week by £3 2s. 6d., to close at £39 16s. 3d. per ton, due chiefly to the better Wall Street advices and to the revival of speculative buying on a large scale in the United States. During the week American producers raised their domestic price from 9 cents to 9.75 cents per lb. Whether this scale of buying can be maintained in view of the prevailing lack of new orders for copper manufactures remains to be seen. The market was also greatly impressed this week by a statement of Mr S. S. Taylor, chairman of the restriction committee, that the high cost copper producing countries could not re-enter the market at a price below £45 per ton. This statement is interpreted in market circles as suggesting that the co-operating copper producers would have no objection to letting the copper price rise to £45 per ton.

★

Tin.—Tin rose by £9 5s. to £193 5s. per ton. The rise was chiefly due to the reserve in offerings and some speculative activity. Consumers have bought at a moderate rate this week, but in the United States the poor state of activity of the tinplate industry (less than 40 per cent. of capacity) is still keeping consumers out of the market. The June statistics, published this week, were disappointing. According to Messrs A. Strauss and Company, Limited, the net increase in world stocks during June amounted to 1,264 tons. New supplies showed the expected decline of 917 tons to 7,048 tons, but world deliveries fell in June by 1,581 tons to 7,366 tons, the lowest level for several years.

★

Lead and Spelter.—Lead and spelter moved more or less in sympathy with the two other metals. Lead rose by exactly £1 to close at £15 6s. 3d. per ton, while the closing quotation of spelter, at £14 7s. 6d., showed an advance of 18s. 9d. on the week. The turnover of both metals on the London Metal Exchange was fairly high this week. Speculative buying has revived, and at one time there was also some evidence that individual producers bought on a moderate scale. Apparently they had sold too much in the preceding weeks. In the absence of an improvement in world trade, prices are bound to react, as current production is in both cases in excess of the current demand.

Grains

HIGHER estimates of the prospective American crop and better reports of the yield of grains in Italy led to a small reaction in prices during the week. The European wheat harvest has begun in Southern countries, and favourable weather in May and June has apparently largely offset the earlier frosts and drought. Broomhall estimates the European harvest at 201 million quarters, a larger crop than any since 1933. The maize market has been quiet, with somewhat larger supplies from the Argentine on offer. There has been a reaction in the price of imported feeding barley and some types are about 1s. per 400 lbs. cheaper on the week.

Other Foods

Provisions.—Markets generally have been quiet, and prices, where changed, have tended to fall. Butter is 1s. to 2s. per cwt. cheaper on the week, and the price of bacon, after an advance early in the week, reverted to its former level. Eggs continue to rise in price, English ordinary, 15-15½ lb., being quoted at 16s. to 16s. 6d. per 120; Danish 15½ lb. were sold at 11s. 6d. to 12s. per 120.

★

Colonial Produce.—Cocoa prices have tended to fall, except for Accra, for which demand has been firm. Sugar and coffee prices are unchanged, and there was a steady demand at the tea auctions, prices being hardly altered.

★

Vegetables.—A return to colder weather affected the demand for salads, and prices eased during the week. Tomatoes sold at 4s. to 5s. per 12 lb., and larger supplies of green peas brought some fall in price. Prices of old potatoes were still firmly held, but those of new potatoes were lower early in the week owing to heavy supplies.

Miscellaneous Commodities

Oils and Oilseeds.—The markets have been firm, but not much business was transacted during the week. Linseed prices have tended to rise, but crushers are well covered and are not inclined to buy on any large scale; prices for cotton seed were also on the upgrade. The market for linseed oil has been well held at £21 10s. per ton ex Hull. The demand for oil cakes has been steady.

★

Rubber.—The market was very strong early in the week, and although there has been some hesitation since, prices showed a gain of ⅛d. to ¼d. per lb.; on Wednesday ribbed smoked sheet sold on spot at 7¼d. The advance in Wall Street was the dominating factor in the market.

CURRENT STATISTICS

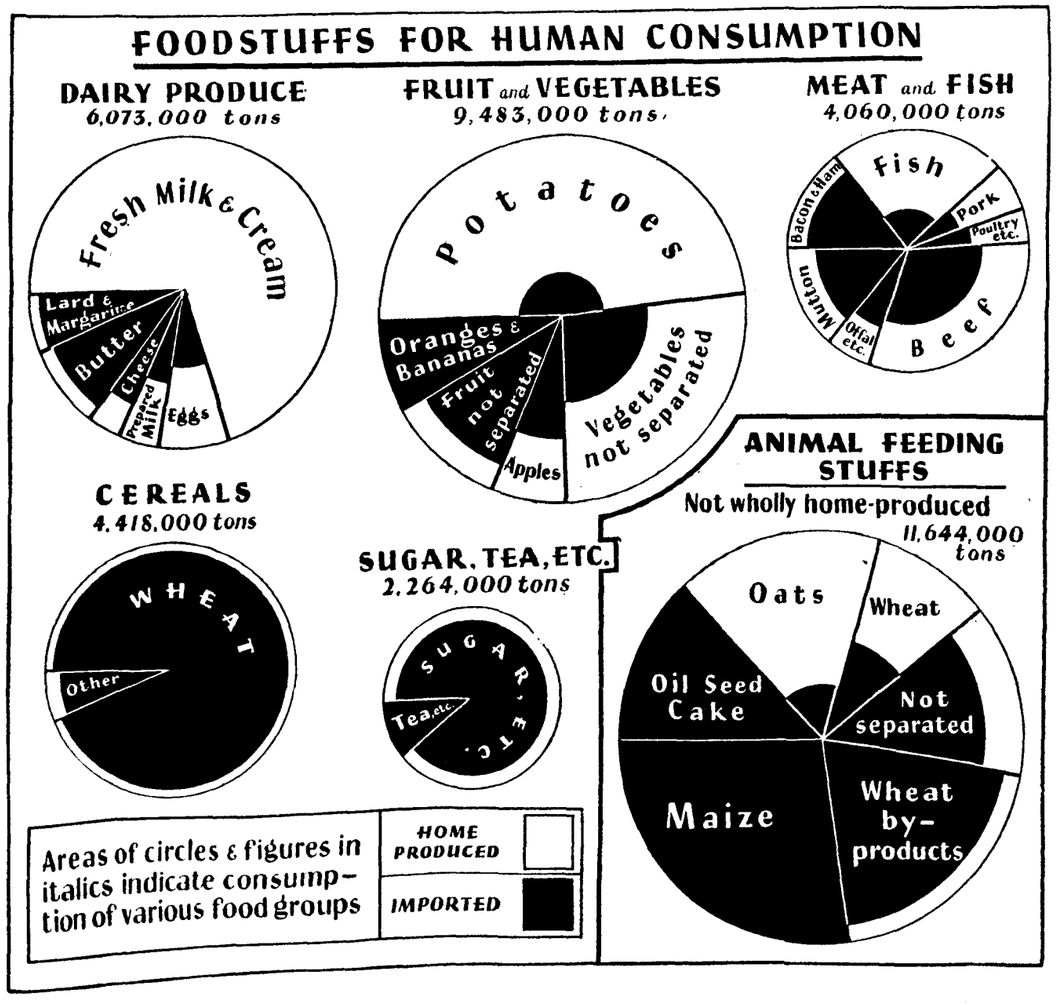
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All tables appear regularly except those whose titles are printed in italics, which are special to this issue.

Home-produced and Imported Food Supplies

We present below a series of diagrams illustrating the extent of Britain's dependence on imported food supplies, on the one hand for human consumption, and on the other for the feeding of livestock. The figures used are the average of the years 1934, 1935 and 1936 and have been taken from Appendix III to the Report of the Food (Defence Plans) Department for the year ended December 31, 1937. It may be noted that in the case of wheat for human consumption the weight of the grain has been reduced to its flour equivalent. In a number of the diagrams certain of the categories are not fully described; the description "poultry, etc.," for instance, includes game and rabbits, "sugar, etc." includes molasses, and "tea, etc." includes coffee and cocoa.



Finance

GOVERNMENT RETURNS

FLOATING DEBT

(£ millions)

Date 1937	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt	Floating Assets
Mar. 31	674·6*		23·5	...	698·1	...*
June 30	638·2*		18·2	49·2	705·6	...*
Dec. 31	889·7*		39·4	55·7	984·9	...*
1938						
Mar. 31	828·7*		13·1	...	841·8	...*
Apr. 9	512·0	304·9	30·6	5·0	852·5	335·5
„ 16	522·0	306·8	28·6	1·5	858·9	335·4
„ 23	532·0	296·1	27·2	...	855·3	323·3
„ 30	545·0	288·6	36·5	...	870·2	325·1
May 7	560·0	281·6	35·9	8·0	885·4	319·5
„ 14	570·0	278·1	39·2	...	887·3	317·3
„ 21	570·0	276·0	41·8	...	887·8	317·8
„ 28	570·0	281·4	40·8	...	892·2	322·2
June 4	575·0	308·7	43·9	2·0	929·6	352·6
„ 11	580·0	310·7	41·6	...	932·3	352·3
„ 18	585·0	303·4	40·1	...	928·5	343·5
„ 25	583·0	305·7	44·7	...	933·4	350·4
„ 30	851·0*		42·4	41·5	934·9	...*

* Owing to inequalities between Treasury bill payments and maturities at the end of the quarter, it is impossible to separate tender and tap issues or to calculate floating assets.

TREASURY BILLS

(£ millions)

Date of Tender	Amount Offered	Amount Applied for	Amount Allotted	Average Rate %	Per Cent. Allotted at minimum Rate
1937				s. d.	
July 2	45·0	72·9	42·0	11 0·45	41
Dec. 31	50·0	80·5	50·0	10 11·59	47
1938					
Mar. 25	50·0	84·6	50·0	9 11·31	55
Apr. 1	50·0	77·0	50·0	10 3·24	71
„ 8	50·0	85·2	50·0	10 2·65	56
„ 15	45·0	85·6	45·0	10 2·82	41
„ 22	45·0	88·5	45·0	10 2·95	41
„ 29	45·0	80·3	45·0	10 1·99	60
May 6	45·0	87·8	40·0	10 0·69	29
„ 13	30·0	73·5	30·0	10 1·12	29
„ 20	35·0	74·3	35·0	10 1·11	35
„ 27	45·0	69·0	45·0	10 9·37	57
June 3	50·0	83·1	50·0	12 1·04	51
„ 10	50·0	86·0	50·0	12 9·19	58
„ 17	50·0	80·5	48·0	11 5·68	69
„ 24	45·0	66·7	45·0	10 9·18	57
July 1	45·0	84·8	45·0	10 5·33	40

Bills are paid for during following week, on any working day at applicant's option. When normal length is 92 days, bills paid for Saturday are 91-day bills and there are no Monday maturities. When normal length is 90 days, bills paid for on Monday are 89-day bills. Bills paid for in February are 89-day bills, except those paid for each Tuesday, which are 88-day bills.

On July 1st, applications at £99 17s. 4d. per cent. for bills to be paid for on any day except Saturday of the following week were accepted as to about 40 per cent. of the amount applied for. Applications at higher prices were accepted in full. Applications for bills to be paid for on Saturday at £99 17s. 5d. per cent. and above were allotted in full. £45·0 millions of Treasury bills are being offered on July 8th.

NATIONAL SAVINGS CERTIFICATES

Sales in	Number	Purchase Price
22 weeks to :—		
June 5, 1937† ...	14,841,469	11,131,102
June 4, 1938	14,802,611	11,101,956
Week to :—		
June 5, 1937	646,209	484,657
May 28, 1938	543,667	445,250
June 4, 1938	666,537	499,903

† After adjustments to May 29th. *N.B.*—Net Exchequer receipts, week to June 4, 1938, Dr. £50,000.

BANK OF ENGLAND RETURNS

JULY 6, 1938

ISSUE DEPARTMENT

	£		£
Notes Issued :		Govt. Debt....	11,015,100
In circultn.	488,230,991	Other Govt. Securities ...	188,930,322
In Bnkg. Department...	38,180,759	Other Secrs.	45,018
		Silver Coin ...	9,560
		Amt. of Fid. Issue	200,000,000
		Gold Coin & Bullion	326,411,750
	526,411,750		526,411,750

BANKING DEPARTMENT

	£		£
Props' capital	14,553,000	Govt. Secs....	111,891,164
Rest	3,423,575	Other Secs. :	
		Discts., etc. ...	*10,710,508*
Public Deps.*	12,545,991	*Securities* ...	*20,402,158*
Other Deps. :			31,112,666
Bankers	*115,663,218*	Notes	38,180,759
Other	*35,989,107*	Gold & Silver Coin	990,302
	151,652,325		
	182,174,891		182,174,891

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

THE WEEK'S CHANGES

(£ thousands)

Both Departments	Amt. July 6, 1938	Compared with Last Week	Compared with Last Year
COMBINED LIABILITIES			
Note circulation	488,231	+ 3,048	− 6,194
Deposits : Public	12,546	+ 2,009	− 2,709
Bankers'	115,663	− 9,813	+ 27,122
Others	35,989	− 148	− 1,166
Total outside liabilities	652,429	− 4,904	+ 13,054
Capital and rest	17,977	+ 54	− 37
COMBINED ASSETS			
Govt. debt and securities	311,837	− 7,642	+ 20,114
Discounts and advances	10,711	+ 3,367	+ 1,675
Other securities	20,447	− 620	− 4,876
Silver coin in issue dept.	10	− 2	− 3
Gold coin and bullion....	327,402	+ 47	+ 108
RESERVES			
Res. of notes & coin in banking department...	39,171	− 3,000	+ 6,301
Proportion of reserve to outside liabilities—			
(*a*) Bnkg. dept. only ("proportion")	23·8%	− 0·6%	+ 0·5%
(*b*) Gold stocks to deposits and notes ("reserve ratio")	50·2%	+ 0·4%	-1·3%(*a*)

(*a*) Last week's figure should read + 1·7%.

COMPARATIVE ANALYSIS

(£ millions)

	1937	1938			
	July 7	June 15	June 22	June 29	July 6*
Issue Dept.:					
Notes in circ.	494·4	485·7	483·3	485·2	488·2
Notes in banking dept.....	32·0	40·7	43·1	41·2	38·2
Govt. debt and securities ...	195·1	199·9	200·0	200·0	199·9
Other secs. ...	4·9	0·0	0·0	0·0	0·0
Gold	326·4	326·4	326·4	326·4	326·4
Deposits:					
Public	15·3	11·6	21·7	10·5	12·5
Bankers'	88·5	109·1	105·5	125·5	115·7
Others	37·1	43·2	35·3	36·1	36·0
Total	140·9	164·9	162·5	172·1	164·2
Bkg. Dept. Secs.:					
Government ..	96·6	114·4	110·2	119·5	111·9
Discounts, etc.	9·0	8·7	5·5	7·3	10·7
Other	20·4	20·1	20·6	21·1	20·4
Total	126·1	130·2	136·3	147·9	143·0
Banking dept. reserve.....	32·9	41·5	44·0	42·1	39·1
	%	%	%	%	%
"Proportion"	23·3	25·3	27·1	24·4	23·8
Reserve ratio†	51·5	50·4	50·7	49·8	50·2

† Gold stocks in both departments to deposits and notes in circulation. * At this date, Government debt was £11,015,100 ; silver coin in Issue Department, £9,560 ; capital, £14,553,000 ; rest, £3,423,575.

OVERSEAS BANK RETURNS

NOTE.—A return of the Bank of Spain appeared in *The Economist* of May 28th last, and of the Banque Mellié Iran, in the issue of June 25th. The latest return of the Bank of Roumania appeared in *The Economist* of April 23rd ; Denmark, Finland, Hungary and Portugal, of June 18th ; Bulgaria, Danzig, Egypt, Estonia, Java, Lithuania, Poland and South Africa, of June 25th ; Argentina, Australia, Canada, Greece, India, Japan, Latvia, New Zealand, Norway, Sweden and Czechoslovakia, of July 2nd.

BANK FOR INTERNATIONAL SETTLEMENTS. — (Million Swiss gold francs of 0.29 grammes)

ASSETS	June 30, 1937	Apr. 30, 1938	May 31, 1938	June 30, 1938
Gold in bars	25·2	21·1	32·3	29·3
Cash	21·1	20·6	21·0	41·1
Sight funds	36·4	19·6	16·5	15·3
Bills and acceptances :				
(*a*) Commercial bills	136·1	132·3	140·1	141·8
(*b*) Treasury bills ...	140·6	90·3	100·3	106·6
Time funds at interest	39·1	57·6	53·2	54·7
Sundry bills & invests.	302·6	293·3	282·8	257·9
Other assets	2·7	1·1	2·2	1·1
LIABILITIES				
Capital paid up	125·0	125·0	125·0	125·0
Reserves	23·2	23·2	24·3	24·3
Long-term commitmts:				
(1) Annuity trust account deposits	152·8	153·3	153·2	153·6
(2) Govt. deposits...	119·3	106·1	103·3	103·6
Short term and sight deposits :				
(1) Central banks: Own account ...	229·3	170·8	183·9	182·9
(2) Central banks: For acct. others	2·9	1·9	1·9	1·8
(3) Other deposits...	0·5	2·4	2·3	2·8
Sight deposits—gold...	8·3	9·8	9·8	9·8
Miscellaneous items ...	34·7	43·3	36·4	36·2
Profits (dist. July 1)	7·9	...	7·9	7·9

U.S. FEDERAL RESERVE BANKS

Million $'s

12 U.S.F.R. BANKS RESOURCES	July 8, 1937	June 9, 1938	June 30, 1938	July 7, 1938
Gold certifs. on hand and due from Treas.	8,835	10,637	10,636	10,635
Total reserves	9,123	11,045	11,052	11,019
Total cash reserves ...	278	398	407	374
Total bills discounted	13	9	10	8
Bills bt. in open mkt.	4	1	1	1
Total bills on hand ...	17	9	10	8
Industrial advances ..	22	17	17	16
Total U.S. Govt. secs.	2,526	2,564	2,564	2,564
Total bills and secs. ...	2,565	2,590	2,591	2,589
Total resources	12,436	14,263	14,272	14,304
LIABILITIES				
F.R. notes in actual circulation	4,252	4,136	4,124	4,175
Aggregate of excess mr. bank res. over reqts.	880	2,710	2,900	2,990
Deposits — Member-bank reserve account	6,827	7,848	8,041	8,074
Govt. deposits	101	1,005	864	770
Total deposits	7,212	9,251	9,271	9,207
Cap. paid in and surplus	306	309	309	309
Total liabilities	12,436	14,263	14,272	14,304
Ratio of total res. to deposit and F.R. note liabs. combined	79·6%	82·5%	82·5%	82·3%
U.S.F.R. BANKS AND TREASURY COMBINED RESOURCES				
Monetary gold stock...	12,376	12,940	12,962	12,967
Treasury and Nat. Bk. currency	2,552	2,703	2,712	2,715
LIABILITIES				
Money in circulation...	6,524	6,437	6,428	6,514
Treasury cash and deposits with F.R. Bks.	3,612	3,282	3,163	3,073

NEW YORK FEDERAL RESERVE BANK.—Million $'s

	July 8, 1937	June 9, 1938	June 30, 1938	July 7, 1938
Total gold reserves ...	3368·8	4560·8	4565·9	4496·2
Total bills discounted	5·7	2·1	3·6	2·7
Bills bt. in open mkt.	1·4	0·2	0·2	0·2
Total U.S. Govt. secs.	725·0	745·8	745·8	780·1
Total bills and secs.	738·0	752·5	754·0	787·3
Deposits — Member-bank reserve account	2956·8	3580·2	3822·7	3783·4
Total res. to dep. and Fed. Res. note liabilities combined ...	83·9%	84·7%	87·3%	86·5%

FEDERAL RESERVE REPORTING MEMBER BANKS.—Million $'s

ASSETS	June 23, 1937	May 25, 1938	June 15, 1938	June 22, 1938
Loans, total	9,757	8,345	8,361	8,270
Investments	12,657	12,252	12,505	12,302
Reserve with Federal Reserve banks	5,335	6,230	6,405	6,448
Due from domestic bks.	1,734	2,328	2,446	2,409
LIABILITIES				
Deposits : demand (adjusted).....	15,289	14,697	15,065	14,936
Time	5,233	5,212	5,227	5,242
U.S. Government ...	549	538	306	483
Inter-bank	5,519	6,010	6,236	6,105

(*Continued on page 102*)

CLEARING BANKS

LONDON

(£ thousands)

	Month of June 1937	Month of June 1938	Change †	Week ended Wednesday July 7, 1937	Week ended Wednesday July 6, 1938	Aggregate from January 1 to July 7, 1937	Aggregate from January 1 to July 6, 1938
Number of wkg. days :	26	25	%	6	6	156	157
Town	3,251,533	2,738,543	− 12·4	871,964	851,870	19,913,740	17,515,750
Metropolitan...	180,485	163,422	− 5·8	57,427	54,125	1,152,689	1,104,522
Country	317,374	287,214	− 5·9	98,262	93,444	1,996,798	1,949,140
Total	3,749,392	3,189,179	− 11·6	1,027,653	999,439	23,063,227	20,569,412

† Based on average working day.

PROVINCIAL

(£ thousands)

	Month of June 1937	Month of June 1938	Change †	Week ended Saturday July 3, 1937	Week ended Saturday July 2, 1938	Aggregate January 1 to July 3, 1937	Aggregate January 1 to July 2, 1938
No of working days :—	26	25	%	6	6	154	155
BIRMINGHAM	10,853	9,866	− 5·5	4,090	3,247	71,911	63,735
BRADFORD ...	4,280	3,169	− 23·0	1,442	1,246	28,613	21,431
BRISTOL	5,896	5,174	− 8·8	1,514	1,466	34,229	33,386
HULL	3,770	3,202	− 11·7	1,087	965	24,446	22,455
LEEDS	4,191	3,538	− 12·2	1,259	1,251	27,978	26,444
LEICESTER ...	3,282	2,753	− 13·1	967	891	20,355	18,668
LIVERPOOL ...	27,683	22,434	− 15·7	8,054	6,228	191,428	140,347
MANCHESTER	48,340	35,423	− 23·8	15,160	11,897	298,268	250,951
NEWCASTLE ...	6,165	5,945	− 0·3	1,962	1,811	38,651	41,061
NOTTINGHAM	2,175	1,916	− 8·4	617	589	14,102	13,427
SHEFFIELD ...	4,622	4,271	− 3·9	1,888	1,801	29,687	30,091
Total : 11 Towns	121,257	97,691	− 16·2	38,040	31,392	779,668	661,996
DUBLIN	...	...	...	7,603	8,822	‡159,998	‡171,483

† Based on average working day. ‡ 27 calendar weeks.

MONEY RATES

LONDON

	June 30, 1938	July 1, 1938	July 2, 1938	July 4, 1938	July 5, 1938	July 6, 1938	July 7, 1938
Bank rate (changed from 2½% June 30, 1932)	% 2	% 2	% 2	% 2	% 2	% 2	% 2
Market rates of discount							
60 days' bnkrs.' drafts	5/16	5/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16
3 months' do.	5/16	5/16	17/32–9/16	17/32–9/16	17/32–9/16	9/16	9/16
4 months' do.	5/16	5/16	9/16	9/16	9/16	9/16	9/16
6 months' do.	9/16–5/8	5/8	5/8	9/16–5/8	9/16–5/8	9/16–5/8	9/16–5/8
Discount Treasury Bills							
2 months'	17/32–9/16	17/32	17/32	17/32	17/32–9/16	17/32–9/16	17/32–9/16
3 months'	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	1/2–1	1/2–1	1/2–1
Loans—Day-to-day ...	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1 1/4	1/2–1	1/2–1
Short	1/2	1/2	1/2	1/2	1/2	1/2	1/2
Deposit allwncs. : Bk. Discount houses at call	1/2	1/2	1/2	1/2	1/2	1/2	1/2
At notice	3/4	3/4	3/4	3/4	3/4	3/4	3/4

Comparison with previous weeks

	Short Loans	Bank Bills: 3 Months	Bank Bills: 4 Months	Bank Bills: 6 Months	Trade Bills: 3 Months	Trade Bills: 4 Months	Trade Bills: 6 Months
1938	%	%	%	%	%	%	%
June 9...	1/2–1	15/32–5/8	5/8–9/16	5/8	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 16...	1/2–1	5/8	5/8	5/8	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 23...	1/2–1	9/16–19/32	9/16–5/8	9/16–5/8	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 30...	1/2–1	9/16	9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
July 7...	1/2–1	9/16	9/16	9/16–5/8			

NEW YORK

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

	July 7, 1937	July 8, 1938	June 15, 1938	June 22, 1938	June 29, 1938	July 6, 1938
	%	%	%	%	%	%
Call money	1	1	1	1	1	1
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 :—			Selling Rates			
Members—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Non-mem.—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Commercial accept., 90 dys.	1	1	1	1	1	1

EXCHANGE RATES

LONDON—SPOT

(*a*) Active Exchanges

(Range of the day's business)

London on	Par of Exch. per £	July 1, 1938	July 2, 1938	July 4, 1938	July 5, 1938	July 6, 1938	July 7, 1938
New York, $...	‡4·862⅜	4·95⅛– 95⅜	4·95⅛– 95⅞	4·95⅝– 95⅞	4·94⅝– 95⅜	4·93⅞– 94⅝	4·93⅜– 94⅛
Montreal, $ ...	4·862⅜	5·00⅛– 00⅜	5·00¼– 00½	4·99⅝– 5·00¼	4·98⅛– 99⅝	4·97½– 98½	4·97–98
Paris, Fr.....	124·21	177 15/16– 178	177 15/16– 178	177 15/16– 178	177 5/16– 178	177 11/16– 15/16	177 11/16– 15/16
Brussels, Bel.,.	35·00*a*	29·23–26	29·22–25	29·20–25	29·20– 23½	29·16–22	29·13–19
Milan, L.....	92·46	94⅛–94½	94⅛–94¼	94⅛–94⅜	94–94¼	93⅞–94⅛	93¾–94
Zurich, Fr. ...	25·22½	21·59–62	21·59–62	21·60–62	21·61– 63½	21·60–63	21·59–63
Athens, Dr....	375	540–555	540–555	540–555	540–555	540–555	540–555
Amst'd'm, Fl.	12·107	8·95– 95½	8·95– 95½	8·95–96	8·95½– 96½	8·95½– 96½	8·95¼– 96¼
Berlin, Mk....	20·43	12·29–31	12·29–31	12·29–31	12·29– 31½	12·28– 30½	12·27– 30
Registered Marks	(*c*)	51–56	51–56	51–56	51–56	51–56	51½–56½
Br. India Rup.	†18d.	17 25/32– 27 31/32	17 25/32– 27 31/32	17 25/32– 29 5/16	17 27/32– 15/16	17 7/8–15/16	17 7/8–15/16
Hong Kong, $	† ...	1 4 7/8–1 5 1/8	1 4 7/8–1 5 1/8	1 4 7/8–1 5 1/8	1 4 7/8–1 5 1/8	1 4 7/8–1 5 1/8	1 4 7/8–1 5 1/8
Shanghai, $...	† ...	8 1/4–9 1/4	8 1/4–9 1/4	8 1/4–9 1/4	8 1/4–9 1/4	8 1/4–9 1/4	8 1/4–9 1/4
Rio. Mil.	†5·899d.	2 3 1/8*m 18·99– 19·00	2 3 1/8*m 18·98– 19·04	2 3 1/8*m 18·94– 19·02	2 3 1/8*m 18·95– 19·00	2 3 1/8*m 18·96– 19·03	2 3 1/8*m 18·97– 19·02
B. Aires, $ ...	11·45	16·12*h*	16·12*h*	16·12*h*	16·12*h*	16·12*h*	16·12*h*
Valparaiso, $..	40	124(*e*)*l*	124(*e*)*l*	124(*e*)*l*	124(*e*)*l*	124 (*e*) *l*	124 (*e*) *l*
M'video, $ ...	†51d.	19 3/4–20 5/8	19 3/4–20 5/8	19 3/4–20 5/8	19 3/4–20 5/8	19 3/4–20 5/8	19 3/4–20 5/8
Lima, Sol. ...	17·38	20 1/2– 21 1/2*l*	20 1/2– 21 1/2*l*	20 1/2– 21 1/2*l*	20 1/2– 21 1/2*l*	20 1/2– 21 1/2*l*	20 1/2– 21 1/2*l*
Mexico, Pes....	9·76	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd
Manila, Pes....	†24·66d.	24–24 1/4	24–24 1/4	24–24 1/4	24–24 1/4	24–24 1/4	23 7/8–24 5/8
Moscow, Rbls.	...	26·26 1/8– 26 3/4	26·26 1/8– 27 1/2	26·27 1/2– 27 3/4	26·26 3/4– 27 1/8	26·26 3/4– 27 1/8	26·16 1/4– 1/2

Usance : T.T., Rio de Janeiro, Lima, Valparaiso (90 days). *Sellers. †Pence per unit of local currency. ‡ Par 8·2331/32 since dollar devaluation on February 1, 1934. (*a*) Prior to devaluation on April 2, 1935. (*c*) Per cent. discount. (*e*) Latest "export" rate. (*g*) Official rate is $15 sellers. (*h*) Average remittance rate for importers. (*i*) Rate for payments to the Bank of England, for account Controller of Anglo-Italian debts. (*l*) Nominal. (*m*) Official.

(*b*) Other Exchanges

London on	Par of Exch. per £	July 1, 1938	July 6, 1938	July 7, 1938
Helsingfors, M.	193·23	226 1/2–227	226 1/2–227	226 1/2–227
Madrid, Pt.....	25·22½	80–150(*l*) 77¾	80–150(*l*) 77¾	80–150(*l*) 77¾
Lisbon, Esc.	110	110–110 5/8	110–110 5/8	110–110 5/8
Budapest, Pen.	27·82	24 7/8–25 3/8	24 3/4–25 1/4	24 3/4–25 1/4
Prague, Kc.	$164 7/8	142 1/2–143	142 1/8–142 3/4	142 1/8–142 3/8
Danzig, Gul.	25·00	26 1/8–26 5/8	26–26 1/2	26–26 3/8
Warsaw, Zl.....	48·38	26 1/8–26 5/8	26–26 1/2	26–26 3/8
Riga, Lat.	25·22½	24 3/4–25 3/4	24 3/4–25 3/4	24 3/4–25 3/4
Bucharest, Lei	813·8	660–685	660–685	660–685
Constantinople, Pst. ...	110	618* 623*k*	618* 623*k*	618* 623*k*
Belgrade, Din.	276·32	212–222	212–222	212–222
Kovno, Lit	48·66	29–30	29–30	28 3/4–29 1/2
Sofia, Ley	673·66	390–420	390–420	390–420
Tallinn, E. Kr.	18·159	17 3/4–18 3/4	17 3/4–18 3/4	17 3/4–18 3/4
Oslo, Kr.	18·159	19·85–95	19·85–95	19·85–95
Stockholm, Kr.	18·159	19·35–45	19·35–45	19·35–45
Copenhagen, Kr.	18·159	22·35–45	22·35–45	22·35–45
Alexandria, Pst.	97½	97 3/8–5/8	97 3/8–5/8	97 3/8–5/8
Kobe, Yen	†24·58d.	13 15/16–14 1/16	13 15/16–14 1/16	13 15/16–14 1/16
Singapore, $	† 28d.	27 3/4–28 1/8	27 7/8–28 1/8	27 7/8–28 1/8
Batavia, F.	12·11	8·92 1/2–95 1/2	8·93–96	8·93–96
Bangkok, Baht	†21·82d.	22–22 1/4	22–22 1/4	21 3/8–22 3/8

Usance : T.T., except Alexandria (Sight). * Sellers. † Pence per unit of local currency. § Par, 197·10 5/16 since koruna devaluation on February 17, 1934. Rate for payments to the Bank of England :—(*j*) Under Anglo-Spanish Agreement. (*k*) Under Anglo-Turkish Agreement. (*l*) Nominal.

LONDON—FORWARD

(Closing quotations)

London on		July 1, 1938 Per £	July 2, 1938 Per £	July 4, 1938 Per £	July 5, 1938 Per £	July 6, 1938 Per £	July 7, 1938 Per £
New York cent.	1 Month	(*p*) 1 1/4–5/16	(*p*) 1 1/4–5/16	(*p*) 1 1/4–3/16	(*p*) 1 1/4–5/16	(*p*) 1 1/4–3/16	(*p*) 7/32–3/32
	2 „	7/16–3/8	7/16–3/8	3/8–5/16	3/8–5/16	3/8–5/16	3/8–5/16
	3 „	5/8–1/2	5/8–1/2	9/16–1/2	9/16–1/2	17/32–15/32	9/16–1/2
Paris, francs	1 Month	(*d*) 5/16–5/16	(*d*) 5/16–5/16	(*d*) 3/16–5/16	(*d*) 5/16–1/4	(*d*) 5/16–5/16	(*d*) 1/4–3/8
	2 „	1/2–7/16	1/2–7/16	1/2–5/8	1/2–5/8	1/2–5/8	9/16–11/16
	3 „	11/16–1 1/4	11/16–1 1/4	11/16–1 3/16	11/16–1 1/4	11/16–1 3/16	1 1/4–1 3/8
Amsterdam, cent.	1 Month	(*p*) 7/8–3/8	(*p*) 7/8–3/8	(*p*) 7/8–3/8	(*p*) 7/8–3/8	(*p*) 7/8–3/8	(*p*) 7/8–3/8
	2 „	1 1/4–3/4	1 1/4–3/4	1 1/4–3/4	1 1/4–3/4	1 3/8–7/8	1 3/8–7/8
	3 „	1 7/8–1 3/8	1 7/8–1 3/8	1 7/8–1 3/8	2–1 1/2	2–1 1/2	1 7/8–1 3/8
Brussels, cent.	1 Month	(*d*) 11–15	(*d*) 11–15	(*d*) 11–15	(*d*) 10–14	(*d*) 12–14	(*p*) 11–14
	2 „	26–30	23–27	20–24	20–24	24–25	22–25
	3 „	36–40	35–39	33–37	33–40	32–36	29–33
Geneva, cent.	1 Month	(*p*) 2 1/4–1 1/4	(*p*) 2 1/4–1 1/4	(*p*) 2 1/4–1 1/4	(*p*) 2 1/4–1 1/4	(*p*) 2 1/4–1 1/4	(*p*) 2 1/4–1 1/4*
	2 „	4–3	4–3	4–3	4–3	4–3	4–3*
	3 „	5 1/2–4 1/2	5 1/2–4 1/2	5 1/2–4 1/2	5 1/2–4 1/2	5–4	5–4*

* Zurich. (*p*) Premium. (*d*) Discount.

EXCHANGE RATES—*cont.*

NEW YORK

New York on	Par of Exch. per cent.	June 30, 1938	July 1, 1938	July 2, 1938	July 4, 1938	July 5, 1938	July 6, 1938
London:—*	Old Par						
60 days ...	4·8666	4·95$^{1}/_{32}$	4·94$^{31}/_{32}$	4·95$^{3}/_{32}$		4·94$^{3}/_{32}$	4·93$^{15}/_{32}$
Cables ...	New Par	4·95$^{11}/_{16}$	4·95$^{3}/_{8}$	4·95$^{1}/_{4}$		4·94$^{3}/_{32}$	4·94$^{1}/_{8}$
Demand...	8·2397	4·95$^{7}/_{16}$	4·95$^{1}/_{2}$	4·95$^{5}/_{8}$		4·94$^{5}/_{8}$	4·94
Paris, Fr.....	6·63	2·78$^{5}/_{8}$	2·78$^{5}/_{8}$	2·78$^{11}/_{16}$		2·78$^{5}/_{16}$	2·78
Brussels, Bel.	23·54	16·95$^{1}/_{2}$	16·95	16·96		16·94	16·93
Switz'l'd. Fr.	32·67	22·93	22·95	22·95$^{1}/_{2}$		22·90	22·86
Italy, Lira.....	8·91	5·26$^{1}/_{4}$	5·26$^{1}/_{4}$	5·26$^{1}/_{4}$		5·26$^{1}/_{4}$	5·26$^{1}/_{4}$
Berlin, Mk. ...	40·33	40·28$^{1}/_{2}$	40·29	40·29	Independence Day	40·26	40·22
Vienna, Sch...	23·82	...	...	...		...	...
Madrid, Pt..	32·67	...	...	...		...	...
Amst'd'm/Gldr	68·06	55·36	55·36$^{1}/_{2}$	55·37$^{1}/_{2}$		55·22$^{1}/_{2}$	55·14
Cop'h'gn, Kr.	145·37	22·13	22·13	22·13		22·08	22·06
Oslo, Kr. ...		24·91	24·91	24·91		24·85	24·83
St'h'lm, Kr.		25·56	25·56	25·56		25·51	25·48
Athens, Dr....	1·29$^{1}/_{2}$	0·91	0·91$^{1}/_{8}$	0·91		0·91	0·90$^{3}/_{4}$
M'treal, Can. $	169·31	99·030	99·060	99·120		99·250	99·250
Yo'hama, Yen	84·40	28·91	28·92	28·92		28·88	28·83
Shanghai, $ ...	...	18·68	18·56	18·62		18·75	18·50
B. Aires, Peso	...	30·75	30·75	30·75		30·69	30·65
Rio, Ms. †...	11·96	5·90	5·90	5·90		5·90	5·90

Usance: T.T. * Dollars per £1. † Official.

IMPORTS AND EXPORTS OF GOLD AND SILVER

Week ended July 7, 1938

Imports			Exports		
From	Bullion	Coin	To	Bullion	Coin
	£	£		£	£
GOLD			GOLD		
British West Africa...	198,872	...	Canada	23,003	...
British South Africa	914,295	662,903	Sweden	770,260	...
Hongkong	65,522	...	Netherlands	70,848	259,184
Canada.....	...	391,979	France	...	70,997
Belgium	1,823,514	...	Syria	...	8,459
France	1,639,580	5,740	Switzerland.....	326,743	...
Switzerland.....	15,900	21,745	United States.....	53,229	...
Total*	4,699,840	1,103,056	Total*	1,247,140	345,916
SILVER			SILVER		
British South Africa	5,586	...	Aden and Dep. ...	...	23,029
British Guiana	6	...	Denmark.....	2,616	...
Belgium	9,722	...	Germany.....	17,747	...
France	...	540	Netherlands	14,606	...
French Guiana	4	...	Egypt	...	1,440
Switzerland	...	48	Arabia-Muscat ...	...	4,409
			United States.....	16,670	860,000
Total*	15,327	1,549	Total*	55,039	889,302

* Including other countries.

BANK BALANCE SHEETS

WESTMINSTER BANK, LIMITED

(£000's)

LIABILITIES	June 30, 1937	June 30, 1938	ASSETS	June 30, 1937	June 30, 1938
Paid-up capital	9,320	9,320	Cash	40,270	39,147
Reserve	9,320	9,320	Balances with other banks	11,519	11,480
Current, deposit and other accounts	364,872	360,206	Money at call and notice	26,457	25,684
Acceptances and endorsements	22,637	17,729	Bills discounted	44,204	48,784
Note issue in Isle of Man	12	11	Advances	104,058	133,353
			Investments	112,756	112,284
			Share in allied banks...	2,992	2,992
			Acceptances	22,637	17,729
			Bank premises	5,268	5,133
Total	406,161	396,586	Total	406,161	396,586

MARTINS BANK, LIMITED

(£000's)

LIABILITIES	June 30, 1937	June 30, 1938	ASSETS	June 30, 1937	June 30, 1938
£20 shares, £2$^{1}/_{2}$ paid	2,349	2,349	Cash in hand and with Bank of England ...	9,463	10,588
£1 shares fully paid...	1,811	1,811	Balances, etc., with other British banks	3,353	3,715
Reserve fund	3,300	3,500	Money at call, etc. ...	5,445	7,305
Current, deposit and other accounts.....	90,158	97,523	Balances with banks abroad	335	229
Notes in circulation (Isle of Man)	17	17	Treasury bills	1,980	3,005
Acceptances.....	2,949	2,554	Investments	27,952	32,067
Endorsements	5,074	4,784	British bills of exchange	1,151	1,168
			Colonial & foreign bills	126	138
			Loans and advances...	43,417	42,665
			Items in transit	1,174	1,156
			Other assets	583	454
			Acceptances	2,948	2,554
			Bank premises	2,657	2,710
			Endorsements	5,074	4,784
Total	105,658	112,538	Total	105,658	112,538

NATIONAL PROVINCIAL BANK, LIMITED

(£000's)

LIABILITIES	June 30, 1937	June 30, 1938	ASSETS	June 30, 1937	June 30, 1938
Capital paid up	9,479	9,479	Coin, etc.	31,517	33,418
Reserve fund	8,000	8,500	Balances with other banks	10,513	10,087
Deposits	312,493	323,817	Money at call, etc. ...	20,704	22,072
Due to subsidiaries	268	245	Investments.....	88,444	83,871
Acceptances	8,633	8,413	Investments in subsidiaries	2,514	2,514
			Bills discounted	35,491	38,801
			Advances	133,699	143,951
			Premises	7,358	7,327
			Acceptances	8,633	8,413
Total.....	338,873	350,454	Total	338,873	350,454

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

($000's)

LIABILITIES	June 30, 1937	June 30, 1938	ASSETS	June 30, 1937	June 30, 1938
Capital stock	100,270	100,270	Cash	685,720	801,270
Surplus	100,270	100,270	Bullion abroad ...	Nil	24,344
Undivided profits	27,950	31,999	U.S. Govt. obligtns.	618,840	626,756
Res. for contingencies	17,748	17,129	State, etc. securities	59,047	91,178
Reserve for taxes...	1,811	2,493	Other bonds, etc....	160,961	167,707
Deposits	2,136,387	2,152,228	Loans, etc.	809,978	654,027
Acceptances	28,401	24,071	Banking houses ...	38,007	35,166
Endorsements	8,262	14,234	Other real estate ...	4,901	6,780
Other liabilities ...	5,455	6,573	Mortgages.....	11,965	11,402
			Acceptances	25,080	22,645
			Other assets	12,325	7,992
Total	2,426,554	2,449,267	Total	2,426,554	2,449,267

OVERSEAS BANKS—*continued*

BANK OF FRANCE.—Million francs

ASSETS	July 1, 1937	June 2, 1938	June 23, 1938	June 30, 1938
Gold	48,859	55,808	55,808	55,808
Advances on gold coin	1,099	...	...	...
Bills: Commercial ...	11,395	7,647	7,325	5,966
Bought abroad	970	760	760	760
Advances on securities	4,465	3,558	3,454	3,614
Thirty-day advances	1,378	337	304	552
Loans to State without interest: (*a*) general	3,200	3,200	3,200	3,200
(*b*) provisional	23,926	40,134	40,134	40,134
Negotiable bonds, Sinking Fund Dept.	5,641	5,575	5,575	5,574
Other assets	4,435	4,115	3,980	5,085
LIABILITIES				
Notes in circulation ...	88,687	101078	99,191	102087
Deposits: Public	2,088	3,026	3,233	3,245
Private ...	11,921	14,222	15,203	12,643
Other liabilities	2,673	2,809	2,914	2,718
Gold reserve to sight liabilities	47·5%	47·1%	47·4%	47·2%

NATIONAL BANK OF JUGOSLAVIA

Million dinar

ASSETS	June 22, 1937	May 22, 1938	June 15, 1938	June 22, 1938
Cash reserve:				
Gold at home and abroad.....	1,677	1,827	1,829	1,829
Other foreign exchange	866	363	342	395
Discounts and advances	1,613	1,554	1,529	1,522
Government advances	2,250	2,241	2,241	2,241
LIABILITIES				
Notes in circulation ...	5,301	5,833	5,916	5,838
Sight liabilities	2,353	2,667	2,543	2,608

NETHERLANDS BANK

Million florins

ASSETS	July 5, 1937	June 7, 1938	June 27, 1938	July 4, 1938
Gold	1245·9	1481·2	1481·2	1481·2
Silver	19·2	19·3	21·2	20·2
Home bills, etc.	14·9	8·6	8·4	7·8
Foreign bills	2·4	5·4	5·4	5·4
Loans and advances in current account	170·5	329·7	329·8	331·3
LIABILITIES				
Notes in circulation	847·5	932·1	911·3	950·6
Deposits: (*a*) Govt.	81·9	138·0	145·0	162·8
(*b*) Other	543·8	794·6	809·0	752·2

REICHSBANK

Million Reichsmarks

ASSETS	June 30, 1937	May 31, 1938	June 23, 1938	June 30, 1938
Gold	68·9	70·8	70·8	70·8
Of which deptd. abroad	19·4	20·3	20·3	20·3
Res. in foreign currencs.	5·8	5·4	5·9	5·7
Bills of exchange and cheques	5322·7	5849·9	5204·7	6174·8
Silver and other coin...	162·2	172·6	254·2	160·7
Advances	54·6	56·8	57·8	71·3
Investments	404·0	844·2	845·7	846·6
Other assets	716·2	1200·7	1239·8	1161·3
LIABILITIES				
Reserves	493·2	514·4	514·4	514·4
Notes in circulation ...	4991·6	6268·7	5724·3	6440·0
Other daily maturing obligations	880·3	1020·8	1029·5	119·3
Other liabilities	219·5	246·3	260·7	267·6
Cover of note circulatn.	1·58%	1·22%	1·33%	1·19%

NATIONAL BANK OF BELGIUM

Million belgas

ASSETS	June 1, 1938	June 16, 1938	June 23, 1938	June 30, 1938
Gold	2,685	2,777	2,818	2,836
Silver and other coin...	53	53	55	52
Foreign exchange, etc.	742	742	742	752
Bills and securities ...	885	841	835	805
Advances	134	74	51	75
LIABILITIES				
Notes in circulation ...	4,157	4,109	4,091	4,163
Deposits: Govt.	43	15	11	43
Other	213	279	314	228

SWISS NATIONAL BANK

Million francs

ASSETS	June 30, 1937	May 31, 1938	June 23, 1938	June 30, 1938
Gold	2624·4	2836·7	2805·7	2805·6
Of which held abroad	534·5	977·3	990·9	990·8
Foreign exchange	66·1	384·3	379·0	377·0
Discounts, etc.	11·0	42·9	13·0	24·9
Advances	30·7	21·4	21·0	22·0
Securities	14·8	95·1	95·1	95·1
LIABILITIES				
Notes in circulation ...	1408·6	1529·1	1475·9	1541·3
Deposits	1319·7	1845·2	1830·3	1778·2

N.B.—Exchange Equalisation Fund and assets included in returns December 31, 1936, onwards at 538,583,653 frs.

Investment

TRANSPORT RECEIPTS

BRITISH RAILWAY TRAFFICS

	Gross Receipts, week ended July 3 (£'000)					Aggregate Gross Receipts, 26 weeks (£'000)				
	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts
L. M. & S.—										
1937	*680*	*500*	*222*	*782*	*1,462*	*12,161*	*12776*	*6,899*	*19,675*	*31,836*
1938	691	425	208	633	1,324	12,173	12145	6,738	18,883	31,056
L. & N. E. (a)—										
1937	*432*	*360*	*238*	*598*	*1,030*	*7,964*	*8,831*	*6,550*	*15,381*	*22,245*
1938	415	300	212	512	927	7,865	8,454	6,388	14,842	22,707
Great Western—										
1937	*272*	*200*	*107*	*307*	*579*	*5,080*	*5,127*	*2,949*	*8,076*	*13,156*
1938	264	176	98	274	538	5,022	4,923	2,893	7,816	12,838
Southern—										
1937	*393*	*68*	*28*	*95*	*488*	*7,827*	*1,607*	*829*	*2,435*	*10,262*
1938	387	66	27	92	479	7,788	1,568	801	2,369	10,157
Total—										
1937	*1777*	*1128*	*595*	*1723*	*3,499*	*33,002*	*28341*	*17,226*	*45,567*	*78,599*
1938	1757	967	545	1511	3,268	32,848	27094	16,820	43,910	74,758

(a) Week ended July 2.

CUMULATIVE AND WEEKLY COMPARISONS

(000's omitted)

	L.M.S.	L.N.E.R.	Great Western	Southern
Cumulative Figures				
Gross increase, first half 1937, over first half 1936	+1,329	+1,187	+ 670	+ 359
Gross decrease, second half 1937, over second half 1936	+1,443	+1,099	+ 647	+ 372
Gross decrease first half 1938, over first half 1937 :—				
26 weeks to July 3, 1938 ...	− 780	− 638	− 318	− 105
Weekly Figures				
Av. weekly decrease, 1st half 1938	−30·0	−24·5	−12·2	− 4·4
Latest week compared with 1937 ...	*− 78*	*− 103*	*− 41*	*− 9*
Latest week compared with average 1927–30	*− 171*	*− 173*	*− 80*	*− 22*

IRISH RAILWAY TRAFFICS

Company	Gross Receipts, week ended July 1 (£'000)			Aggregate Gross Receipts 26 weeks (£'000)		
	Pass.	Goods	Total	Pass.	Goods	Total
Belfast & Co. Down—						
1937	*3·4*	*0·6*	*4·0*	*55·3*	*13·0*	*68·3*
1938	3·1	0·4	3·5	52·5	11·1	63·6
Great Northern—						
1937	*14·2*	*9·4*	*23·6*	*239·8*	*247·1*	*486·8*
1938	13·1	9·5	22·6	238·6	227·8	466·3
Great Southern—						
1937	*46·0*	*36·4*	*82·4*	*812·8*	*1079·9*	*1892·9*
1938	42·8	35·1	77·9	821·8	1014·4	1836·3

SUEZ CANAL RECEIPTS

(For headings, see Overseas Traffics table.)

Transit Receipts‡ ...	25	1938 June 30	£ 24,400	− £ 31,500	£ 4,834,500	− £ 870,900

‡ 10 days.

OVERSEAS WEEKLY TRAFFIC RECEIPTS

INDIAN

Name	Weeks	Ending	Gross Receipts for Week 1938	+ or −	Aggregate Gross Receipts 1938	+ or −
		1938	Rs.	Rs.	Rs.	Rs.
Bengal & N.Western	11	June 20	‡10,49,364	− 30,739	95,10,315	− 4,04,576
Bengal-Nagpur	11	20	‡25,75,000	− 30,617	2,19,71,565	− 2,53,944
Bombay, Bar. & C.I.	11	30	‡30,81,000	− 39,000	3,22,48,000	− 8,98,000
Madras & S. Mah....	10	10	‡21,64,000	+ 1,65,659	1,57,73,288	+ 5,95,140
S. Indian	9	10	‡16,50,153	+ 1,49,962	1,12,46,253	+ 93,204

† 11 days. ‡ 10 days.

CANADIAN

		1938		$	$	$	$
Canadian National*	25	June	30	4,394,277	− 661,906	82,759,559	− 12236795
Canadian Pacific*...	25		30	3,411,000	− 222,000	61,288,000	− 5,502,000

* 9 days.

SOUTH & CENTRAL AMERICAN

		1938					
Anglo-Arg. Trams.	26	July	1	$638,508	+ 54,230	17,175,989	+ 562,164
Antofagasta	26		3	£12,650	− 510	426,100	− 14,290
Argentine N.E.	52		2	‡177,500	+ 17,100	7,998,300	+ 139,300
				*£11,011	+ 1,061	486,221	+ 21,105
B.A. and Pacific.....	52		2	‡1,073,000	− 198,000	74,557,000	− 9,131,309
				*£66,563	− 12,283	4,625,131	− 465,390
B.A. Central	51		18	$110,200	− 52,800	5,791,000	− 1,384,000
B.A. Gt. Southern...	52		2	‡1,894,000	− 40,000	125,050,000	− 2,825,000
				*£117,494	− 2,481	7,757,441	− 24,835
B.A. Western	52		2	‡643,000	− 89,000	39,339,000	− 5,241,000
				*£39,888	− 5,521	2,362,779	− 270,185
Central Argentine....	52		2	‡1,694,600	− 458,000	389,300	− 619,300
				*£105,124	− 28,412	24,150	− 38,356
Central Uruguayan	1		25	d158,648	− 7,553	8,131,720	− 226,119
				e£18,488	− 296	942,608	+ 26,623
Leopoldina	26		2	M1965000	+ 202,000	42,448,000	− 3,607,000
				£22,516	− 991	483,796	− 103,601
Mexican Railway§ ...	25		30	$368,900	− 21,700	7,838,400	− 230,600
Nitrate	51		30	a†£2,146	− 4,280	80,833	− 6,012
United of Havana ...	52		2	£13,604	− 5,859	1,266,258	− 136,271

* Converted at average official rate 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." § 9 days.

LONDON TRANSPORT BOARD

	Receipts	Compared with prev. Year
	£	£
Week ending July 2, 1938, before pooling	585,200	+ 1,100
L.P.T.B. receipts 52 weeks to June 25, 1938	29,388,200	+ 657,100
L.P.T.B. receipts, 52 weeks to June 26, 1937	28,732,000	+ 255,000
L.P.T.B. receipts, year to June, 1937, after pooling	30,247,378	+ 522,655
London Transport Pool receipts, year to June 30, 1937..	41,377,929	+ 771,590

MONTHLY TRANSPORT & POWER RETURNS

Company	Months	Ending		Receipts for Month 1938	+ or −	Aggregate Receipts 1938	+ or −
Canadian Nat.	5	May	31 Gross	$13,909,678	−2,961,148	69,057,315	− 9,847,098
			Net	*Dr. $478,614*	−2,144,863	*Dr.4,909,400*	−11,142,161
Brazilian Traction, Light and Power	5	May	31 Gross	$3,180,940	− 111,079	15,245,637	+ 190,608
			Net	$1,680,348	− 165,233	8,029,003	− 141,659
Canadian Pacific	5	May	31 Gross	$10,563,000	−1,271,000	51,143,000	− 4,228,000
			Net	422,000	−1,152,000	2,170,000	− 4,895,000
Interna-tional Rlys. of Central America.	5	May	31 Gross	$528,092	− 1,314	2,584,877	− 125,537
			Net	$236,811	− 19,349	1,213,079	− 136,004

DIVIDEND ANNOUNCEMENTS

Rates are actual, unless stated per annum or shown in cash per share. Rate for previous year refers to total dividend, unless marked by asterisk to indicate interim dividend.

Company	*Int. or †Final	Total	Payable	Prev Year
BANKS	%	%		%
Alexander's Discount	15 pa*	...	...	15 pa*
Barclays Bank A	10 pa*	...	Aug. 2	10 pa*
Do. B & C...	14 pa*	...	Aug. 2	14 pa*
Isle of Man Bank ...	6s. ps*	...	July 18	6s. pa*
Martins Bank	14 pa*	...	July 23	14 pa*
Midland Bank	a16pa*	...	July 15	16p.a.*
National Discount A	10* pa.	...	July 23	18 pa.*
Do. B	18* pa.	...	July 23	10 pa.*
National Provincial...	15p.a.*	...	July 20	15p.a.*
Northern Bank A ...	10½ pa*	...	...	1 0½ pa*
Do. B ...	5¼ pa*	...	...	5¼ pa*
Union of Australia ...	3*	...	July 27	3*
Westminster Bank ...	18p.a.*	...	Aug. 2	18 pa.*
Do. £1 shares	12½pa*	...	Aug. 2	12½pa*
TEA & RUBBER				
Aberfoyle Plntns. ...	5†	9	...	14
Allynugger Tea	25†	35	July 18	30
Bildor Rubber	...	9	Aug. 10	12
Bukit Mertajam Rbr.	...	6	Aug. 1	12½
Central Perak Rbr....	...	(*a*) 7½	July 20	10
Lankapura Tea	15†	17½	July 18	12½
Malay United Rbr....	...	2·08	July 20	3
Perak Rubber	4†	8	July 21	10
Sungei Gettah Rbr.	2½†	5	...	8
MINING				
Brit. Tin Invest.	3*	...	July 20	5*
Johannesburg Cons.	...	15	Sept. 15	20

Company	*Int. or †Final	Total	Payable	Prev Year.
INDUSTRIALS	%	%		%
Aeroplane Castings ...	...	7½	...	6
Aldershot Traction ...	...	8	July 12	8
Alexander Shipping...	...	12½(*k*)	...	...
Bennis Combustion...	5†	10	...	10
Bradbury Greatorex	3*	...	July 30	3*
Bristol Tramways ...	4*	...	...	3*
British Lead Mills ...	10*	...	July 15	10*
Brit. Oil Shipping ...	5*	...	July 27	Nil*
British Plaster Board	30†	50	...	50
Crossley Bros. (Def.)	...	2½	...	Nil
Distillers Co.	15†	22½	...	22½
East African Power...	4†	7	...	7
Eastwoods Flettons...	...	166⅔	July 22	200
Do. Pref. Ord.	9†	14	July 22	15
Eclipse Shipping ...	...	5	...	Nil
Eng. & N. Yk. Trust	11½*	...	July 30	11½*
Furness Withy & Co.	...	5	Aug. 19	3
Grange Trust	...	3	July 20	3
Handley Page	‡20†	(*l*)65·2	...	50
Int. Bit. Emulsions....	...	5	...	5
International Tea ...	5†	10	...	16
Kelly and Kelly	2½†	9	July 15	...
Lancashire Shipping	2*	...	July 5	2*
Larkins (S. C.) & Sons	‡33¼*	...	Aug. 15	‡33¼*
Lawrie (Alex.) & Co.	9†	14	Aug. 10	12
Light Production ...	15†	25	...	30

Company	*Int. or †Final	Total	Payable	Prev. Year
	%	%		%
Manchstr. Com. Bldg.	5*	...	...	5*
McInyre Hogg Marsh	3*	...	Aug. 13	3*
McKenzie (Thos.)	3*	...	...	3*
Merc. Inv. & Gen. Tst.	3½*	...	Aug. 2	3½*
Milners' Safe	...	7½	...	5
Nairn (Michael), etc.	5*	...	July 18	5*
Nth. Borneo Trading	...	...	July 26	5
Openshaw Brewery...	5*	...	...	5*
Outram (George).....	5†	10	...	...
Owen (Thomas)	...	11	...	18½
Philips Lamp	3*	...	Aug. 15	3*
Scottish Reversionary	2*	...	July 25	2*
Steaua Romano (Bth.)	2*	5	...	10
Stoddard (A. F.) &Co.	2½†	...	July 16	(*b*)4½*
Stuttaford & Co. ...	(*b*) 4*	...	...	5
Thomas (Richard)	5	...	...	15
Traction, &c., Invest.	4*	...	July 30	4*
Truswells Brewery ...	2½*	...	...	2½*
Vacuum Brake	...	10	...	7½
Victors Stores	(*a*) 3*	...	...	5*

(*k*) 2½ per cent. paid free of income tax.

‡ Free of income tax. (*a*) Paid on a larger capital. (*b*) Free of South African income tax. (*l*) On capital of £124,465.

THE WEEK'S COMPANY RESULTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation: Dividend: Prefce. Amount	Appropriation: Dividend: Ordinary: Amount	Appropriation: Dividend: Ordinary: Rate	Appropriation: Carried to Reserve, Depreciation, etc.	Appropriation: Balance Forward	Corresponding Period Last Year: Net Profit	Corresponding Period Last Year: Dividend
		£	£	£	£	£	%	£	£	£	%
Banks											
Bank of New Zealand	Mar. 31	364,890	502,740	867,630	118,750	375,000	10	...	373,880	500,789	10
Breweries, etc.											
Booth's Distilleries	Mar. 31	53,674	46,089	99,763	39,484	...	...	30,642	29,637	49,634	2
Distillers Company	May 15	343,249	2,512,469	2,855,718	97,350	1,764,008	22½	550,000	444,360	2,458,416	22½
South African Breweries	Mar. 31	89,498	504,642	594,140	50,000	408,973	22½†	30,000	105,167	487,569	22½†
Financial Land, etc.											
Associated London Properties	June 24	10,094	61,378	71,472	26,588	17,634	6	12,232	15,018	67,645	6
Bleckert's Brewery Inv.	May 31	15,017	22,519	37,536	...	22,476	5	...	15,060	27,546	5
Chaplin Holdings	Mar. 31	9,980	23,780	33,760	5,000	12,500	5	*Dr. 5,448*	21,708	20,215	5
Connaught Estates	Mar. 31	3,095	26,599	29,694	9,530	5,692	5	11,153	3,319	34,174	7
Covent Garden Properties	June 30	76,208	152,482	228,690	74,488	71,662	7½	...	82,540	124,668	7½
Duff Development	Mar. 31	3,466	27,451	30,917	...	13,496	10	6,000	11,421	26,214	16
Hampstead Garden Sub-Trst.	Mar. 31	3,178	5,694	8,872	...	5,500	5	1,000	2,372	5,071	5
Lewis (John) Partnership	Apr. 30	1,707	34,128	35,835	35,753	...	...	...	82	35,989	Nil
Read's Drift Land	Mar. 31	*Dr. 2,788*	462	*Dr. 2,326*	...	...	...	...	*Dr. 2,326*	(a)	(a)
Scottish American Mortgage	May 31	100,252	72,285	172,537	40,086	13,325	6	10,000	109,126	63,917	5
Tati Company	Feb. 28	17,441	6,461	23,902	...	3,836	2½	...	20,066	8,125	2½
Iron, Coal and Steel											
Petters, Ltd.	Mar. 31	1,317	18,617	19,934	8,112	...	...	8,453	3,369	*Dr. 914*	Nil
Powell Duffryn Associated	Mar. 31	68,036	762,038	830,074	123,648	475,000	(§)	...	81,426	739,236	(b)
Powell Duffryn Steam Coal	Mar. 31	6,641	331,708	338,349	33,189	288,986	7½	...	16,174	315,409	7
Thomas (Richard) and Co.	Mar. 31	468,521	1,074,946	1,543,467	202,822	164,063	5	1,176,582	...	927,633	15
Welsh Associated Collieries	Mar. 31	3,815	160,268	164,083	111,485	46,020	1½	...	6,578	147,691	1
Oil											
Phoenix Oil Products	Dec. 31	19,041	50,252	69,293	48,000	...	...	6,000	15,293	51,262	Nil
Rubber											
Aberfoyle	Mar. 31	2,433	2,887	5,320	...	2,250	9	...	3,070	5,350	14
Anglo-Dutch of Java	Dec. 31	57,566	424,290	481,856	...	270,000	9	145,000	66,856	297,385	7
Harewood	Mar. 31	4,027	1,868	5,895	...	...	...	...	5,895	4,455	3½
Kawie (Java)	Mar. 31	10,933	14,687	25,620	...	7,500	10	6,000	12,120	14,234	12½
Kinta Kellas	Mar. 31	8,061	17,934	25,995	...	15,250	10	5,000	5,745	18,316	10
Kuala Muda	Mar. 31	2,157	30,283	32,440	...	17,500	5	12,800	2,140	29,021	3
Kuala Pergau	Mar. 31	1,596	5,281	6,877	...	2,512	4	2,400	1,965	5,471	5
Malay United	Mar. 31	209	5,636	5,845	...	1,750	2·08	3,210	885	5,208	Nil
Merchiston	Mar. 31	1,272	5,972	7,244	...	4,875	7½	1,000	1,369	6,053	7½
Perak	Mar. 31	5,544	8,712	14,256	...	7,120	8	3,000	4,136	10,764	10
Sarawak	Mar. 31	2,220	6,526	8,746	...	3,480	4	2,958	2,308	10,088	7
Timbang-Deli (Sumatra)	Mar. 31	21,239	24,684	45,923	...	19,924	5	5,000	20,999	21,626	4
Vallambrosa	Mar. 31	10,011	16,818	26,829	...	16,591	25	...	10,238	20,683	30
Shops and Stores											
International Tea Stores	Apr. 30	108,506	485,819	594,325	210,771	155,000	10	120,000	108,554	578,472	16
Tea											
Assam Frontier	Dec. 31	2,766	51,813	54,579	14,000	17,500	2½	17,500	5,579	25,814	1½
Bogawantalawa	Mar. 31	1,698	23,022	24,720	5,280	9,314	10	7,450	2,676	15,064	7
Ceylon Upcountry	Mar. 31	1,214	1,893	3,107	...	1,866	10	...	1,241	1,375	7½
Jokai (Assam)	Dec. 31	44,299	113,818	158,117	6,000	72,272	12½	37,000	42,845	70,862	8
Textiles											
Grout and Company	Apr. 30	9,280	13,975	23,255	807	5,527	2½	8,788	8,133	19,965	5
Tramways											
Anglo-Argentine Tramways	Dec. 31	*Dr2763153*	*Dr503,314*	*Dr3266467*	...	...	...	...	*Dr 3,266,467*	*Dr481638*	Nil
Trusts											
Ailsa Investment	May 31	17,149	29,253	46,402	16,922	6,712	3	5,000	17,768	26,731	2½
Clyde and Mersey	May 31	22,101	32,897	54,998	8,414	16,685	5½	5,000	24,899	28,288	5½
Second Consolidated	June 15	5,422	23,107	28,529	22,000	...	...	...	6,529	25,490	Nil
Second Great Northern	June 1	12,357	35,923	48,280	16,718	7,334	2	10,000	14,228	34,558	2
Sterling Securities Investmt.	May 31	977	2,819	3,796	...	1,563	3½	1,198	1,035	4,924	3½
Trustees Corporation	May 31	72,855	128,244	201,099	29,367	77,683	12	22,000	72,049	114,901	10
Other Companies											
Amalgamated Dental	Dec. 31	25,365	134,363	159,728	119,849	14,500	5	...	25,379	141,554	5
Amalgamated Roadstone	Mar. 31	12,945	44,045	56,990	10,500	21,000	6	15,000	10,490	37,937	6
Aron Electricity Meter	Mar. 31	19,778	22,062	41,840	...	16,713	15	...	25,127	25,618	15
Brazilian Warrant	Dec. 31	26,298	*Dr. 8,349*	17,949	...	...	...	*Dr. 2,500*	20,449	61,298	Nil
Burgis and Colbourne	Apr. 27	3,043	8,479	11,522	4,200	4,500	15	...	2,822	8,871	12½
Christy Brothers and Co.	Mar. 31	22,838	45,089	67,927	4,500	16,500	11	20,000	26,927	33,370	10
De La Rue (Thomas)	Apr. 2	...	196,093	196,093	...	37,200	12	142,124	16,769	65,427	8
Eastwoods Flettons	Mar. 31	8,790	60,922	69,712	26,600	17,100	166¾	13,500	12,512	65,524	200
Hovis, Ltd.	Mar. 31	45,383	152,920	198,303	9,000	78,956	20	50,077	60,270	179,633	20
Lovell and Christmas	June 11	99,471	67,972	167,443	45,000	...	...	23,500	98,943	111,803	7
Owen (Thomas)	Mar. 31	10,171	48,659	58,830	3,216	15,000	10	...	40,614	11,305	Nil
Prince of Wales Theatre	Apr. 30	...	*v7,649*	7,649	...	...	...	3,744	3,905	(a)	(a)
Savory and Moore	Jan. 31	14,494	23,343	37,837	11,503	...	...	8,499	17,835	21,841	Nil
Silentbloc, Ltd.	May 31	4,758	42,024	46,782	...	26,823	58½	14,983	4,976	39,952	58½
Union Cold Storage	Dec. 31	221,564	953,098	1,174,662	720,000	100,000	10	125,000	229,662	1,080,907	10
United Tile Manufacturers	Mar. 31	2,077	9,935	12,012	7,380	...	...	1,250	3,382	9,016	Nil
Wellman Smith Engineering	Mar. 31	14,126	29,074	43,200	...	20,399	10	...	22,801	(a)	(a)
Total Profits, 1938, in £000's:											
To July 2		*1,458*	*60,001*	*211,773*	*271,774*	*34,117*	*113,022*	...	*58,825*	*65,810*	*188,303*	...
To July 9		*1,515*	*59,407*	*219,710*	*279,117*	*36,191*	*116,948*	...	*61,493*	*64,485*	*195,979*	...

† Free of Income tax. (a) No comparable figure. (§) Paid on participation shares. (v) From January 9, 1937, to April 30, 1938. (b) £450,000 paid on participation shares.

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INSURANCE SUPPLEMENT

Farmers and Politicians

FOR an overwhelmingly industrial nation, Great Britain takes an astonishing degree of interest in its agriculture. Those who make their living by growing food within this island are substantially less than one-tenth of all our workers, but they have far more than their quota of attention from Parliament and Press alike. Indeed, there is more concern about the growing of food by the seven than about its consumption by the ninety-three, and if Parliamentary time is any measure, there must have been in the past decade a score of debates on agriculture to every one on nutrition. Two more have been added to the tally this week, one in the Lords on Tuesday, one in the Commons on Wednesday.

There is no need to search for subtle psychological reasons to explain the political importance of the farmer. British agriculture, shrunken though it is, is still the largest single industry in the country. It is an industry, moreover, which, more than most, dominates its ancillaries. In the average country town the number of persons who would be shown in the census returns as following the calling of agriculture would be a small fraction of the total; but the whole district may be conscious of its dependence on agriculture. With the sole (and much smaller) exception of coal-mining, there is no other industry which controls a whole range of Parliamentary constituencies. With that hold on the Commons, and, in the Lords, the traditional connection between nobility and landowning, agriculture can afford to forget its numerical weakness.

Hence, even in our industrial country, in an ever more urban age, the farmers' vote is something to be reckoned with. And the reckoning has led at the moment to a political situation of some piquancy; for this is one of those rare occasions when the farmer's vote is up for auction—or, if not actually in the bidding ring, at least open to a fair offer by private treaty. The reason why matters have come to this pass is in itself an interesting question. With the end of Free Trade in 1932, it might have been thought that the Conservative-agricultural alliance would be cemented for ever. But it was an unpropitious moment; for the misguided foreigner and the only slightly less misguided overseas Briton have not ceased to offer the most excellent food at low prices, and the experiments that have been made in limiting the imports of one or two commodities have incurred so much odium among the consuming masses for so little net benefit to British agriculture that the Government have consistently refused to apply the weapon of restriction on the wholesale scale demanded by the farmers.

The paradoxical situation has thus arisen that no Government has ever done more for the farmers, and yet few, if any, Governments have been so bitterly assailed by the farmers' representatives. The farmer is unmoved by the knowledge that the direct and indirect cash benefits

provided specifically and uniquely for him are now at the very least a fifth of the whole net value of his production. He knows only that he still does not make an adequate income. And having tasted to such good purpose the consumers' and the Treasury's blood, he is agitating for more. In the last twelve months, when he has been caught in the scissors of declining prices for many of the things he sells and rising prices for many of the things he buys, his discontent, faithfully mirrored by a large part of the Conservative Party in Parliament, has boiled over.

This quarrel between the allies is, of course, the Labour Party's opportunity. Hitherto the concern of Labour, outside the towns, has been mainly with the farm labourer. But the party is now definitely out for the farmer's vote. Its agricultural policy is, as always, based on the nationalisation of the land. But pains are being taken to make the pill more palatable to at least the tenant farmer, and it has newly been coated with the brightly-coloured sugar of guaranteed prices. Such benefits as would accrue from the nationalisation of the land could only be reaped over a very considerable period. But the farmer, it appears, is to receive his share at once, the bill being discounted, we must presume, by the consumer or the taxpayer or both.

Neither of the two larger parties is thus, in the tactics of the moment, paying its chief attention to the interests of that great majority of the nation whose concern with food is that of consumers. The real humour of the situation, however, lies in the fact that not even the Liberal Party, by tradition and inclination the champion of the consumer, can play its proper rôle at the moment, for it so happens that Mr Lloyd George holds views on the question, which, whether or not they are correct, are certainly not those of traditional Liberalism. On Wednesday the House of Commons was treated to the rare spectacle of a Liberal leader not merely accusing the son of Joseph Chamberlain of having reverted to Free Trade, but seeming almost to upbraid him for so doing.

It is, indeed, a peculiar position in which the Prime Minister finds himself. For seven years he has been a leading member of the Government that has spent so much of the taxpayers' money, and mortgaged so much of the consumers', on maintaining, if not increasing, the scale and profitability of British agriculture. His heresy now is not that he wants to reverse this charitable policy, nor even that he refuses to contemplate its gradual and moderate extension. His Kettering crime was merely that he refused to exploit the war scare to justify a further and much more drastic cut in food imports for the benefit of British agriculture. For this he, the author of Protection, is being accused of excessive Cobdenism. And the supreme irony is that, on this point at least, his policy is unquestionably more consonant with the interests of 93 per cent. of the people than any of the proposals now being hurled at his head. That does not, of course, mean that the Government's agricultural policy is perfect, either for peace or for war. *The Economist* has frequently criticised its peacetime aspects, and will repeat its objections as long as Government action is more concerned with maintaining or raising prices than with efficiency and economy and the provision of an ample supply of fresh products of good quality at low prices. It is, also, probably true that the Government have not yet made anything like adequate preparation for the emergency of war. But the remedy for that lies along the lines of increased storage and more detailed plans for temporary expansion in time of war. In refusing to put the nation permanently in a state of siege, Mr Chamberlain is undoubtedly right.

Lord Addison, in an argument that did more credit to his political astuteness than to his knowledge of the business world, accused Mr Chamberlain of following the policy of the City. But it is foolish to suppose that the value of international trade to Great Britain is bound up with the receipt of dividends. Why is it that, though our population is only two-thirds of Germany's, our national income is something like a quarter larger? The reasons are legion; but the chief of them is that, unlike Germany, we produce our food and our raw materials where they can be produced most cheaply—overseas. Why is it that of all the great industrial countries we suffered least from the world depression? Once again, from a crowd of answers the one that stands out is that, alone of the Great Powers, we maintained our domestic purchasing power by buying our food in the cheapest market. These are the verities with which the present furious campaign for a costly and artificial expansion of British agriculture is trifling. When logical argument is overlaid both with sentiment and with political calculation, with an added dash of the fear of starvation, it is perhaps difficult to adhere closely to the line of common sense. But the fundamental and dominating fact of the whole matter is that the chief interest of the British people in its food is to have it as plentiful, as nutritious and as cheap as possible. An expansion of British agriculture by the increase of its technical efficiency and by the reduction of its distributive costs is not only welcome but necessary; but not at the cost of dearer food. There have been far too many departures from that simple principle in the last few years. If the Government themselves have now decided that these deviations have gone far enough, they deserve, in the face of all three Parties at once, the full support of the people.

The Plan Approved

ON Monday his Majesty's Government issued a Blue Book which is really their blueprint for securing neutrality in the Spanish conflict. In official language it is "the text of a proposed Resolution reaffirming and extending the Non-intervention Agreement, and providing for the withdrawal of foreign volunteers from Spain, for the grant in certain circumstances of belligerent rights to the two parties in Spain, and for the observation of the Spanish frontiers by land and sea." This text was adopted at a plenary session of the Non-intervention Committee on July 5th, and has been sent to both parties in Spain for their approval. It is an imposing edifice of ingenuity and detail, carefully drawn up and elaborately constructed. Its eighty pages are a monument to the lengths to which British skill, good faith, and patience have gone during the two years of conflict in Spain, in the endeavour to prevent that conflict from spreading. But to-day, two years after the outbreak, the laboured meticulousness of this British Plan will strike British readers as a poor second-best compared with the clear simplicity of a joint Anglo-French naval blockade of Spain, as was suggested by this journal within three weeks of the outbreak, and before any so-called volunteers had ever set foot in the Iberian peninsula.

The draft Plan reaffirms the initial Non-intervention Agreement, the list of prohibited war material for despatch or transit to Spain, and the agreement of February 16, 1937, not to allow volunteers from any participating country to go to Spain. The Plan then breaks fresh ground in extending the latter provision to cover visitors to Spain who, on "reasonable grounds," might be thought to be going to engage in "activities susceptible of prolonging or embittering the present conflict . . . . in some form of propaganda . . . . or in some activity repugnant to the intention and spirit of the Non-intervention Agreement." (The text does not say who determines what grounds are "reasonable.") The Plan then extends the shipping prohibitions, already issued by this country, to all participating countries.

Next, it sets up the organisation to secure withdrawal. The "International Board for Non-intervention in Spain," set up to secure control of frontiers as long ago as March 8, 1937, is to be the Committee's agent; and two identical Commissions, consisting of three persons each, are to be appointed by the unanimous vote of the International Committee and despatched to each side in Spain. These commissioners, together with their staffs, are to be given full facilities and diplomatic privileges by each side in Spain; they are to arrange for deliveries of not less than 1,000 volunteers per day from either side; and to concentrate 500 per day in each of four evacuation areas, two on each side, at Palamos, Cartagena, Malaga and Cadiz. If one side is found to have more volunteers than the other, more than 1,000 per day are to be withdrawn from that side; and "substantial progress" will be deemed to have occurred in withdrawal—i.e. the condition for entry into force of Mr Chamberlain's Anglo-Italian Pact will have been satisfied—when at least 10,000 volunteers have been actually evacuated from the side with the least volunteers in Spain; so that, by that time, at least more than 20,000 will have gone. Moreover, when that point has been notified to London as having been reached, the Committee can resolve that the "certain circumstances" have arisen in which belligerent rights can be granted.

The Board has the duty of drawing up the general instructions to the two Commissions, and the Committee the duty of approving them. The nationality of the volunteers in Spain is not to be specified in the Commissioner's reports to London—perhaps a not unwise provision, all things considered. The volunteers are to be embarked—and in some cases sent by land—under the control of the Board's officers until they have arrived at one of several clearing-stations: London, Hamburg, Lisbon, Marseilles and Genoa. To each of these stations volunteers of specific nationality will be despatched before proceeding to their homes.

A rapid time schedule is provided, whereby 45 days only are set aside for the commissioners to count and to prepare for evacuation; a further 55 days for evacuation of combatant (though not sick, wounded or women) volunteers; and another 50 days for all the administrators to report and quit Spanish territory. The Canary Islands, Baleares, and all Spanish possessions or leased territories are to be included; Commissioners will be empowered to count separately all naval, military, air force and civilian volunteers. The word "volunteer" applies to any person who directly or indirectly helps either side in its military efforts, even by clerical assistance or communications; and the contending parties in Spain are requested to agree that if volunteers so designated refuse to withdraw in their contingents, they shall be deported. The arrangements for delivery of volunteers to evacuation areas, for commissariat, transport by sea, and ultimate destination of the volunteers have been worked out in comprehensive fashion; and the Plan even provides that each participating Government shall grant "the widest publicity within its own territories to the decision taken . . . . to do all in their power to secure the withdrawal from Spain of foreign volunteers." The total cost is likely to be about £1,500,000, to be contributed equally, in the main, by Britain, France, Germany and Italy.

It may not be altogether unnatural if critics of the British Government's policy over Spain during these last two years scrutinise the present proposals for evidence of a will to enable General Franco, by the grant of belligerents' rights, to throttle the Spanish Government's forces by blockade. After all, when we simultaneously refuse to grant belligerents' rights in law, and also refuse to protect our legitimate shipping from bombardment, thus according General Franco a practical right to blockade, we might expect to see everything made easy for him in the present proposals. Such, however, is not the case. Though, with those rights, he can legally announce a blockade if he can militarily sustain it, he cannot unilaterally add new items to the list of contraband. That can only be done by the Committee; and by direct negotiation between them and the parties in Spain. The first list of contraband is to be no more than the existing list of war materials prohibited by the Committee; and, though General Franco may with belligerents' rights legitimately visit ships at sea flying the Committee's pennant to verify (the text emphasises that it is *only* to verify) their warranty to fly it, he cannot impugn the Committee's careful measures to secure accurate observation, even by air, of the conditions for sending goods to Spain.

But when all is said, we face this plan in much the same mood as that in which we faced Mr Chamberlain's Agreement for an Agreement with Italy. We are confronted, not with the verbal excellences of a contingent agreement, but with the difficulty of ensuring that all the precedent conditions shall be met. Otherwise, of course, there will be no agreement, and the verbal excellences will be void. In this present text, there are loopholes—if such be required—through which any Power so inclined could drive a coach-and-four. For instance, "volunteers" cannot apply to Spanish citizens; but how easy is it, has it been, to make many "volunteers" into citizens of Franconian Spain or of Republican Spain? There may already be tens of thousands of neo-Spaniards who cannot get their tongues round Castilian; and to them this text cannot apply. Again, large bodies of men have often in history been lost to sight in Central Spain; and the commissioners have not time to go through Spain with a fine-tooth comb. However one regards the prospect before this plan, one is driven back on the good or bad wills of the participating Powers. Thus, in circumventing the process of the League of Nations, we have set up a new and towering façade behind which both totalitarian and democratic European States would, we hoped, collaborate to secure not the old strict neutrality, nor the post-war collective arbitrament, but an entirely new-fangled conception: non-intervention. And what has been the upshot? Right and Left there has been flagrant intervention; the interveners have accused, plotted and sabotaged in the very bosom of the London Committee; the interests only of those Powers who honestly tried to prevent intervention have been gravely jeopardised, our own in particular; and, in sum, we have all found—some to their cost, some to their glee—that even *ad hoc* committees of European Powers cannot achieve more than, if as much as, the League itself.

The question now is: Will Signor Mussolini, bereft as yet of the Anglo-Italian Pact and facing continuous Spanish war throughout the winter, honestly try to get this plan working as soon as possible? If not—if, for instance, for domestic reasons he cannot repatriate Italian volunteers without a military victory by General Franco in Spain—this plan is already stillborn. For, in its terms, it does not favour General Franco; and if its execution is to be delayed until General Franco is in a position to win, it can be nothing but a gigantic piece of hypocrisy: a salve for whatever conscience remains in the European democracies, and a screen for others' actions. Unhappily, though it can be made to work rapidly, we shall not know whether it will be worked at all, until the two parties in Spain reply favourably, the London Committee finally approves it—as it stands—and its massive machinery begins to move. It is a notable piece of ingenuity. It is a thousand pities that such ingenuity was ever allowed to become necessary.

Profits at the Peak

THE earning of profits is—or is intended to be—a continuous process. But the publication of company reports is, by custom and law, a yearly business. In some degree, all published profits figures are subject to a time lag. The reports analysed week by week in *The Economist* may appear three months or more after the companies' financial years have closed. And between the average date at which profits are earned, and their analysis in these quarterly reviews, the time lag may amount to 10½ months or more.

Profits reported during the second quarter of the year, however, have particular importance. Both the number of reports, and the profits they disclose, are the highest of all four quarters. In addition, they complete the series which—after adjusting for the time lag—gives the closest possible approximation to an estimate of industrial profitability during the previous calendar year. The profits reported in the four quarters ended June 30, 1938, are, by and large, the profits earned by British industry in 1937.

In the first table below, we give the profits recorded in each year, to June 30, since 1929:—

TABLE I—PROFITS IN YEARS ENDED JUNE 30th

Reports received during years ended June 30th	Number of Companies	Profits (after debenture interest)	Profits, same Companies, preceding year	*Chain Index Number (1928 = 100)*
		£	£	
1928	...	...	...	*100*
1929	1,742	197,291,452	193,835,724	*102*
1930	1,771	198,471,070	191,301,133	*106*
1931	2,053	187,588,541	219,811,990	*90*
1932	2,017	139,436,950	189,655,091	*66*
1933	1,949	137,083,181	146,861,278	*62*
1934	1,960	159,597,442	142,379,992	*69*
1935	2,072	192,965,202	161,498,274	*83*
1936	2,138	224,045,804	198,980,667	*93*
1937	2,271	266,533,101	230,496,227	*108*
1938	2,337	298,839,206	263,175,920	*122*

It will be noticed that though the number of included companies changes from year to year, the profits of each year's sample are compared with the profits of the identical companies in the previous year. By the device of a chain index, it is therefore possible to get a continuous series of figures which may be taken to represent the changes in the profitability of British corporate industry in general. These figures, which are given in the last column of the table above, may be compared with the first of our charts, on which the ratio of profits to share capital for companies reporting in the second quarter is plotted since 1929. Both table and chart show that 1937-38 was the most profitable year for industry since recovery began.

Satisfactory profits in the past, however, are a poor solace for the prospect of lower earnings in future. Is there any evidence that the decline in profits, which the Stock Exchange has evidently been expecting for more than a year past, is on the way? Certainly the latest quarter's figures, which show an increase of 12.8 per cent. in profits (after debenture interest), provide no such evidence, although this rate of increase is lower than that shown by the past twelve months as a whole, and conspicuously lower than the percentage gain during the second half of 1937. It is true that, of the twenty-five industrial groups which appear in the distribution tables on page 154, seven showed a fall last quarter from the previous year's profit levels, while only two minor setbacks occurred in the March quarter. But the high percentage increases recorded by heavy industry, shipping, and plantation profits show that the investor is still obtaining increased dividends, even though his holdings may be worth substantially less than a year ago.

The overall earnings ratio of 11.9 per cent. on the combined preference and ordinary share capitals of 805 companies whose reports appeared last quarter is, in fact, the highest during the past decade. "Second quarter companies" in 1937 equalled their earnings performance in 1930; they have now more than doubled the earnings ratio of 5.4 per cent. recorded in the depth of depression six years ago. Simultaneously with this spectacular growth in profits, two other trends are perceptible in their distribution. Our third table suggests that the proportionate burden of prior charges on industrial profits is lower to-day than in pre-depression times. But the exercise of increased conservatism in the distribution of profits has reached the point at which nearly one-third of total profits is set aside to reserves, and less than two-thirds of available earnings are distributed on the ordinary capital. Ordinary shareholders have no cause for complaint, for they have received, on the average, 9.4 per cent. on their nominal capital last quarter, compared with 4.6 per cent. in 1932. But since profits began to show real recovery in 1934, there has been remarkable constancy in the proportion of total earnings paid out to ordinary shareholders. Their share has risen from 51.6 per cent. to 53.8 per cent. in the last four years, but it is well below their participation in 1929 and 1930, when profits were still high. In recent years, directors have increasingly followed the precept: "For every pound to ordinary shareholders, a pound for the company." This is a tendency which merits the most careful observation. British industry appears to be following the example of American industry in the 1920's and making itself progressively more liquid and self-financing—with effects which can at present only be guessed, but are likely to be far-reaching, on the functions both of the banking system and of the open capital market.

Each company, however, frames its own conception of dividend policy, according to the cyclical risks for which it must prepare, and to its estimate of the scope for self-finance in its business. These points are illustrated in the second of the two charts shown above. It is no accident that while steel and shipping companies provided more for reserves last quarter than they paid in ordinary dividends, commodity companies—rubber, oil, and tea—distributed their profits more generously. In actual fact, however, none of these five groups set aside for reserves a smaller proportion on its total share capital than the 805 companies as a whole. The lessons of adequate reserve and depreciation policy appear to have been well learned.

The charts suggest that commodity and shipping companies made an important contribution to the past quarter's profits. If they were excluded, to provide a better measure of the progress of home industrial profits, last quarter's improvement would be reduced from 12.8 per cent. to about 7 per cent., and of this, increased iron and steel profits would be responsible for 4½ per cent. While there is no evidence, last quarter, of any dramatic change in total profits, individual industries are beginning to show a more irregular trend. A few recent reports—usually in the heavy industries and textiles—reveal a significant setback in profits. Indeed, the last week of the quarter brought an aggregate fall of 2 per cent. in the profits of 39 companies whose reports were then published. These are straws in the wind, and the weekly budget of industrial news makes it only too clear from which direction the wind is blowing. It is probable that this quarterly survey shows profits at their cyclical peak.

TABLE II—PROFITS OF "SECOND QUARTER" COMPANIES, 1929-38

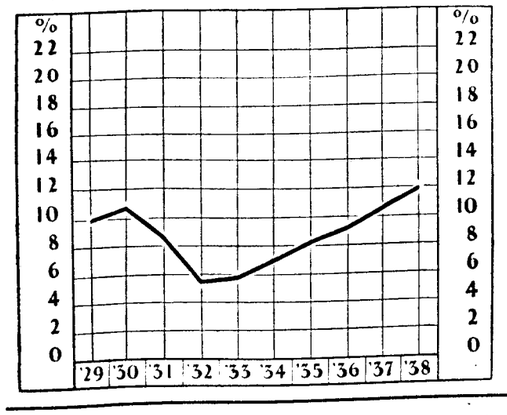
Reports Issued during Second Quarter	No. of Companies	Total Profit (after deb. interest)	*Change since preceding year (same companies)*	Total Preference and Ordinary Capital	*Ratio of Profits to Capital*
		£	%	£	%
1929	639	78,079,238	− 0·7	783,972,918	9·9
1930	578	79,717,393	+ 8·6	751,909,913	10·6
1931	619	64,051,136	−19·4	745,477,186	8·6
1932	675	56,832,591	−21·8	1,042,514,627	5·4
1933	612	52,871,165	+ 3·3	929,556,651	5·7
1934	642	67,334,795	+18·2	973,291,929	6·9
1935	694	80,076,325	+17·8	980,620,210	8·2
1936	739	92,280,660	+10·6	1,015,646,042	9·1
1937	765	100,690,626	+19·9	951,790,564	10·6
1938	805	112,472,971	+12·8	942,078,693	11·9

TABLE III—DIVISION OF PROFITS (SECOND QUARTER COMPANIES)

Reports issued during Second Quarter	Proportion of Profits after Debenture Interest			*Rate of Payment on Each Class of Capital*			
	Paid in Pref. Div.	Paid in Ord. Div.	Put to Reserve or "Carried Forward"	*Debenture*	*Preference*	*Earned for Ordinary*	*Paid on Ordinary*
	%	%	%	%	%	%	%
1929	23·1	60·4	16·5	5·1	5·9	12·5	9·8
1930	24·9	56·5	18·6	4·9	6·3	13·7	10·3
1931	27·3	57·9	14·8	5·0	5·8	10·4	8·3
1932	32·6	56·3	11·1	5·0	4·9	5·5	4·6
1933	31·5	55·9	12·6	5·0	4·9	6·1	5·0
1934	27·8	51·6	20·6	4·7	5·2	7·9	5·7
1935	25·4	51·7	22·9	4·7	5·7	9·6	6·7
1936	22·2	51·2	26·6	4·6	5·6	11·1	7·3
1937	17·8	52·3	29·9	4·5	5·4	13·3	8·5
1938	15·1	53·8	31·1	4·5	5·5	15·1	9·4

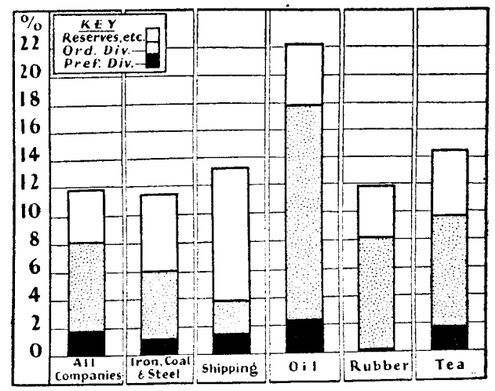
PERCENTAGE EARNINGS ON TOTAL SHARE CAPITAL, 1929-38

(Companies reporting in second quarter of each year)



DISTRIBUTION OF PROFITS, 1938

(Companies reporting in second quarter; percentages of total share capital)



The Commons' Privileges

THERE is no subject which can more surely be relied upon to excite the interest of the House of Commons than an attack, or a fancied attack, on the privileges of members. The time and attention that are being given to what has come to be known as the Sandys affair are not, however, merely the result of wounded self-importance. It may be that the summons to a Member of Parliament to appear before a military court and give evidence on a matter into which the House of Commons was itself preparing to inquire was not, in itself, a grave infraction of the constitutional liberties of Parliament. But the issues involved, which have been clarified by centuries of conflict, go right down to the base of the Parliamentary system. In view of recent developments abroad it was not a waste of time to bring into play the impressive machinery of the Committee on Privileges and to spend the better part of a Parliamentary day in discussing this particular aspect of the Sandys affair, for it brought from the Prime Minister a reaffirmation of vital principle. The purpose of privilege, he said, was to ensure that Members should not be hampered in their duties by pressure from outside the House.

Hundreds of years of history give force to this view of Parliament's traditional rights. In the course of six centuries the Commons have won many victories. Their earliest office was merely to furnish mediæval monarchs with information and money; to retail grievances and seek their redress. To-day they themselves make law, and to them the Ministers of the Crown are directly responsible for their policy. At all times in this long tale of progress it has been important that Members should be permitted to go about their business without let or hindrance from any quarter. The Commons have consistently laid claim to privileges and immunities designed to safeguard them against coercion or pressure.

Freedom from arrest and freedom of speech in debate were essential to the development of the Commons' authority; and they claimed the right to forbid the publication of debates and to expel strangers lest unwelcome words should be carried to the ears of unfriendly kings. Hardly less important was the Commons' claim to control their own proceedings; and, so long as the Speaker remained in part a royal official, his powers were rigorously restricted. It was vital, too, that no outside interest should be able to control elections to Parliament, and the Crown's frequent interference in Parliamentary elections was met by the claim that the Commons had the sole right to provide for the due composition of the House. Finally, the Commons claimed the right to punish offenders for breach of their privileges, for disrespect to Members or to the House.

The original purpose of these privileges, established only after centuries of struggle, was clearly to protect the Commons against the King. They were first asserted five hundred years ago when the Crown was weakened by faction. They were strenuously fought for and finally won in the sixteenth and seventeenth centuries. "Without free speech," said Peter Wentworth in a Parliament of Elizabeth, "it is a scorn and a mockery to call it a Parliament House." And when James I ascended the throne, Parliament greeted him with the assertion that "the High Court of Parliament gives laws to other courts but from other courts receives neither laws nor orders."

When King James I tried to silence an earlier Sandys,

Sir Edwin, and threw him into prison on a secret charge, the Commons in 1621 recorded in their journal a memorable protestation which declared that theirs was the right to discuss freely "the arduous and urgent affairs concerning the King, the state and defence of the realm." The King tore out the pages from the journal and imprisoned three Members of the House. His son's attempt over twenty years later to take similar steps was answered by the civil war that cost him his head. The Commons had their way in the end, in spite of the Restoration of 1660; for the revolution of 1688 paved the way for Parliamentary supremacy in matters of government. When executive power passed from the Crown to Ministers, themselves Members of Parliament, protection was no longer needed against the King.

It is true that, at the commencement of every Parliament, the Speaker lays claim by humble petition to certain of the Commons' ancient privileges, which the Lord Chancellor readily confirms on His Majesty's behalf. But this ceremony is now no more than a picturesque survival. The privileges of Parliament rest upon the law and custom of Parliament itself. In some cases they have been defined by Act of Parliament. In every case they are beyond the control of any other person or body.

Parliamentary privilege, however, has its limits. The freedom of Members from arrest during sittings of Parliament, and for forty days before and after, has never applied to criminal offences; and since imprisonment for debt was abolished in 1869, this immunity has ceased to be very significant. In 1763 the House decided that there was no privileges in cases of seditious libel, and seven years later the extension of the privilege to include Members' servants was ended. In theory, attendance at the House still has precedence over attendance in any court on *subpœna* to give evidence, but this is commonly waived, though leave of the House is required for the attendance of one of its Members or servants to give evidence concerning any proceedings in the House itself.

The privileges designed to ensure freedom of speech have similarly changed in character. Debates are published with the assistance of the House itself, and strangers are admitted to the Commons' proceedings. The extension of the franchise has made open discussion and wide publicity imperative; and Parliament's powers of prohibition and control are held in reserve. Words spoken in Parliament, however, are immune from court proceedings; they are privileged and, by the Parliamentary Papers Act, this immunity extends to all papers printed by order of the House and all faithful copies. The House still possesses the right to fill vacancies in its ranks and to determine disputed elections, though the misuse of the latter power for party purposes led to the transference last century of the actual examination of contested election returns to the High Court. And the Commons' power to punish for breach of their privileges, or contempt, remains as part of their inherent authority "to do all that is necessary to maintain their own dignity and efficiency."

Thus the privileges which have sprung into notice in the last few weeks are relics of the past. But, although the contest between King and Parliament which gave rise to most of these privileges has long since ended, there are still good reasons why the freedom and independence of Members should be safeguarded. It is essential in a parliamentary democracy that the representatives of the people should be free to carry out their duties unhindered.

Among their duties, none is more important than the obligation to criticise the executive and inform the people of grievances, disclosing what they know of the "state and defence of the realm." This function is the more important because, through the rigid ties of party allegiance, Cabinet Ministers who lead the majority in the Commons control Parliament from day to day rather than *vice versa;* "Parliament does not rule," said Bagehot, "it only elects the rulers." Ministers have great powers; virtual power to make law is frequently delegated to them; and they tend to be impatient of outside criticism and "mischievous curiosity." The function of Parliament is to keep watch and ward over the administration. In military matters there is clearly a responsibility upon Members not to make public information likely to be of advantage to foreign powers. Even more, however, Members are responsible to the electorate for the proper fulfilment of their duty to be vigilant. The privileges which served to protect the middle-class Parliamentarians of the Stuart period against royal autocracy may appropriately preserve the vital liberties of modern Members.

Topics of the Week

British Shipping.—There are many reasons for the widespread anxiety, voiced in Parliament and the Press, about the state and prospects of British shipping and shipbuilding. Together, these industries provide employment for some 250,000 workers. Shipping services commonly contribute between £75 and £125 millions to the credit side of Britain's balance of payments. We depend upon seaborne supplies for nearly 75 per cent. of our food and for the raw materials of our textile trades. At a time when preparations for the possibility of war figure largely in public policy, the vital importance of adequate, prosperous and well-found shipping in the structure of national defence cannot be exaggerated. The Commons' debate on shipping just over a week ago and the recently published returns of Lloyd's Register for the June quarter of this year have emphasised the disturbing current in which this vital industry is drifting. Shipbuilding has been caught between the upper millstone of low and scarcely remunerative freights and the nether millstone of high construction costs. Some 1,037,000 tons were under construction at the end of June, but new orders since January have only come in at the rate of 400,000 tons for the full year. Naval orders have done something to sustain activity, but not enough to outweigh the slackening in civil activity due to trade recession. Proposals for laying up British tonnage are in sharp contrast to the activity of foreign yards; and for the first time more shipping is being built abroad for British firms than is under construction in this country on foreign account. Foreign tenders, supported by State subsidies, are too low for British builders to compete. Subsidies to foreign rivals have also played no inconsiderable part in bringing about the losses in trade which British shippers have suffered in the Mediterranean, in Indian waters and in the Far East. It was estimated in the Commons' Debate on July 8th that annual subsidies of some £20 millions (or half the estimated annual assistance at present given to British agriculture) might enable our shipping to hold its own. This would be a high price to pay for what is fundamentally an uneconomic policy. Competitive subsidies can have no lasting success.

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Trade Policy and War-time Needs.—Clearly the present state of British shipping is in part due to the unprecedentedly sharp recession in world trade. Equally obviously, it is due to a general change which has taken place in national economic policies, not excluding our own. Channels of international commerce have been silted up and reduced in number by tariffs, quotas, currency devices, bilateral arrangements and, be it said, such measures as the Ottawa Agreements. More ships of more nations are competing, on State aid, for reduced and canalised trade; and the greatest shipping nation in the world must needs suffer most. The volume of world trade is now again falling, but what is more serious is that the share of the world's carrying trade conveyed in British bottoms has markedly declined. Other nations are no longer content that their goods should be borne in British ships. At present, we have 28 per cent. of the world's tonnage (excluding tankers), compared with 44 per cent. in 1914; and our effective tonnage (excluding tankers and Empire tonnage) for the transportation of food, raw materials and men in war-time is 14 millions, against 17½ millions in 1914. The number of ships has fallen by some 2,000. The Government is convinced, as last week's debate showed, that we shall retain the command of the seas, and that our tonnage will be adequate for all our possible needs in emergency. If the policy of food storage is pressed forward on the broadest possible front, this prognostication may indeed be proved correct. Nevertheless, the present state of British shipping, its secular decline in world importance and its vital responsibilities in the event of war, are powerful reasons for whole-hearted efforts to secure a measure of freer trade.

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Anglo-Italian Relations.—The fate of the British plan for the withdrawal of foreign combatants from Spain, with which we deal in a leading article this week, is bound up with the wider question of the relations between the two pairs of European Powers. There is an ominous significance in the fact that Italy's differences with Great Britain, France, and the ideals for which the two West European Great Powers stand are being emphasised loudly and authoritatively at the very moment when Mr Chamberlain, with manifest *bona fides*, is making a supreme effort to get the British plan carried out. The latest salvos of Italian hate have been fired by Signor Mussolini in person. Still more illuminating is Signor Mussolini's preface, dated July 1st, to the just published report of the Fascist Grand Council for the last five-years' period. In this manifesto, the head of the Italian State first celebrates the triumph of the Italian nation over "the Coalition of Geneva," and then passes from Abyssinia to Spain. "Victory," he writes, "is in the grasp of General Franco's forces. It is the first time—but will it be the last?—that the Blackshirts have faced the forces of Bolshevism on an international ground. . . . We do not know whether this meeting may not develop to-morrow on a European or on a world-wide scale." Returning to the Italian invasion and conquest of Abyssinia, Signor Mussolini declares that this has determined the main lines of Italian policy and has based it on collaboration with Germany and Japan. His parting shot is to repeat that Italian life "must and will become more military."

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This is an unpromising Mussolinian contribution to Mr Chamberlain's wider plan of getting the Italian lion to couch side by side with the British lamb in an idyllic *tableau vivant*. Through Signor Gayda's pen Signor Mussolini has in effect accused the Prime Minister of allowing the Opposition in this country to force him into going back on the original Chamberlain-Mussolini bargain. The understanding was, says Signor Mussolini, in effect, that the British Government should acquiesce —and should induce the French Government to acquiesce —in General Franco's being carried to a complete victory in Spain by means of Italian and German violations of the Non-intervention Agreement; it was understood that the British plan for making non-intervention a reality should only be brought into action after a one-sided intervention had decided the results of the Spanish war by breaking the Republicans' resistance. This is Signor Mussolini's allegation. It seems to be making Mr Chamberlain's reply very difficult.

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The Italian Harvest.—The Italian dictator has replied with customary vigour to those who prophesied that last winter's drought would tell heavily on Italy's wheat harvest. It had been expected that about 60 million quintals would be reaped (20 millions less than last year, which was exceptional) and thus necessitate the import of about 10 million quintals, even allowing for reserves now in hand. At a meeting of the Cereals Corporation on July 2nd, however, Signor Rossoni, the Minister of Agriculture, stated that the yield would not be less, owing to the favourable weather of the last two months, than 70 million quintals. He pointed out that in all districts except Lombardy, Piedmont, Liguria, and the Veneto the yield would be higher than last year and of an excellent quality. After this report the Cereals Corporation decided to reduce the percentage of adulteration in bread-flour from 20 to 10 per cent., with the proviso that only maize flour might henceforth be used as a substitute for wheat. Millers will receive orders to produce two standard types of flour; and to regulate supplies of maize the marketing system already applied to wheat will be adopted. By this are established *amassi*, or storage pools under State control, into which the producer delivers his grain and receives a fixed price. The peasant's complaint against this system is that it disables him from taking advantage of a fluctuating market; at whatever moment he decides to sell, the price he gets will bear little reference to actual market conditions. To his advantage is the fact that he need never be afraid of having his grain left on his hands.

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The decision to reduce adulteration bears out the frequent reports that the poor quality of bread was causing discontent in Italy. Adulteration has been going on now for some time, officially since last November, and although the mixture of inferior flours has been officially admitted only for maize, agricultural publications speak openly of the leguminous materials also used. The peasant bakes his own bread and does not suffer, but the commercially-baked loaf has contained recently various kinds of flour, including that made from rice and from haricot beans. The result is not very appetising and tends to cause indigestion. The smaller adulteration now decreed will presumably lead to a greater consumption of wheat and even if the figure of 70 million quintals does not turn out to err on the side of official optimism, it is clear that wheat imports will have to be resumed on the scale of 1936, when about five million quintals were purchased. The maize, hemp and bean harvests are reported as satisfactory; and the threatening shortage in animal foodstuffs has become less likely with the second hay crop, which is also reported as satisfactory.

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Onward the R.A.F.—On Wednesday was issued at Supplementary Estimate for the latest acceleration and expansion of our Air Force construction programmes. The extra sum required amounts altogether to £22,901,000 of which only £1,000 is covered by the Supplementary Estimate, since £22,900,000 is to be defrayed as Appropriation-in-aid by issues from the Consolidated Fund under the Defence Loans Act of last year. The original budgetary Air Force Estimate amounted to £103,500,000 in all—six times as much as four years ago—of which £30 millions were to come from the £90 millions to be borrowed this year *via* the Consolidated Fund for defence purposes. The supplementary £22,901,000 now pushes the R.A.F. vote for the first time above that for the Army and the Ordnance Factories together (£116 millions, of which another £30 millions is from loans). The R.A.F. thus for the first time challenges even the Senior Service, on which £123.7 millions, £30 millions borrowed, was originally estimated to be spent this year, *plus* an eventful supplementary for the 1938-39 proportion of the new 1938 construction programme. Moreover, the R.A.F. now gets £52.9 millions out of its total of £126·4 millions by way of loan—more than either the Navy or Army. The new R.A.F. programme aims at a total first-line *home* strength of 2,370 machines by the end of March, 1940, nearly two

years distant. The present Supplementary covers an increase in men from 83,000 to 96,000; acceleration of deliveries under existing contracts; and the establishment of a civil reserve of wireless operators. But since out of the total sum £11.5 millions is for "technical and warlike stores," and £8.2 millions for "works, buildings and lands," it is clear that increased aircraft production and extended aerodrome accommodation are the chief objectives of the new programme; but both the R.A.F. Reserve and the Auxiliary A.F. are to be greatly expanded.

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Aerial Exploits.—A week which brings us the news that our Air Force Estimates have for the first time completely outstripped those for the Army, also brings tales of great feats in the upper air. An American, Mr Howard Hughes, is emulating with four companions that "young lady named Bright who could travel much faster than light" by putting not Puck's girdle round about the earth, but an aerial lassoo about the North Pole from West to East. They left New York just before midnight on Sunday and flew to Paris, on to Moscow, on to Omsk and Yakutsk, and came back to United States territory—not exactly "on the previous night"—but less than three days later, in Alaska. For the first time, a squadron of eleven Hawker Hurricane fighters shot beyond British frontiers to the Villacoublay display at Paris. This took 66 minutes against a headwind; but they shot back to Northolt in 51 minutes, at an average speed of 263 miles per hour. Both record flights, being in uninterrupted close formation, are a tribute to men, material and machinery. They were led by Squadron-Leader Gillan, who flew, also in a Hurricane, from Edinburgh to London last February, by night but with a tailwind, at the prodigious pace of 408 m.p.h. Last Saturday two young Englishmen put up a gliding record, remaining in the air for more than 22 hours. At the end of last week four Vickers Wellesleys made a non-stop record formation flight of 4,300 miles from Lincolnshire to the Persian Gulf and back to Egypt before landing. The world which looked to Jules Verne's Phineas Fogg (who compassed it in 80 days) like an orange, begins to look more like a pea—a *petit pois* at that. When, however, we hear, as we now do, an almost continuous drone above our heads, we would prefer not to think the noise is "as if men fought upon the earth and fiends in upper air."

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Refugees and Governments.—The inter-governmental conference on refugees from Germany and Austria, convoked by President Roosevelt at Evian last week, on which we then commented, has made some progress this week. So far, the refugees concerned are only those who have left or want to leave Germany. The United States has agreed to fill its hitherto unfilled quota of immigrants; the European countries have in the main agreed temporarily to house refugees in transit; and the overseas countries have agreed to consider, within the bounds of economic possibility and with the right of selection, increased settlement in their territories under a generally applicable set of conditions. A draft resolution which was to be submitted on Friday of this week emphasises that the countries from which the emigrants come should collaborate to enable the latter to bring with them their property. The conference is to continue its work in London next month with a permanent committee and organisation, the chairman of which would be British, and the director of which will probably be a notable American citizen; but as the work is not to cause governmental expenditure, the costs will have to fall on voluntary contributions by private bodies, individuals or Governments. It has been suggested that Sir Neill Malcolm's office as League High Commissioner for Refugees from Germany and that of M. Hansson as Head of the Nansen Office, should be merged by the League Assembly, on the report of the Council, in September in order that the new High Commissioner can be co-opted by the Permanent Committee of the Conference on Refugees. It is obvious that much must be accomplished and quickly, before direct approaches to the German Government can be made with sufficient force and authority. But if this is not done, the refugees will not be able to get at their property, and the countries receiving them will not be prepared to foot the bill just to make things easier for Germany. In this humanitarian endeavour, conscience should not be allowed to make cowards of us all.

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The Czechoslovak Problem.—The political situation in Prague has taken a sharp turn for the worse since the week-end; and the passing of the Nationality Statute is likely to be further delayed. The Nationalities Bill—a tripartite instrument consisting of a new language law, minority law and administrative reforms—has been negotiated and worked out solely by the Slovak Agrarian Prime Minister, Dr Hodza, and the Ministry of the Interior, also led by Agrarians. The Agrarians are the largest party in the Coalition Government; but Dr Hodza has restricted negotiations to personal exchanges of view with Herr Henlein and other minority leaders, instead of permitting Cabinet discussions as a whole. Thus, the non-Agrarian elements in the Coalition have suffered shocks during the last two weeks, as some of the contents of the Bill slowly became divulged. Since last week-end, Dr Hodza's demand for acceptance of the Bill in its entirety by Cabinet and Parliament has encountered stiff opposition both in the Cabinet and the non-Agrarian parties. The newspapers of the Clericals, Benes-Socialists, Social-Democrats and other parties of the Centre and Left have already voiced deep misgivings; and it is highly significant that Dr Hodza has been driven to hint at an alternative government by decree, perhaps without Coalition or even Parliament. Cabinet Ministers are naturally shy of accepting Cabinet responsibility for reforms whose exact nature and ultimate effects they guess and fear. Moreover, the entire Parliamentary strength of the Coalition is 163 out of 300 seats in the Chamber: i.e. 45 Agrarians, 38 Czech Social-Democrats, 28 Benes-Socialists, 22 Clericals, 17 Industrial Party members and 13 Czech Nationalists; and they need 17 more votes to obtain the requisite 180, or two-thirds, to pass the Language Reform, which alters the Constitution. Even the 11 Sudeten German Social-Democrat votes (non-Henlein) of Herr Wenzel Jaksch's party would not suffice without Communist votes. The latter, indeed, have promised support for a "reasonable" language law; but their votes will not help if there are desertions right and left from the Coalition itself. Hence the hint that Dr Hodza may ask for power to govern without Parliament at all. The split in the Cabinet—and between the parties behind it—seems at present to turn on the problem of deciding for what quota of German population in a district to accord equality of language rights. First, 20 per cent. was mentioned; then 10 per cent.; then the Right Wing of the Coalition Cabinet agreed on 15 per cent. or 18 per cent.; and all the Sudeten Germans irrespective of party want full equality for the German language in Bohemia and Moravia, however many Germans live in any district. This language dispute may be the present point at issue; but the real division is over the Right Wing Agrarians' move to do without Parliament in order to effect a realignment in the Coalition.

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Diplomatic Caucus-race.—True to prototype, everyone in the current European diplomatic caucus-race seems to be winning, and all will get prizes—of some kind. First, the return of the large Jugoslav Sokol delegation from the Sokol festival in Prague to Belgrade has combined with the growing anti-German pressure by Slovenes on the Slovene Minister of the Interior, Father Koroshetz, to reorientate official Jugoslav policy a little nearer to the Little Entente than it has been of late. Secondly, from Roumania this week comes news of even more drastic action against Iron Guard members, and hints of a new Constitution containing parties and a Parliament again. In this context, recent British economic activity in Roumania, especially in oil, has called down on the British Minister's head the vials of many German newspapers' wrath—on the ground that our Minister knows a lot about petroleum and was once stationed at Teheran! Thirdly, Colonel Beck is again in a whirl of diplomatic visits to Latvia, Lithuania and Estonia, in his effort to build up a *cordon sanitaire* of contiguous neutral States from Scandinavia and Finland through the Baltic States and Poland down to Roumania, in order to isolate Germany, Czechoslovakia and other States "appertaining to" Germany, from Russia. This week, however, Colonel Beck's latest overture to Roumania in this sense has been again declined; perhaps because too much is being openly said about a Polish-Hungarian junction at the expense of Slovakia, and therefore indirectly of the Little Entente. It is now announced that the Prime Minister of Hungary, Dr Bela Imrédy, is to make his first official visit outside Hungary next week, not to Germany as many expected, but to Rome. To wind up a jolly European party, the Chief of the Italian General Staff was in Germany while the latest British fighting aircraft were giving a dashing exhibition of prowess before an enthusiastic Parisian audience. International collaboration—with a difference—has seldom been as extensive, or as hectic.

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Twelve Months of War in China.—Like the second anniversary of General Franco's insurrection in Spain, the first anniversary of Japan's general onslaught on China finds the war, thus wantonly and criminally launched, still as far as ever from any prospect of a decisive conclusion. In the Far East, however, as in the Peninsula, both combatants are declaring as emphatically and apparently as sincerely as ever their determination to fight on until they have won a complete victory. If the Spanish insurgents' prospects are not bright, Japan's are distinctly gloomy. Japan's superiority over her victim in munitions and apparatus is perhaps greater than is General Franco's over the equipment of the Spanish Government; and she has the added advantage of being able to manufacture her weapons for herself. On the other hand, when the last yard of railway and macadamised road in China is under the Japanese heel, the Chinese hinterland, beyond railhead and roadhead, will stretch away to a virtual infinity that is only bounded by the still vaster spaces of the Soviet Union. Japan, unfortunately for her, does not happen to lie between the Soviet Union and China; and, however far north-westward she may succeed in pushing her advance guards, it is hard to imagine that she could ever completely close China's back door to Russia via Sinkiang.

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The closing of these Sino-Russian lines of communication is doubtless the ultimate objective of the new large-scale Japanese offensive in Shansi. The significant point about this operation is that, after a twelve months' interval, it is now being started all over again for the second time. Almost at the beginning of the war the occupation of Shansi was announced by the Japanese to be an accomplished fact. This labour of Hercules has now to be repeated. The case of Shansi brings to light the true criterion of Japan's ultimate prospects. These depend, not on the advance of the Japanese military front, but upon the subsequent state of the ever-widening tracts of Chinese territory in the rear of it. A year's experience shows that while the Japanese can go on occupying lines of communication, and seizing strategic points, so long as there are any such pieces left to take on the chessboard, they cannot pacify the countryside beyond a rifle shot's distance from the Japanese lines, and *a fortiori* cannot make any profit out of it. Herein lies China's ground for hope. It is substantial.

* * *

The Week in Palestine.—The new wave of bloodshed in Palestine, which we unhappily had to signal last week, is still mounting. There is now a toll of casualties from crimes of political violence which must make the much-abused Turkish pashas, under whom Palestine was happy in having no history for 400 years, turn and grin in their graves. Within the last few days the statistics have risen to figures that are unprecedented even in the 20 years of British rule up to date. On July 6th, for example, at Haifa, a bomb outrage, followed by a riot, resulted in 26 deaths and 103 non-fatal casualties. On the 7th, at Jerusalem, a bomb killed 4 people and wounded 7 seriously and 20 slightly. On the 10th three people were injured by another bomb at Jerusalem; and there were 27 non-fatal casualties at Haifa. These are a few startling items from a chronicle which is far too voluminous to be reproduced in full. Additional British troops are being rushed to Palestine, not only from Egypt, but also from Aldershot; and British warships have been diverted to Palestinian ports. The Mandatory Power can do no less; but there is no solution in this concentration of armed force; for neither bayonets nor bullets nor armoured cars nor aeroplanes can prevent a war to the knife from being waged, under the army of occupation's nose, by two factions of the civilian population of the occupied country, when once they have fallen into this evil course. Even in 1936, when the crimes of violence in Palestine were being committeed by the Arabs only, force proved powerless to restore order until statesmanship came to the rescue with a constructive plan for removing, or at any rate diminishing, some of the stumbling-blocks over which the Arabs and the Jews have so grievously fallen out. To-day the problem is vastly aggravated by the fact that the Jews have now followed the Arabs' example in resorting to violence. The Jews appear, in fact, actually to have been the aggressors this time—notwithstanding the energetic remonstrances of their own responsible leaders. The only hope of better things lies in executing, without further procrastination, the plan that was offered to the Government a year ago by the Royal Commission.

* * *

Paid Holidays.—On Thursday, the Government's Bill to empower trade boards and agricultural wages committees to include paid holidays in the arrangements they negotiate was debated on second reading. Broadly, the measure embodies the first stage of the plans proposed in the recent Amulree Report to provide holidays with pay within the next three or four years for all manual workers and non-manual workers not in receipt of more than £250 a year. The Report's recommendation that paid holidays should be made compulsory over the whole range of industry by legislation in the session 1940-41 has not yet been finally approved by the Government. Labour critics on Thursday argued that trade boards and agricultural committees affected only a small proportion

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of the workers still without paid holidays, and complained that these bodies were not compelled by the Bill to give holidays with pay in all cases. Moreover, they regarded the Bill as nugatory without a firm pledge that comprehensive statutory action would shortly be taken. Actually, however, the Amulree Committee itself, on which organised labour was represented, plainly regarded statutory compulsion as only a last resort, and expressed the hope that paid holidays for all could be achieved, with due regard to the varying financial needs of different industries, by the traditional means of collective agreement and negotiation. There is more force in the doubt widely expressed whether sufficiently energetic steps have been taken to ensure that adequate facilities for cheap holidays will be provided. Uncertainty whether in fact the outstanding millions will be brought into the scheme by statute in three years' time admittedly complicates the problem of providing for their holiday needs. Nevertheless, yet another stage has been reached in the progress of a notable social reform; and the news that plans are now almost completed for the transference of public examinations for school children from the dog-days of July to the cooler and damper days of December suggests that measures are being actively devised to make it possible for families to take their holidays together, without all being crowded into a few congested August weeks.

* * *

Britain's Water Supplies.—The recent shortage of rain in the spring, unprecedented for the time of year, served once more to demonstrate the inadequacy of existing provisions for the storage and supply of water. It has long been clear that a system in which responsibility rests initially upon over a thousand statutory undertakings and a similar number of companies and private persons is not capable of catering with consistent and uniform success for Britain's steadily increasing consumption of water per head of the population. Last year the Central Advisory Water Committee was set up to advise the Minister of Health on questions of water policy. Their first report, published on Monday last, lays stress upon the urgent need for the co-ordination of all bodies and interests concerned with the use and supply of water. During the past fourteen years Regional Advisory Committees have been set up one by one to increase co-operation between water authorities. To-day there are nine, embracing areas with a total population of 15 millions; and the report recommends that their powers should be augmented by statute, and their number increased, to facilitate joint action and the amalgamation of undertakings. Outstanding problems in recent years have been the relative inadequacy of water supplies in rural areas; the uncontrolled and indiscriminate sinking of wells; and the waste and pollution of water. If the administrative concentration the Committee suggest is made effective, these disadvantages will diminish, though the financial problem which arises when smaller authorities find themselves unable to meet the capital cost of waterworks will not wholly disappear, since no method of assistance or financial guarantee is proposed. The Committee's recommendations for legislation to prevent pollution, waste and the taking of underground water will meet urgent needs, as scattered epidemics in recent years have only too tragically shown; but co-ordination must proceed very much farther than is at present envisaged before Britain's priceless blessing of an ample and (over a long period) constant rainfall can be utilised to the fullest social advantage.

* * *

Democratic Education.—The report of the Board of Education for 1937, published last week, must evoke mixed feelings among those who believe the quality of our democracy depends upon the character of our educational system. More than one-eighth of the population of England and Wales is in attendance at institutions directly or indirectly controlled by local education authorities. Most of them will spend nine years at school; and some of them will stay longer. During last year an imposing programme to provide school children with physical training was put into force. The number of playing fields and gymnasia available for their use was increased; and the practice of setting up school camps was widely extended. In the sphere of more formal training steady progress was made with the provision of new school buildings, which (the Report claims) facilitated the execution of plans to reorganise the type of training provided for boys and girls over eleven years of age. It is precisely in this direction, however, that the policy of the Board and of local authorities is most open to criticism. More than a decade has elapsed since the Hadow scheme to reorganise post-primary education was first adumbrated and approved. To-day, something like one-third of the children over eleven are still in schools which have not been reorganised; and, more serious, the curriculum of many schools which have been reorganised bears only a distant relation to the Hadow plans for differentiated post-primary schools to suit the capabilities of various types of children. They are no more than elementary schools in a new setting, or, which is no better, inferior secondary schools, inferior in staffing and organisation. The social cleavage between those who proceed to secondary schools and those who do not persists in our educational policy, and is sharply reflected in marked discrepancies between the present expenditure per child in different types of school. A great chance to achieve a fully articulated system of education, neither ridden by formal academic pre-occupations nor cleft by distinctions of social prestige, is being so feebly grasped as to be almost thrown away; and the administrator's answer that "reorganisation is not so simple as it sounds" cannot satisfy rate- and tax-payers who contribute £100 millions annually to the cost of public education.

* * *

Conservative Leadership and Policy in Canada.—The election of Dr R. J. Manion as leader of the Conservative Party in Canada, following on the mixed reception given to Senator Meighen's imperialist speech and the adoption of the name "National Conservative" for the party, seems to reflect an attempt at a far-reaching realignment of political forces in the Dominion. Dr Manion is a Roman Catholic and a former supporter of Sir Wilfrid Laurier. Although he left the Liberal camp on the conscription issue, it is doubtless hoped that his religion will attract French Canadian votes and that his political history will acquit him of any suspicion of Toryism, which the party has been eagerly seeking to repudiate. The key to the situation is in the province of Quebec, where two years ago the old-established Liberal Administration was ousted by the Union Nationale, a new party led by M. Duplessis. Quebec is thus anti-Liberal in provincial politics, but anti-imperialist (which has meant anti-Conservative) in federal politics. Over the country as a whole, the Liberals' successful exploitation of dislike for Mr Bennett's "New Deal," with its implied encroachment on provincial rights, gave them something of the character of a conservative party, a large group of titular Conservatives standing definitely on their left in matters of economic policy. Although the actual policy programme adopted by the Conservative convention is on the imperialist and cautious side, there is plenty of evidence that in this amorphous situation the party is striving to broaden the basis of its appeal, both in Quebec and elsewhere.

* * *

A Settlement with Mexico?—Last week-end it was reported from Washington that the four big American oil concerns, out of the sixteen foreign-owned Mexican companies expropriated by President Cárdenas's decree last March, were preparing to settle with the Mexican Government on a basis whereby they would work the fields and market the oil for the Government, and take compensation out of the sales proceeds. Such, however, is not yet the case. "This," said the President of the Standard Oil of New Jersey this week, "would make the companies obligatory contributors to their own spoliation." He went on to tell the State Department that the American companies—and this is *a fortiori* true of the Anglo-Dutch companies, whose Governments have sharply protested the Mexican expropriatory decree—would only negotiate if the Mexican Government returned them their property, and allowed discussions over the workers' demands to be resumed on amicable grounds. This statement was disowned by another American oil company's chairman, but it is certainly the view and attitude firmly adopted by the Anglo-Dutch and Standard groups. Meanwhile, the companies' latest appeal to the Supreme Court of Mexico is still pending; and the Mexican Government is shipping oil in barrels from Minatitlán for unspecified European destinations. It also announces that more freighters will arrive this month to take oil for Germany, Italy, etc. This week Mr W. R. Davis, who secured the £2,000,000 contract with the Mexican Government to supply oil to Germany, Scandinavia and other European countries (see *The Economist* of July 2, p. 9), has been in Stockholm trying to raise £800,000 from Swedish banks to finance a cash purchase of 20,000,000 barrels of Mexican oil. Mr Stanley told Mr Strauss in the Commons on Tuesday that the British Government knew nothing more than appeared in the Press about the Mexican Government's agreement with Mr Davis. That seems a pity.

* * *

Costly Milk.—If the nation's nutrition is to be appreciably improved, a greatly increased consumption of fresh milk per head of the population is imperative. The present retail price of liquid milk is too high to make this possible. A study of delivery costs in four selected towns,* published this week, reinforces the view that existing methods of retailing milk, including as they do acute competition between a multiplicity of distributors, enhance milk prices unnecessarily. Excessively numerous retailers compete for custom by the lavish provision of expensive services. The overlapping of delivery rounds means that much of the distributive agencies' work is redundant; and the Milk Marketing Board's policy of fixing minimum retail prices "intensifies competition in services by excluding competition in prices." The profits of relatively less efficient distributors in high cost areas are protected by the Board's policy; and in all districts housewives have no choice but to pay, not only the costs of this excessive competition, but also for additional services of treatment, bottling, double deliveries, advertisement and credit sales, many of which the majority would willingly forgo. The protection of milk against disease is essential; and consumers' choice between distributors cannot reasonably be eliminated unless appreciable gains in the shape of cheaper milk can be guaranteed. The conclusion of Mr Cripps' investigation, that if milk distribution could be wholly unified in each area milk prices might be reduced by a penny a quart, suggests that drastic reform of retailing methods would afford only a partial solution for this urgent problem. Official marketing policy might well be re-examined in the light of nutritional needs. Nevertheless, Mr Cripps has revealed sufficient of the conditions under which not inconsiderable profits are made in the urban distribution of milk to justify an earnest hope that the Government may proceed with their plan (rumoured three months ago) to experiment with unified distributive services in a number of areas. At least such an experiment would show the margin which actually exists for reducing costs; and any expansion which could be achieved in consumption would considerably outweigh in public importance the inevitable protests of outraged interests.

* "The Distribution of Milk." By John Cripps. Agricultural Economics Research Institute. Oxford. 91 pages. 2s. 6d.

* * *

Jewish Capital in Germany.—The methods that have been followed in the census of Jewish-owned property in Germany suggest that the main purpose of the census was to provide fodder for anti-Semitic propaganda rather than information of genuine economic value. The returns as made under the law are likely to add up to an extraordinary sum, but it is doubtful if they will present a true picture of Jewish property in Germany. The basic provision of the law is that all Jews owning more than 5,000 marks must declare these fortunes on a prescribed detailed form. Unfortunately for the Jews, however, the word *Vermögen*, the normal meaning of which is fortune or capital, is being defined for the purposes of the census in an unusual way, to include not only artificial values on real assets, but also capital which has no existence at all. For example, all receivers of pensions are instructed to multiply their annual income by a factor which varies with the age group (e.g. for persons up to 25 years of age the factor is 17, at 80 it is 3). Jews whose sole means of existence consist of microscopic pensions will thus appear in the returns as possessing substantial amounts of capital which they do not now, and will never, possess. In the case of businesses the instruction is that no deduction from the value must be made for the fact that the business is in Jewish hands. Thus the Jewish store-keeper, whose business outlook becomes bleaker from month to month, must assess his enterprise at the normal market value. This does not, of course, mean that he could expect to receive this value for it if he were to sell it to an Aryan buyer. It is well that these details of the methods by which the returns were compiled should be known before the Nazi propaganda machine begins to broadcast the doubtless surprising figures that will be forthcoming of the hold that Jewish finance has secured over German business.

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United States

Financing Deficits

New York, July 5.—On June 30 the Federal Government closed the eighth consecutive fiscal year in which receipts have been less than expenditure. On the next day they began another fiscal year which will show a deficit. The deficit in the fiscal year just closed was the smallest for any year since 1931. But the prospect is that the new fiscal year will show a deficit rather more than double that of its predecessor.

The deficit in the fiscal year 1938 was $1,459 millions, compared with $2,707 millions in the fiscal year 1937. The decline was due preponderantly to increased receipts, though expenditure did fall slightly. The figures are exclusive of sinking fund. The gross debt of the Federal Government on June 30th was $37,165 millions, an increase of $740 millions compared with the previous year. In addition, there existed $4,925 millions of debt guaranteed by the Federal Government, which had increased by $182 millions during the year.

Receipts totalled $6,242 millions, or almost $1,000 millions more than in the preceding year. About half of this increase was accounted for by income taxes, and most of the balance by social security taxes. Expenditure (excluding sinking fund) amounted to $7,701 millions, which was $300 millions less than in 1937. There was a decline of $791 millions in expenditure on public works, including work relief, and one of $557 millions in expenditure on the soldiers' bonus (part of which had been paid in the fiscal year 1937).

The table below summarises the results of the last seven fiscal years. Figures for the earlier years have been recast by the Treasury Department to make them comparable with the current returns:—

(Millions of Dollars)

Fiscal Year	Total Receipts	Total Expenditure*	Deficit*	Gross Debt (June 30)
1932	2,006	4,741	2,735	19,487
1933	2,080	4,717	2,637	22,539
1934	3,116	6,746	3,630	27,053
1935	3,800	6,803	3,002	28,701
1936	4,116	8,477	4,361	33,779
1937	5,294	8,001	2,707	36,424
1938	6,242	7,701	1,459	37,165

* Excluding sinking fund.

Government operations during the fiscal year just ended were somewhat different in their financial and economic effects than those of the previous years in which deficits were shown. In April last about $1,400 millions of gold was "desterilised," and the proceeds placed in the Treasury's cash balance. This balance provided funds to cover the deficit without borrowing, or, more accurately, cash was provided which had previously been borrowed, and the remainder of these funds will cover the deficit for some weeks hence. This, and the existence of an excess of receipts in trust accounts, explains the difference between the deficit and the amount by which the public debt rose.

Furthermore, the entire increase of more than $740 millions in the Government debt was financed from internal Treasury sources. In consequence, the volume of Government securities held outside the Treasury fell by $378 millions between June 30, 1937, and June 30, 1938. In addition, $438 millions of United States Savings bonds, which are non-transferable, were sold during the year. During the year, therefore, there was a total decline of $816 millions in the volume of public debt quoted in the public markets. The financing of deficits by these means does not have the same expansionary effect upon credit and banking as those which occasion a rise in outstanding securities.

Prospects for Public Finance

For the fiscal year just beginning, a deficit of about $3,500 millions is currently anticipated, although official estimates have not yet been made public. Estimated expenditure of something like $9,000 millions and receipts of perhaps $5,500 millions are the basis of this rough calculation.

Only tentative forecasts can, however, be made. First, the Reconstruction Finance Corporation and the Commodity Credit Corporation have until recently been financed through the Treasury; hereafter, it has been announced, they will finance themselves independently through the public sale of their obligations, guaranteed by the Government. This will mean that figures for this year will not be comparable with those given in the table above. Secondly, the President stated at a recent Press conference that methods of liquidating the considerable increase in the debt which has taken place in recent years were being examined. Thirdly, the President's attitude towards the Tax Revision Bill is unfriendly, and he has stated his intention of seeking reconsideration of this measure by Congress as soon as possible. Fourthly, the large appropriations made as part of the "spend and lend" programme may or may not be spent rapidly.

All these figures cover only the Federal Government. To obtain a complete picture of Governmental financial operations in the United States, the state and local administrative units must be taken into consideration, and figures for these are available only after a considerable time lag. The total debt of all types of Government, including Federal, is estimated to have been $55,600 millions on June 30, 1937. Total tax collections in 1936 are put at $10,498 millions and $12,300 millions in 1937. Total expenditure in 1936 was $16,900 millions and $17,047 millions in 1937. The magnitude of these figures, relative to a national income estimated at only $63,000 millions in 1937, is very great.

Outflow of Short Term Funds

The Treasury's report of capital movements during the first quarter of this year, which has just been made public, confirms the implications of recent trade figures. The net outward capital movement from the United States in the first three months of the year amounted to $203 millions, and during that period the net import of gold and silver was $122 millions. The sum of these two figures almost exactly equals the export surplus for the period, which was $321 millions.

The outward movement of funds from the United States in the first quarter was entirely accounted for by a decline of $233 millions in short-term banking funds and the movement proceeded almost without interruption. There was a small increase in brokerage balances. Foreign transactions in American securities here showed a slight excess of $11.6 millions of sales, which was more than offset by American transactions in securities abroad. The heaviest outflow of short-term funds was to Switzerland, and the largest outflow on security account went to the Netherlands. The total outflow for the first quarter was less than half that recorded in the final three months of 1937, when it was $517 millions. The Secretary of the Treasury has stated that no sharp deviation from the trend of the first quarter occurred during the second quarter.

The Federal banking authorities, after some weeks of discussion, have agreed upon a co-ordinated programme to examine and supervise the country's commercial and savings banks. These authorities include the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and the Treasury Department, and the State banking authorities are reported to be in agreement with their proposals. The move seems to have the object of meeting the criticism frequently made of overlapping activities and contradictory policies. An effort will be made to render credit more easily available to small business organisations, and to lessen the effect upon banks of fluctuations in the market prices of securities, sometimes serious, because securities now constitute so large a portion of banking assets.

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France

New Defence Bonds

Paris, July 13.—Next Monday the National Defence Fund will issue 3½ per cent. bonds to the value of 1,000 million francs, the interest for 18 months being paid in advance. These bonds, issued in coupons from a hundred to a million, will be free of security and income taxes. They will be discountable at the Bank of France up to 90 per cent. of their nominal value during the first twelve months and thereafter up to 95 per cent. There is no limit to subscriptions. The funds will be applied to the development of re-armament.

By making such an issue on the short term market, the Government hopes to avoid any further difficulties in the long term market, and the news was, in fact, greeted by a rise in the public funds. Moreover, the recent weakness of the franc on the exchange market was ended by information that a 3½ per cent. credit of 75 million guilders had just been granted to France in three months Treasury Bills (five times renewable and without gold clause).

Uncertain Political Prospects

Parliament has risen for four and a half months. The Treasury's needs are covered for the moment. The course of foreign trade is not unfavourable and the import surplus is probably covered by considerable receipts from tourists, attracted by the low level of the franc.

A number of factors recently led to renewed selling of francs. They included vague rumours about the international situation and Professor Rist's examination of the deficit in the public accounts. Thus, after three months of the Daladier regime, there are still influences making for nervousness and instability. Fears of war, world economic depression and uncertainty about the future policy of the Left wing parties still impede any appreciable business revival.

What will the Radical Socialists decide at their Congress in Marseilles on October 26th? What will be their answer to the Socialists' invitation to press for an increase in the wages of civil servants and for the fundamental adjustments which M. Blum claims have been rendered inevitable by the rise in the cost of living? They are likely to support a policy of retrenchment, but the elections of 1940 are only eighteen months distant, and relations between the Radical Socialists and the Socialists are a vital factor in political prospects.

Six Months' Trade

There was a surplus of imports in June of 1,520 million francs, compared with an average surplus of 1,552 millions during the first six months of the year. Since January the total import surplus has amounted to 9,300 millions, or exactly the same as in the first half of 1937. The following are the figures for six months:—

Francs (000's omitted)

	First six months of 1937	First six months of 1938	Increase in 1938
Imports:—			
Foodstuffs	5,110,413	6,121,503	+1,011,090
Raw materials	12,055,070	13,619,380	+1,564,310
Manufactured goods ...	3,139,289	3,532,988	+ 393,699
Totals	*20,304,772*	*23,273,871*	*+2,969,099*
Exports:—			
Foodstuffs	1,564,235	1,902,830	+ 338,595
Raw materials	3,890,178	4,538,257	+ 648,079
Manufactured goods ...	5,574,508	7,539,740	+1,965,232
Totals	*11,028,921*	*13,960,827*	*+2,951,906*
Import surplus.....	**9,275,851**	**9,293,044**	**+ 17,193**

Slightly Improved Trade

The figures show a slight improvement in the French terms of trade. The surplus, especially in trade with foreign countries, has been stabilised, imports are now falling, exports are increasing in value and volume (notably of manufactured goods), and imports of foodstuffs from French colonies have increased. Nevertheless, in so far as the diminution in imports of raw materials is due to economic recession and the decrease in French exports to her colonies to the rise of French prices, the position is still far from favourable.

Unemployment on July 2nd was 357,915, against 362,877 in the previous week, an increase of 38,754 compared with the figures for a year ago. Partial unemployment (as recorded in factories employing at least 100 persons) is increasing much more rapidly than the numbers of wholly unemployed.

Coal output in May was 3,818,073 tons for 20·8 working days, against 4,125,527 tons in April for 22·5 working days and 3,473,358 tons in May, 1937, for 20·3 working days. Average daily output was thus 183,077 tons, against 182,862 tons in April. The number of men employed at collieries was 248,467 at the end of May, against 248,136 at the end of April, and was about 13,000 more than the number of men engaged in May, 1937.

Declining Output and Higher Prices

The Statistique Générale has just published its monthly figures of industrial production:—

(1928 = 100)

	May, 1937	March, 1938	April, 1938	May, 1938
General index	*89*	*84*	...	...
Mines	86	96	95	91
Chemical industries	106	96	98	...
Paper	190	157	142	...
Textiles	84	81	78	...
Leather	72	69	...	...
Iron and steel	85	73	68	65
Engineering	92	83	78	...
Automobile	76	88	67	88
Building	66	59	59	59
Gas and electricity	128	133	...	...
Miscellaneous	107	109	...	...
Old general index (1913 = 100)	*104*	*95*	...	...

In the motor industry, 18,595 vehicles were put on the road in May, compared with 12,922 in April and 17,262 in March.

Prices have perceptibly risen. The advance is most marked in the case of imported goods and industrial products:—

	May, 1937	March, 1938	April, 1938	May, 1938	July 9, 1938
Wholesale prices (1914 = 100):—					
General index.....	*529*	*617*	*619*	*644*	*657*
Domestic products ...	552	654	662	686	689
Imported products ...	486	552	543	570	600
Foodstuffs	515	613	623	652	657
Industrial products ...	541	622	617	638	657
					June, 1938
Retail prices (1914 = 100)	*586*	*690*	*691*	*698*	*698*
Lighting and heating (1930 = 100)	93·4	116·4	117·4	117·8	117·8
Clothing.....	93·7	100·0	100·0	100·0	100·4

There were 472 bankruptcies in June, against 455 in May and 444 in April; judicial liquidations and bankruptcies numbered 613 against 567 in May and 567 in April.

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Germany

Entail Abolished

BERLIN, July 13.—Entail of landed property has been abolished, and will in general cease to exist after January 1, 1939. Thus a long dispute, in part economic and in part ideological, has come to an end. In parts of West Germany where the Code Napoleon was introduced entail was abolished more than a century ago. It was the subject of agitation in the year of revolution 1848, but survived and was recognised by the Civil Code of 1900.

Article 155 of the Weimar Constitution abolished entail in principle, but the execution of the principle was left to the states, these having their own land laws. The principle was not carried into effect, or only to the extent of provision being made for a gradual lapse of entail. A Nazi law of 1935 standardised the system of entail throughout the Reich, but did not weaken it; and to-day there are 910 entailed estates, embracing about 1½ million hectares of land.

According to the Party's original programme, all large estates (not necessarily identical with entailed estates) were to be divided up among smallholders. This programme was never carried out, or even attempted. Although the dimensions of estates are statistically recorded, there are no data of the amount of land in the hands of individual proprietors or families.

In general, entail accorded with the Nazi doctrine of "Blood and Soil," that is, the permanent association of the family or *Sippe*, with its particular spot of earth, and with the tenet that land is not a proper object of trade and speculation. Even now, after the law abolishing entail has actually appeared, the institution of entail is being praised for having served as a desirable corrective of Liberalism. Entail is abolished, not because it is bad, but because it is now superfluous. Already the alienation of land is for the most part no longer free, being subject to official sanction.

Considerably better reports are being issued of the condition of cereal and root crops, and meadows and pastures are above average. Wheat imports in the first half of the year totalled 543,300 tons, costing Rm. 73 millions. Foot-and-mouth disease continued to spread late last month, affecting (without Austria) some 104,000 farms but high hopes are entertained of a newly discovered preventive. The food position in Berlin has in general improved: the supply of meat, eggs, and fats is adequate, and even imported commodities, like oranges and cream, long unobtainable, are being sold; but the price of vegetables and fruit is exorbitant.

Trade with the Americas

Satisfaction with the trade and payments agreement with Great Britain has been eclipsed by impaired prospects for exports to the United States and South America. The outlook in these markets is, however, confused. On the one hand, it is pointed out that, in the event of an Anglo-American commercial treaty, Germany, having no treaty with the United States, will lose her already restricted American market for those classes of goods in which she competes with Great Britain. It is reported, however, that Washington is ready to restore treaty relations with the Reich on the basis of most-favoured-nation treatment. If the years 1931-34 were taken as the basis for a quota for German trade with the United States, as Germany apparently proposes, German purchases of American goods would increase very considerably. In trade with America the main German aim since the initiation of Dr Schacht's New Plan has been to reduce the import surplus. In 1937 the passive balance was Rm. 73 millions, against Rm. 311 millions in 1932.

Since trade difficulties arose with Brazil, there has been a tendency to play off Washington and Rio against each other, although it is simultaneously asserted that Brazil's anti-German policy, and in particular the Bank of Brazil's stoppage of the purchase of payment-marks directly resulted from American pressure. The trade Press now emphasises Brazil's dependence on German buying, in particular of cotton. It is announced to-day that in consequence of Brazil's action it will be impossible for the Reich to buy Brazilian coffee, tobacco, rubber, wood and fruits. Cotton, for some reason, is not mentioned.

These specified goods will be purchased from other countries, and large deliveries from other countries have already been contracted for. Despite the Mexican oil agreement, the outlook for trade with Latin America is not considered satisfactory; and the sharp fall in the Bourse quotation of Deutsche Ueberseeische Bank, which is now quoted at about 108, against 143 in 1937, probably reflects this view.

Record Employment Figures

The number of unemployed fell during June by 46,000 to 292,000, of whom only 28,000 were fully employable. The number of employed workpeople and clerical and technical employees in June reached 20 millions for the first time, and the total was 1,100,000 higher than a year before. Relatively, the number of women employees increased most. In Austria the number of employed increased by 76,000, and unemployment fell to 275,000. Vetoes on Jews engaged in specified gainful occupations have been extended to several more occupations, including trade in real property, mortgage business and house management.

The Ruhr coal industry announces measures for increasing productive capacity, including the deepening of pits and sinking of new pits. It is expected that after the coal setback of the spring, demand will increase substantially, both for the industrialisation of Austria and for the Hermann Goering concern.

The Reich system of rationing iron and steel to consumers has been extended to Austria. The home steel market is active, and while there was no improvement in the foreign market in June, reports from Belgium this week speak of favourable factors. The Steel Trust's figures of output in the second quarter of the year show a decrease in coal, but moderate increases in pig iron and steel. The Aluminium G.m.b.H. of Rheinfelden has erected new works, which will bring its annual output of raw aluminium to 23,000 tons. Machinery exports in May rose to 40,100 tons, the highest since the depression.

The Reich Debt on April 30th is returned at Rm. 20,739 millions, against Rm. 16,156 millions in April, 1937. Other recorded Reich liabilities, including certificates issued against loan stock (impounded dividend) claims, total Rm. 408 millions. The increase in debt during the twelve months was wholly in "long- and middle-term internal debt," and resulted from the flotation of consolidation loans. Owing to the fact that Reich bill debt figures are not made public, no repayment of old short-term debt out of the proceeds of consolidation loans appears in these schedules. According to the statement of a Reichsbank director, nearly all of the work-creation bills have been paid off, leaving only re-armament bills outstanding.

Czechoslovakia

Calm on the Surface

PRAGUE, July 7.—The country remained calm and steady during the communal elections and did not respond to violent foreign propaganda. Proof of the complete calm is to be found in the successful carrying out of the great Sokol Festivals, at which home and foreign visitors were extraordinarily numerous.

Meanwhile the Government are preparing their solution for the minority problems and have entered into negotiations with all the minorities affected. It is expected that final discussions will take place in Parliament before the end of July. Business circles are very anxious that a peaceful solution should be found; and this view has been emphasised in the General Assembly of the Central Association of Czechoslovak Industries from both Czech and German sides.

Political tension has, of course, had its economic repercussions. The great health resorts of Western Bohemia have been suffering heavily. Politics and its noisy manifestations are incompatible with the prosperity of watering places. Carlsbad, for instance, has been selected by Herr Henlein as one of his principal centres of activity. The Western Bohemian spas are calling for Government assistance.

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In the German and mixed districts, boycott has been instituted of Czech firms and goods, a movement which has led to similar action in Czech districts against German firms. The President of the Prague Chamber of Commerce has emphatically rejected the boycott on either side as a weapon economically inadmissible and two-edged.

Checks to Trade

The political unrest in Central Europe causes some reluctance on the part of foreign buyers to place orders, and this reserve is accentuated in the case of the United States by trade depression. Owing to the political unrest there has also been uneasiness on the money market. At one time deposits were withdrawn, especially from institutions in the German and mixed districts, and the Finance Minister made a statement to allay alarm. Money was paid out freely, however, calm has been restored, and the withdrawals have been redeposited. The money market stood the test well and remained absolutely liquid. Share prices rose and those of Government securities remained steady.

Despite some delay in growth, the state of crops is excellent and a good harvest is expected. The Agrarians are asking for higher corn prices, because costs of production have risen and cattle prices have declined. In addition, the cattle trade has suffered considerable losses through epidemics. Consumers, on the other hand, want corn prices reduced, and the merchants are seeking a better ratio between the prices fixed for wheat and rye, since their present relation leads to the disproportionately extensive growing of wheat—and it has even been necessary to import rye.

The number of unemployed persons at the end of May was 285,795, against 360,849 a year ago. Employment in industry was, on the whole, good, although in some export industries work is slackening. This is especially so in the textile trades: business is poor in the porcelain and glass industry, and the German population of the northern frontier districts will suffer. Building is active.

The output of coal remains unchanged, but the production of iron and steel has declined compared with last year. Output in the period from January to May was as follows:—

	('000 tons) 1937 five months	1938 five months
Coal	6,767	6,426
Lignite	7,243	7,268
Coke	1,212	1,206
Pig iron	588	670
Steel	820	903

Imports during January to May amounted to 3,865 million Cz.Kr., against 4,330 millions a year ago, and exports to 4,817 millions, against 4,500 millions last year. Exports kept up well in spite of political unrest. But lower prices for raw materials partly caused the fall in the value of imports.

Negotiations with Germany about payments have been concluded, and those about trade have been resumed. Trade negotiations with Italy and Greece have also been concluded, and discussions with Hungary are being prepared.

Economic assistance by the Western Powers to Central Europe has been mooted. Czechoslovakia's prime need is a more liberal system of trading with foreign countries, especially with France. The economic problems of Central Europe are now, since the Anschluss, different from what they were. The adjustment of the relations with the former Austria is far from easy. Exports are meeting with considerable difficulties.

Japan

Cabinet Changes

TOKYO, June 9.—A drastic Cabinet reshuffle was announced on May 26th. The changes affected four Ministries: General K. Ugaki replaced Mr K. Hirota as Foreign Minister; Mr S. Ikeda succeeded Mr O. Kaya and Mr S. Yoshino as Minister of Finance and Minister of Commerce and Industry; and General S. Araki relieved Marquis Kido of the portfolio of Education, which the latter held in addition to that of the Ministry of Public Welfare. The reconstruction was completed a week later by the appointment of Lieutenant-General S. Itagaki—just recalled from the front—as General H. Sugiyama's successor at the War Office.

The Ministerial changes received strong popular approval, and Mr Ikeda's inclusion in particular was regarded with general favour. By far the most important feature of the reconstruction is Mr Ikeda's appointment to two vital posts at the same time, which puts him in a position somewhat analogous to the German Minister of Economic Affairs. There will be no fundamental change (the new Minister has declared) in the fiscal and economic policies hitherto pursued; but the two departments have gained in prestige by the replacement of two junior Ministers by the veteran financier. Under single management they will function without friction; and wartime control will be exercised more thoroughly and more flexibly.

The values of imports and exports fell still further in May, and their decline during the month was in each case the most severe since the downward movement began last November. Imports, valued at 253.2 million yen, fell by 166.7 million yen, or 39.7 per cent., compared with the corresponding month of last year; while exports, valued at 210.9 million yen, declined by 71.3 million yen, or 25.3 per cent. Well over two-thirds of the decline in imports was accounted for by textile materials, and textile goods were responsible for nearly as much of the decrease in exports. Only fertiliser imports and timber and machinery exports showed appreciable increases.

Rising Prices and Labour Disputes

Commodity prices are rising again. The index number of wholesale prices prepared by the Bank of Japan registered an advance of 0.9 per cent. during May, and at the end of the month was 3.1 per cent. higher than in May, 1937. In the middle of May the average level of retail prices of commodities covered by the statistics compiled by the same bank (including food, rent, clothing, fuel and light and miscellaneous items) remained unchanged compared with a month ago, but was a fraction less than 15 per cent. higher than a year ago.

Strikes, which subsided on the outbreak of the Sino-Japanese conflict last July, have become more numerous again in recent months. The number of trade disputes involving stoppages of work fell to 44 last December, rose to 82 in January and 89 in February and was 81 in March. These monthly figures are still less than one-third of those recorded a year ago. The greater part of the recent disputes arose out of demands for higher wages, a reflection of rapidly rising prices.

The spring cocoon crops are arriving on the market. On the average they are quoted at about 4.20-30 yen per kamme, against an average of 5.75 yen last spring and 5.02 yen two years ago. The season's crops are expected to be smaller owing to reduced rearing of silkworms, primarily as a result of a shortage of farm labour.

The wheat crop is also reported to be not very satisfactory. The official forecast estimates the year's crop for the country (excluding the north-eastern provinces and Hokkaido) at 8,985,000 koku, an increase of 1.9 per cent. compared with last year and 9.1 per cent. higher than the average of the last five years. Present wheat prices are higher than a year ago, being quoted at about 21.75 yen per koku, against 20.00 yen.

Canada

Budget Deficit

OTTAWA, June 26.—The long-delayed Federal Budget was submitted to the House of Commons on June 16, after the Government had given up hope of including the tariff changes necessitated by the new trade treaty with the United States. The Minister of Finance was able to report that the actual deficit for the fiscal year 1937-38 was only $13,775,000. Revenue was $516,592,000 and total expenditure

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$530,467,000. He claimed that the Budget would have been balanced if the drought in the West had not involved special expenditure of $20 millions and if the business recession had not increased the deficit on the Canadian National Railways by $7 millions.

The deficit was a great improvement upon the previous year's deficit of nearly $78 millions. For the current fiscal year, however, Mr Dunning forecast an aggregate expenditure of $524,600,000, against a revenue of no more than $501,700,000, leaving a prospective deficit of about $23 millions. There were no changes in taxation, except some alterations in the levies upon gifts and the exemption from the sales tax of lumber and other materials used in building in order to encourage low-cost housing.

Nor were there any changes in the tariff. Mr Dunning explained that, since Canada's two best customers, the United Kingdom and the United States, were not prepared to reduce their tariffs except by trade agreements, it was futile for Canada to pursue an isolated policy of tariff reduction. In his review of the financial and economic situation, Mr Dunning took a line of restrained optimism. He expressed the view that recovery depended largely upon two factors: the elimination of the fear of a world war and substantial betterment in the economic situation in the United States.

C.N.R. Oppose Unification

The Special Railway Committee of the Senate is now hearing the statement of the C.N.R. The Canadian Pacific's plan for the unification of the two systems has been subjected to a lengthy criticism by the C.N.R. and pronounced both impracticable and contrary to the public interest. It is argued that the C.P.R.'s estimate of an annual saving of $75 millions through unification is extravagantly large, and that the proposed abandonment of 5,000 miles of lines is impossible. Railway economies would be obtained at too high a price if they retarded the development of Canada and increased the seriousness of the unemployment problem.

The C.N.R. contend that most of the results promised for the C.P.R. scheme could be secured by intelligent co-operation, and propose the creation of a board of three members, one from each system with a neutral chairman. This body should examine all projected schemes for co-operation and seek the support of both railways in such schemes.

Good Crops Forecast

Crop reports from the prairie provinces continue to be very encouraging. The prospects of a good western crop are still high. Hay and pastures are also much better on the prairies than in any recent year. The crops in Quebec and the maritime provinces are late, but in the main all the crops in Eastern Canada are faring well and pastures are very abundant. Despite the heavy American crop, grain prices are keeping up well, and visible stocks of Canadian wheat on June 3rd had been reduced to 29¼ million bushels, compared with 55¾ million bushels on the corresponding date in 1937.

Little change in business conditions is expected until a good grain crop in the West is definitely assured. A review by the Bureau of Statistics of business conditions during the first four months of 1938 places the index of the physical volume of business for this period at 110.4 (1926 = 100), compared with 117.3 for the same months of 1937, and the index of industrial production at 111.9 compared with 120.7. Comparative data about important branches of economic activity in the first third of this year and last are as follows:—

	Four Months 1937	Four Months 1938	Increase (+) or Decrease (−)
Carloadings	800,674	751,313	− 6·2%
Production of electric power, k.w.h.	9,199,627	8,658,742	− 5·9%
Construction	$55,835,700	$41,137,100	− 6·3%
Flour production, bushels	3,106,868	2,769,900	− 10·8%
Newsprint production, tons	1,162,680	850,499	−26·9%
Steel production, tons	473,590	441,854	− 6·7%
Copper production ...	$116,752,000	$165,373,200	+41·6%

The mining industry has shown a remarkable advance in the value of output during a period when the production of other industries has been shrinking. It is now one of the chief buttresses of Canada's economy.

Letters to the Editor

Banking and Trade

TO THE EDITOR OF THE ECONOMIST

SIR,—May I endorse Mr Harrod's plea in your correspondence columns for concerted measures to reduce the long-term rate of interest. Most people would agree, presumably, that a reduction would be advantageous in present circumstances both to the Treasury and to business. If, however, there are some who doubt the efficacy of Mr Harrod's proposals, is there any objection to settling so important a matter by making the experiment?

I am, etc.,
J. M. KEYNES.

Tilton, Firle, Lewes.

Palestine

TO THE EDITOR OF THE ECONOMIST

SIR,—In *The Economist* of July 9th, on page 59, it is declared that

> If lawlessness were once to establish its reign in Palestine, then the situation of the Palestinian Jews would ultimately become unbearable—surrounded, as they are, by an Arab majority that inhabits vast regions extending to Iraq in one direction and to Morocco in another.

The implication is that the Jews in Palestine could never stand alone against the Arab world, and ought therefore to submit indefinitely to the Arab terrorism, against which a notoriously pro-Arab British administration has for so long failed to protect them; and to consider themselves lucky that they have not been altogether wiped out. The fact is, on the contrary, that it is now only the British power which prevents the Jews from taking possession of the whole of Palestine and holding it by right of conquest.

The Jews of Palestine, with the support of Zionists all over the world, could in less than a year put into the field an army which would make short work of the mythical might of the "Arab world." Zionism has money, organisational and technical ability, territorial concentration—all the requisites for military effectiveness which the Arabs lack.

The idea that the Jews are incapable of military power is a most extraordinary delusion. In antiquity they broke the power of the Seleucids and confronted the Roman Empire with the most formidable national revolt it ever had to encounter. In this century they have served with distinction in the principal armies of the world, and have produced in Monash and Kakir two of the ablest soldiers of our time.

The Balfour Declaration may have been wrong, or at least unwise. But the Mandate was solemnly accepted by Britain, and it is Arab violence which has rendered it unworkable. The most effective method of dealing with that violence would be for Britain to give warning that, unless Arab terrorism is immediately brought to an end, British troops will be withdrawn and the Jews given a free hand.

I am, etc.,
G. F. HUDSON.

All Souls' College, Oxford.

Financing Public Works

TO THE EDITOR OF THE ECONOMIST

SIR,—It is some months since I expressed in your columns my optimistic view of the international political outlook, and my pessimistic view of the economic situation. Mr Harrod's letter, in your issue of July 9th, on page 68, shows that he is in full agreement with my opinion on the business outlook and, like so many other eminent economists, he favours energetic action and in particular a large-scale programme of public works.

Mr Harrod's suggestions interest me less than his statement that what he proposes *can do no possible harm*. Although other members of the public works school have implied this, I have never before seen it so definitely stated, and I am therefore anxious to seize this opportunity to ask Mr Harrod why he is so confident that his plans are, at least, harmless.

Economic developments in any one country can have world-wide reactions. I believe it is quite impossible for one man or a committee of men to know what all the reactions would be. There is no economist to-day in a position to explain what will be all the ultimate economic effects of our re-armament programme, nor the effects of President Roosevelt's pump-priming. During several of the most recent years President Roosevelt has incurred enormous deficits on various schemes, and yet even now he is faced with the gravest difficulties. Moreover, in spite of his schemes the business revival was much less pronounced in the United States than in several other countries, including England, and we cannot hope to spend on the same scale as America. Our financial position will not allow it.

How can we be sure that the financing of large-scale public works will not damage our credit? How can we be sure that those who have their capital in fixed interest bearing securities (in fact, all those with fixed incomes) will not be made to suffer in order that others may benefit? How can we be sure that some prices will not be raised to the detriment of certain industries and individuals? How can we be sure that public works do not merely postpone the evil day and eventually make it much worse?

Mr Harrod is confident that public works, or at least the proposals he makes, *can do no possible harm*, and I am anxious to understand the reasons for such confidence. Otherwise, I should prefer to await the economic results of our own re-armament programme and President Roosevelt's pump-priming before encouraging further schemes in England, even though we must face a depression in the meantime.

Yours faithfully,
G. E. ROSS.

The Long Term Budget Problem

TO THE EDITOR OF THE ECONOMIST

SIR,—There are three possible ways, the authors of your survey of the Long Term Budget Problem say, of meeting steadily rising Government expenditure out of a static taxable capacity: (i) by reduced Government expenditure; (ii) by increased taxation; and (iii) by increased productivity per head.

The authors appear to be agreed that (i) and (ii) offer little hope as a means of obviating future Budget deficits, because they would tend to reduce business activity and, consequently, to aggravate the problem. In effect, it is not by reducing the amount of buying that we can increase the amount of selling, and thus increase taxable income.

As for (iii), this use of the word "productivity" does not advance matters in the least. Increased production to meet increased final-buying of goods is undoubtedly the way to prosperity; but increased production *not* accompanied by final-buying of goods only leads to losses and depression.

The fundamental economic facts of our time are, on the one hand, that the increased use of labour-saving machinery and organisation tends to increase the velocity at which industry is able and willing to produce; and, on the other hand, that the arresting of the growth of population tends to arrest any increase in the velocity of final-buying of both consumable goods and capital equipment. In other words, modern developments tend to cause productive capacity and purchasing power to outstrip final-buying. Hence there is a tendency for the formation of excessive quantities of *unclaimed wealth*, the existence of which, in the form of stocks of goods, retards the velocity of production.

In these circumstances, productivity, national income and taxable capacity vary as productive capacity and purchasing power are adequately utilised, being greatest when the velocity of final-buying of goods and services is equal to the velocity at which industry is able to produce.

There is no doubt that purchasing power can be, and frequently is, withheld for a variety of reasons. Purchasing power can even be "hoarded" in the form of bank deposits. Thus, when for any reason the public fail to utilise purchasing power adequately, the *unclaimed wealth* so made available should be utilised by the Government in any manner that seems appropriate.

Yours faithfully,
A. H. ABBATT.

Eastbourne.

Books and Publications

The Continuity of Economics

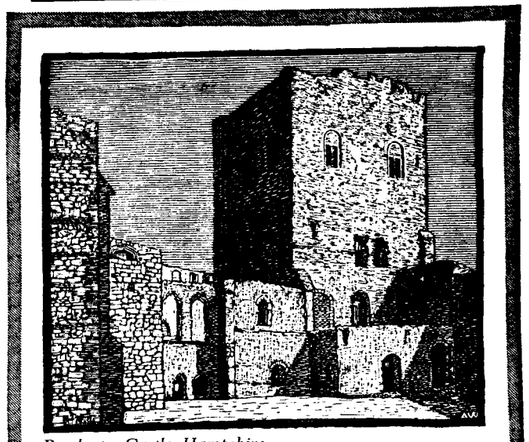
PROFESSOR RIST has written a book that should interest almost equally the general reader who wants to know about economists, the monetary theorists themselves, historians, and students of the history of economic thought.* He has performed this unusual and admirable achievement by inextricably blending in a single volume a number of separate books.

Somewhere in these well-printed pages there is a lucid and not too elementary treatise on the theory of money. Elsewhere there is a summary history of banking and finance in the last two centuries. There is also a compendium—and this is perhaps the completest of the hidden books—of the monetary theories of a host of writers, some known and some neglected, amply illustrated with long quotations from their works, for which the author is particularly to be thanked. Finally there is an essay on the many sound and some rather deplorable ways in which the science of economics has developed.

Professor Rist has mixed these ingredients well. If the result is, frankly, rather a stew, it has the advantage of that dish: that different constituents which could not ordinarily go together may be swallowed at once with pleasure and profit.

The first five of the nine chapters are devoted in the main to authors, from Cantillon, for whom the author has a very special affection, to Ricardo, whom (in common with so many contemporaries) Professor Rist in one breath reveres and detests, and Tooke. The last four chapters deal with separate or, more accurately, separated questions, such as the connections between the rate of interest and prices. Here the authors, now those of the last century and of to-day, take second place. By this method, history, theory and the history of theory are developed gradually throughout the book.

* "Histoire des Doctrines relatives au Crédit et à la Monnaie depuis John Law jusqu'à nos jours." By Charles Rist. Paris (Sirey). 456 pages. 90 Frs.



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All this sufficiently shows that this is a good book, and permits us to sound a note of criticism. The theory of money is a controversial subject and one professor's meat is sure to be another's poison. One can, therefore, only deplore the way in which Professor Rist ignores the essential parts of the doctrines of Malthus, almost the profoundest (though certainly the most confusing) of the classical economists, and completely neglects Professor Pigou among contemporaries. These gaps indicate how the author has almost entirely ignored the whole question of unemployment and its relations with money, which is the subject closest to the heart of English thinking, both at the time when Malthus wrote weekly to Ricardo and to-day.

Thus, the most interesting book of all—to an English student—is missing from Professor Rist's collection. Its absence is this book's fundamental fault. It means that the author fails to see the drift of much that he is judging. In its train, too, it brings another fault because several authors in consequence appear to Professor Rist to be writing nonsense, and are paid in their own coin. How else could Professor Rist refute Mr Keynes's doctrine about open market policy by quoting a page of Cantillon to show that it is (*a*) unoriginal and (*b*) untrue? That is pamphleteering and there is no place for it, even in the best of treatises.

These are not inconsiderable faults, but the faultless history of economic theory would be a deadening work. An irritated reader is a stimulated reader, and if irritation is mixed with unstinted admiration, as it must be for any student of this massive and readable book, the cause of the science must inevitably be furthered. Professor Rist leaves no place for complacency, and should be congratulated on a strikingly valuable piece of work.

Shorter Notices

"The Science of Society. An Introduction to Sociology." By J. Rumney. Duckworth. 125 pages. 3s. 6d.

Within its limits, this is an excellent introduction to sociology, both for the student and the general reader. The author adopts a neo-Marxist approach to his subject, but in general his method is eclectic, linking up the generalisations of sociologists as different in their views as, for example, Spencer, Hobhouse and Briffault. In view of the book's brevity, it is perhaps foolish to complain of omissions, but it is surprising (more especially as Mr. Rumney mentions most sociologists of importance) to find no reference to the pioneer work of Le Play. As the author justly remarks, English universities, with the honourable exception of London and Liverpool, have, to their own loss, neglected the study of sociology. This is the more extraordinary because, in the general study of society, this country has a splendid record from Buckle down to Professor Ginsberg. The centre of gravity of sociological studies is undoubtedly in the United States. The output in recent years of books discussing general sociology, of which Mr. Rumney's is an excellent example, encourages us to hope, however, that this country may be entering upon a new period of fruitful work in this field.

"Tin Statistical Year Book, 1938." International Tin Research and Development Council, 378 Strand, W.C.2, and 21 Prinsessegracht, The Hague. 200 pages. 6s.

The 1938 edition of the Statistical Year Book of the International Tin Research and Development Council contains various new tables and 75 graphs which render the book, even more than its predecessor, indispensable to those who wish to keep fully informed on the tin situation. The object of the book has been to collect all the available statistical information about the quantities of tin produced at mine or smelter and consumed in various countries; and to show how much tin is used in different industries. The sources from which each country obtains its tin or tin products are set out; and in the case of countries which export tin or tin manufactures the quantities consigned to each destination are given. Those who are interested in the tin industry or tin mining will find all the available statistics collected in this book as well as full information about the tinplate, canning and many other industries.

"Broomhall's Corn Trade Year Book, 1938." (London) G. P. Broomhall, 14 St. Mary Axe, E.C.3. 162 pages. 10s. 6d.

The assortment of facts and figures given throughout the year in the *Corn Trade News* is collected together in this annual, with comparative statistics for recent years. Two articles deal with wheat-growing in Canada and the prospects of the wheat and flour trade. This is, as usual, a most valuable reference book for all concerned with the corn trade.

"Office Organisation and Management." By the late L. R. Dicksee and Sir H. E. Blain. Twelfth edition by S. W. Rowland. Pitman. 326 pages. 7s. 6d.

At a time when books on what might almost be called the metaphysics and theology of office management are frequent, the reappearance of this very practical handbook on topics important and familiar in the day-to-day practice of ordinary business men is especially welcome. It covers office routine, business procedure, simple accounting and various legal matters of general application; and has been brought up to date in all its chapters.

Books Received

Agricultural Economics, 1913-1938. Twenty-fifth Annual Report of the Agricultural Research Institute. (Oxford) 79 pages. 2s. 6d. net.

Marketing of Raw Cotton in India. By M. L. Dantwala. (London) Longmans, Green and Co. 268 pages. 9s. net.

Commercial Relations between India and Japan. By C. N. Vakil and D. N. Maluste. (London) Longmans, Green and Co. 210 pages. 9s. net.

Science and Life. By J. G. Crowther. (London) Gollancz. 95 pages. 1s. 6d. net.

Essor et Décadence du Capitalisme. By B. Lavergne. (Paris) Payot, 106 Bd. St.-Germain. 250 pages. Frs. 25.

Fact: The Insurance Man and His Trade. By Harry Henry. (London) Fact, 19 Garrick Street, W.C.2. 92 pages. 6d. net.

Beaten Tracks. By J. H. MacCallum Scott. (London) John Gifford, Ltd. 288 pages. 12s. 6d. net.

The Problem of Leisure. By H. W. Durant. (London) George Routledge and Sons, Ltd. 276 pages. 10s. 6d. net.

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Agreements Between the Government of the United Kingdom and the Government of Eire, signed at London on 25th April, 1938. Cmd. 5728. 4d. net.

Financial Statement (1938-39). 4d. net.

Imperial Economic Committee. World Consumption of Wool, 1937. 2s. 6d. net.

Return relating to all Authorised Gas Undertakings in Great Britain for the year 1936. Part II. Finance and Prices. 10s. 6d. net.

Report of the Commission Appointed to Enquire into the Financial and Economic Position of Northern Rhodesia. Colonial No. 145. 7s. net.

Public Income and Expenditure. Year ended March 31, 1938. 1d. net.

Report of the Department of Agriculture for Scotland for the Year ended December 31, 1937. Cmd. 5736. 2s. 6d. net.

Newfoundland: Annual Report of the Commission of Government for the year 1937. Cmd. 5741. 1s. net.

National Debt: Papers relative to the Position as at March 31, 1938, of certain Funds left in Trust for the Reduction of the National Debt. Cmd. 5744. 1d. net.

THE BUSINESS WORLD

Home Rail Prospects

OF all investors, the home rail stockholder has particular reason for awarding a black mark to the past six months. If he holds the ordinary and deferred stocks of the four group companies, his capital loss amounts to 33⅓ per cent. since the end of 1937, compared with 8 per cent. upon a general list of industrial shares. The market valuation of the "marginal stocks"—L.M.S. ordinary, L. & N.E. second preference, Great Western ordinary, and Southern deferred—fell by 35 per cent. (from £78½ millions to £51 millions) during the first half of this year. And the home rail market has the grim feeling that last year's modest measure of recovery may not return for some time to come. Next week's dividend announcements from the Southern and L. & N.E., to be followed a week later by L.M.S. and Great Western, are awaited in no optimistic mood.

Yet the year began with a fair show of confidence. Railway chairmen were relatively cheerful at the annual meetings. They emphasised the fact that costs were rising, but they did not anticipate any serious check to traffics. Armed, indeed, with a basic 5 per cent. increase in charges, there was a real expectation that the railways would be able to cover increased expenses, and to provide a little extra for the stockholder. Even at the beginning of the year it was a little difficult to justify these hopes from the published traffics, but few investors could have anticipated the unpleasant realities of recent returns.

Gross receipts for the four main lines show a fall of 2.3 per cent. (from £78,599,000 to £76,758,000) for the first 26 weeks of the year, compared with the same period of 1937, and no class of traffic has escaped. Passenger receipts are down by 0.6 per cent., merchandise by 4.4 per cent., and coal and coke by 2.3 per cent. *The Economist's* Index of Business Activity for the first five months of the year declined by 2½ per cent., compared with a 1½ per cent. fall in gross railway takings. But the latter have been subject to incidental disturbances arising from the different incidence of Easter and Whitsun, and from the extra receipts derived from the Coronation and London bus strike last year.

In the table at the foot of this page, we have regrouped the cumulative figures for each line and class of traffic into comparable periods. Easter traffics, for example, are covered in both years in the sixteen-week period, and Whitsun traffics during the twenty-three-week period. The percentage comparisons with 1937 provide clear evidence of the deterioration in railway business as the half-year progressed, and the heavy lines have been affected with greatest severity. L.M.S. (whose gain of £12,000 in passenger receipts stands in splendid isolation) was one of the first lines to show a setback in merchandise receipts. It is no coincidence that the short-fall in gross receipts for this company, and the L. & N.E. has been increasing since the end of April. There have been slight differences in timing, but the general picture is similar for all companies. Passenger receipts have fallen least, but merchandise receipts, quickly followed by coal traffics, have experienced a cumulative fall.

The railway stockholder, indeed, may be tempted to ask: What has become of the 5 per cent. increase in charges? It is a dangerous question, for its answer reveals the present difficulties of the railways in even stronger light. The effective retention of the basic 5 per cent. increase in charges awarded from last October has been authoritatively estimated at 3½ per cent. for passengers, 3 per cent. for merchandise and 4 per cent. for coal. If we assume that such benefits were actually obtained during the past half-year, the "true" fall in traffics would greatly exceed the apparent fall registered in the published receipts. It would, in fact, be of the order of 5.6 per cent. for total receipts, 3.9 per cent. for passengers, 7.2 per cent. for general merchandise, and 6.1 per cent. for coal. These percentages have relevance to the trend of operating costs, for they indicate, necessarily in rough fashion, the fall in the volume of railway operations during the period. They imply, other things being equal, that some

RAILWAY TRAFFIC TRENDS

(Amounts in £000's)

Company and Period	Average, 1927–30				1937				1938				*Percentage changes in Total Traffics*		Total Receipts 4 Companies	
	Passengers	Merchandise	Coal and Coke	Total	Passengers	Merchandise	Coal and Coke	Total	Passengers	Merchandise	Coal and Coke	Total	*1938 comp. 1937*	*1938 comp. av. 1927–30*	1937	1938
L.M.S.															**Passenger**	
Weeks—																
1–5	2,190	2,725	1,514	6,429	1,820	2,340	1,419	5,579	1,905	2,383	1,555	5,843	+4·8	− 9·0	5,097	5,281
1–10	4,377	5,674	3,070	13,121	3,770	4,794	2,902	11,466	3,888	4,849	3,087	11,824	+3·1	− 9·9	10,402	10,675
1–16	7,606	9,168	4,681	21,455	6,579	7,825	4,539	18,943	6,772	7,676	4,502	18,950	...	− 11·7	17,986	18,490
1–23	11,528	13,227	6,344	31,099	10,328	11,253	6,239	27,820	10,304	10,840	6,094	27,238	−2·1	−12·4	28,122	27,946
1–26	13,361	14,966	7,071	35,398	12,161	12,776	6,899	31,836	12,173	12,145	6,738	31,056	−2·5	−12·2	33,032	32,843
															Merchandise	
L. & N.E.																
Weeks—																
1–5	1,507	2,034	1,365	4,906	1,234	1,588	1,295	4,117	1,281	1,637	1,423	4,341	+5·5	−11·5	5,130	5,277
1–10	2,994	4,174	2,780	9,948	2,533	3,280	2,640	8,453	2,587	3,399	2,825	8,811	+4·2	−11·4	10,548	10,809
1–16	5,119	6,764	4,288	16,171	4,365	5,397	4,160	13,922	4,443	5,371	4,215	14,029	+0·7	−13·2	17,288	17,097
1–23	7,641	9,699	5,993	23,333	6,778	7,776	5,864	20,418	6,689	7,561	5,766	20,016	−2·0	−14·2	24,944	24,171
1–26	8,845	10,941	6,738	26,524	7,964	8,831	6,550	23,345	7,865	8,454	6,388	22,707	−2·7	−14·3	28,341	27,090
															Coal & Coke	
G.W.R.																
Weeks—																
1–5	988	1,067	665	2,720	792	920	593	2,305	802	975	636	2,413	+4·8	−11·3	3,480	3,800
1–10	1,932	2,179	1,333	5,444	1,596	1,895	1,191	4,682	1,624	1,977	1,265	4,866	+4·0	−10·6	7,089	7,555
1–16	3,357	3,496	2,075	8,928	2,762	3,100	1,868	7,730	2,842	3,096	1,896	7,834	+1·3	−12·2	11,119	11,160
1–23	5,073	5,081	2,873	13,027	4,333	4,514	2,624	11,471	4,295	4,393	2,593	11,281	−1·7	−13·4	15,476	15,178
1–26	5,871	6,773	3,223	14,867	5,080	5,127	2,949	13,156	5,022	4,923	2,893	12,838	−2·4	−13·7	17,226	16,820
															All Classes	
S.R.																
Weeks—																
1–5	1,301	364	180	1,845	1,251	282	173	1,706	1,293	282	186	1,761	+3·2	− 4·5	13,707	14,358
1–10	2,570	760	363	3,693	2,503	579	356	3,438	2,576	584	378	3,538	+2·7	− 4·4	28,039	29,039
1–16	4,457	1,247	538	6,242	4,280	961	552	5,793	4,423	954	547	5,924	+2·3	− 5·0	46,388	46,737
1–23	6,717	1,827	719	9,263	6,683	1,401	749	8,833	6,658	1,377	725	8,760	−0·8	− 5·4	68,542	67,295
1–26	7,803	2,091	811	10,710	7,827	1,607	828	10,262	7,788	1,568	801	10,157	−1·0	− 5·1	78,599	76,758

reduction is to be expected in direct operating costs, without indicating its possible extent. Later in this article, we assume that 40 per cent. of the "true" fall in traffics will be offset by lower running charges—an assumption which may err on the side of generosity so far as the stockholder is concerned.

In present circumstances, indeed, the latter has at least one cause for envying the American rail stockholder, who can obtain some guidance from monthly net operating receipts. The most intelligent guesswork is a poor substitute for net revenue figures, particularly when traffics are falling and costs rising. Even if gross receipts had been maintained this year, a fall in net receipts would still have been inevitable. The investor's main difficulty at the moment is to obtain even an approximate measure of the extent to which increased costs will swell the deficit already visible in the gross traffics. The available information is difficult to handle, and is more or less "dated."

It must, however, be employed in the absence of better material for any attempt to measure the potential movement of net revenues during 1938. In evidence before the Railway Rates Tribunal, in June last year, Sir William Wood estimated that the increase in costs of labour and materials, applying prices known at that time to the quantities used in 1936, would amount to £7 millions for all four companies in a "notional" year. Part of that increase will apply to 1938—for example, increased costs of steel rails—and part even to 1939. On the other hand, some materials and coal would presumably cost less to-day than a year ago, and the effective charge upon any particular calendar year depends, to some extent, upon the rate at which stocks are worked off. If we take 60 per cent. of the estimated increase in costs of materials as applying to the current year, both these points will have been recognised, although the resulting figures must be employed with great reserve. A similar *caveat* applies to the guess that 40 per cent. of the "real" decline in traffics will have been offset by operating costs during the year. A further addition to costs arises from the restoration of the remaining 1¼ per cent. cut in wage rates from August last year, estimated for the four companies at £2,900,000 in a full year. It is, however, difficult to reconcile this figure with the estimates given by the companies earlier this year, which amounted to £1,215,000 for L.M.S., "over £1 million" for L. & N.E., £695,000 for Great Western (£475,000 in the current year), and £700,000 for Southern. These increases will be effective for the first 7½ months of the current year, since they commenced in August last year. To complete the rough-and-ready balance for the current year, we have computed the potential fall in traffics for the second half of the year, on the assumption that the percentage falls in the first half-year are repeated. This basis leaves reasonable room for any likely recovery in traffics during the second half of the current year. No account has been taken of possible changes in ancillary revenues.

In the following table we set out the resulting potential fall in net revenue for each company on these necessarily arbitrary assumptions: —

(Amounts in £000's)

	Fall in Traffics, 1938		Increased costs		Reduction in direct costs from lower traffic volume*	Estimated reduction in net revenues
	First half year	Second half year (estimated)	Materials*	Wages*		
L.M.S.	780	860	1,250	760	1,500	2,150
L. & N.E.	638	680	720	625	950	1,713
G.W.	318	350	465	475	650	958
S.R.	105	115	325	435	400	580

* Of these three estimates the increased cost of materials and reduction in current operating costs must be regarded as very rough. The wages increase is more closely estimated and covers the operation of last year's wages award during the first seven and a-half months of this year.

What do the results mean in terms of prospective dividends for the full year? The estimate for L.M.S. suggests that the ordinary stock would be uncovered, and that the 1923 preference stock might earn about 2¼ per cent. For L. & N.E. the estimate would correspond to 3¼ per cent. earnings on the 4 per cent. first preference and 4 1/16 per cent. on the 5 per cent. redeemable preference stocks, but these rates are necessarily subject to renewals policy. For Great Western ordinary, the maintenance of 3 per cent. status might involve the resumption of drafts upon reserve funds, for the potential earnings basis, on our assumptions, is of the order of 2¼ per cent. The estimate for Southern is necessarily subject to the results of steamboat traffics during the summer season (which at the moment bid fair to repeat last year's excellent performance), but it suggests that earnings for the preferred ordinary stock may reach 4¼ per cent.

Apart from the inherent limitations of our estimates, the investor must remember that the railway position is changing with somewhat disconcerting rapidity. If the recent trend of traffic continues, our estimates may well prove too optimistic. In the absence of business recovery during the second half of the year, there is little ground for cheerfulness in the home railway market. And if railway directors exercise caution in their interim dividend decisions during the next fortnight—as, on the face of the situation, they well may—a recovery in railway stocks from their present low levels will be even less likely.

Timber

TIMBER ranks among the most important of the raw materials for modern industry. The building and furniture trades, shipbuilding, the automobile and aircraft industries, the manufacture of toys and boxes, the coal mines, all depend upon timber. It is the main raw material for newsprint and other varieties of paper, and many of the more wonderful products of modern chemistry are derived, though sometimes at many removes, from it. The largest consumers of timber are the various trades connected with building and construction; a considerable proportion of the cost of the ordinary villa house can be attributed to timber in one form or another. The furniture and cabinet trades work almost entirely on wood, and the volume of their demand follows closely, though with a certain time lag, changes in the amount of new building. The fortunes of the timber trade are therefore closely bound up with those of the constructional industries, which use mainly soft woods.

Great Britain is the largest importer of soft wood timber in the world, and enjoys a semi-monopolistic position in this respect, since only two of the main producers—Czechoslovakia and the United States—can afford to ignore the English market. The bulk of the Czechoslovakian exports are bought by Germany, and the American industry exports most of its surplus production to the nearer markets of Central and South America. The table below shows the extent to which the other soft wood exporters depend upon the British market, which took nearly half of the 5.2 million standards sold in the world markets in 1937.

APPROXIMATE EXPORT IN 1937 OF SAWN AND PLANED SOFTWOOD

Country	Total Export	Exported to United Kingdom
		Standards*
Norway	40,000	28,500
Sweden	875,000	465,000
Finland	1,019,000	584,000
U.S.S.R.	922,500	496,000
Estonia	57,000	35,000
Latvia	151,000	85,000
Poland	323,000	228,000
Czechoslovakia	105,000	5,500
Canada	918,000	491,000
U.S.A.	520,000	56,500
Total, above countries	4,930,500	2,474,500

* One standard = 165 cu. feet.

The importance of Britain as a purchaser of timber has been emphasised since the introduction in recent years of exchange restrictions by some other importing

countries. Germany, for example, who bought 656,000 standards in 1912, imported on the average of 1931-37 less than 350,000 standards per annum. In 1937 the import of timber into the United Kingdom was valued at £61.8 millions, more than 6 per cent. of the total value of all British imports; the relative importance of the various sources of the imports of sawn soft woods (i.e. omitting planed soft woods, which were included in the first table) is shown below: —

IMPORTS OF SAWN SOFT WOODS INTO THE UNITED KINGDOM IN 1937

Country	Standards	£
Canada	366,822	5,633,931
Other British countries	79	956
Soviet Union	444,495	7,314,836
Finland	495,611	6,982,815
Estonia	31,018	437,363
Latvia	75,564	998,502
Sweden	286,203	4,096,139
Norway	6,539	100,292
Poland	208,318	2,826,096
United States	52,596	1,223,447
Other foreign countries	96,493	1,307,069
Total	2,063,738	30,921,446

The largest individual supplier is Finland, although the trade with the U.S.S.R. is generally of higher total value, since the Finns specialise in the lower qualities of building timbers, as opposed to the high-class joinery woods which make up a large proportion of the Soviet Union's export. Canada is the only important exporter amongst Empire countries, and her competitive position has been considerably enhanced since 1932, when a duty of 10 per cent. was placed on imports of many varieties of timber into Great Britain from foreign countries; the Ottawa Agreements guaranteed the continuance of this preferential margin for five years. Since 1932 Canadian exports of sawn and planed soft wood to Britain have increased from 77,000 standards to 491,000 standards in 1937.

The Soviet Union could, if it wished, undercut all producers, and the attempts made to insert a so-called "fall" clause in the annual bulk purchase contracts for Russian timber were intended as a means of nullifying to some extent the preference extended to Canadian timber. This clause was held by some to infringe the Ottawa Agreements, which included provisions directed actually, though not specifically, against Russian price-cutting. It provided that reductions in the contract prices would be made to meet any fall in the market which had occurred between the conclusion of the contract and the date of shipment, a period averaging about eight months. In the past the sale of the Russian output destined for England was handled by one firm, Timber Distributors, Ltd., composed of the leading importers, who purchased the entire quantity at the beginning of the shipping season and allocated it to their constituent members for marketing. This fixed the Russian prices for each year (except where there were "fall" clause provisions) and was a stabilising factor of some importance. But for the last two years the stock has been sold in the ordinary way to individual purchasers, and the somewhat erratic nature of Soviet selling policy has had a disturbing effect upon the market. Finland, to whom the British market is of prime importance, has been forced to fall in line on the appearance of each new Russian price schedule.

The world consumption of timber has remained very constant over a long period of years. In 1912 the total export of soft wood timber was estimated at 5,395,000 standards, and in 1937 at 5,200,000 standards. Substitutes for timber for one or another purpose have been constantly adopted, but new uses have also developed, and on balance little change has taken place in the volume of timber used, though there has been a considerable shift in the importance of the various types of wood. But although the long-period trend in demand has been almost stationary, there have been considerable short fluctuations, caused mainly by the variations in the activity of the building industry; in 1931-2, for instance, consumption of timber was nearly a third less than previously.

Restriction and control schemes have been rare in the history of the timber trade. Conventions, mainly to discuss production problems, were held in 1923, 1924 and 1929, but it was not until 1932 that an attempt was made to exercise some control over new felling. In that year the European Timber Exporters' Convention was established to fix export quotas for all the main European producing countries. With the co-operation of the Governments concerned it was possible to maintain the quotas despite the rapid increase in prices during 1936 and 1937. The table below gives the quotas agreed upon for the years 1936/8:

EXPORT QUOTAS (SAWN SOFT WOODS ONLY).

Exporting Country	1936	1937	1938
	Standards		
Sweden	820,000	820,000	738,000
Finland	1,005,000	1,005,000	904,500
U.S.S.R.	950,000	950,000	855,000
Poland	313,000	313,000	281,700
Latvia	...	127,000	114,300
Czechoslovakia	96,000	96,000	86,400
Austria*	275,000	275,000	247,500
Jugoslavia	168,000	168,000	151,200
Rumania	223,000	246,000	221,400
Total	3,850,000	4,000,000	3,600,000

* Exports of timber from Austria have been prohibited since that country was absorbed by Germany in March.

The 10 per cent. reduction for 1938 was deemed sufficient to prevent any serious setback in values; but prices have continued to fall, and a greater reduction may be required to arrest the decline, in view of the heavy stocks now held and the decreased consumption of the last few months. The policy of the Convention has been limited to the prevention of the accumulation of unsold stocks, and nothing has been done to force prices up by restricting supply below the normal quantities consumed by the various importing countries.

In recent years much discussion has taken place on the question of Britain's timber supplies in time of war. There are some who cherish the belief that in timber, as in other materials, the United Kingdom can become self-supporting; but any such view is based upon a complete misunderstanding of the situation. Compared with the volume of

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New Business	The net new business completed, after deduction of re-assurance, amounted to	£11,443,000
Receipts	The Company's income was	7,818,000
Payments	In settlement of claims, bonuses, annuities and surrender values, the Company paid during the year	4,832,000
Assets	The assets increased by £1,402,600 to	53,289,000
	and include special reserves and undivided surplus totalling	2,093,000

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imports, the home supply of timber is very small, and consists mostly of woods for decorative and other special uses. There are also a few categories of timber which could be produced in this country at some expense, but on the whole there is no possibility of supplying from the small area available for forestry the immense quantities required by this industrial island. Nor can the Empire be called upon to supply what foreign countries now send, since in 1937 only 19 per cent. of the value of imported timber came from Empire countries. Canada is the only British producer capable of supplying Great Britain with soft wood building timber in any quantity; but her total exportable production is at present in the neighbourhood of 900,000 standards, whereas even in the depression year of 1931 British imports amounted to 1,600,000 standards, and in 1937 they exceeded 2,000,000 standards. Further, it is unwise to assume that in war conditions it would be cheaper or easier to bring increased quantities of timber thousands of miles across the Atlantic than from the much nearer Scandinavian countries, whose policy and intention is to remain neutral in any European conflict. While the requirements of national defence naturally reinforce the arguments for afforestation, no practicable increase in home production or in supplies from the Empire can provide an immediate or adequate substitute for the British imports of timber from foreign countries.

Insurance Investment Policy

BRITISH insurance offices are numbered among the world's most successful investors. They provide substantial grist for the Stock Exchange mill. Through them, the smallest policyholder is able to follow unswerving canons of prudent investment by proxy. Institutional traditions are strong, and modifications of investment policy rightly have to undergo the most stringent tests. Yet a process of adaptation to changing investment conditions has been proceeding year by year, and particularly since the War Loan conversion of 1932. The examination of these trends forms a fitting appendage to the Insurance Supplement, published with this issue of *The Economist*.

The tables at the foot of this page set out the percentage distribution of the aggregate assets of 38 British insurance companies, whose returns have been analysed in our Insurance Supplements at the end of each of the last thirteen years. From the mere fact that the assets of these companies, at the end of last year, were valued at £1,170 millions, it will be apparent that their decisions on investment policy have important effects—the more so as their resources have been progressively increasing during the period under review.

Before commenting on the figures, we may point out that balance sheet values of insurance companies' investments are not identical with, or even necessarily approximate to, corresponding market values. Book values, it is true, would tend to be written down—unless specific investment reserves were utilised for the purpose—in a period of falling prices. This would have the effect of bringing out higher percentages for mortgages and reversions (Groups 1 and 4 in the first table) which are virtually immune from depreciation. The amount of writing down is influenced by the fact that, as a rule, insurance companies are reluctant to increase book values when security prices rise. The figures in the table are, however, subject to such disturbing factors. If it were possible to translate book values into market values on December 31st for each year, the percentage distributions given below would no doubt be considerably different for all four groups.

Mortgages have always been a favourite medium for the employment of insurance funds. The bogey of market value appreciation and depreciation is avoided. Moreover, mortgages are frequently backed by substantial life assurance and sinking fund policies as collateral security. Where the office transacts other classes of insurance business advantages also accrue to these departments. In addition, the holding of mortgages enables an office to extend its purely insurance connections through its investment organisation.

It will be seen that while interest rates were high the mortgages percentages in Group I (which includes policy loans and loans on local rates) tended to increase, but a sharp fall took place after the War Loan Conversion in 1932. The full financial effect of the general change in interest rates is not shown, for that has been expressed in income and not in capital in those cases in which the mortgage remained at a lower rate of interest. There have been many cases, however, where mortgages have been repaid and accommodation found elsewhere. Latterly, there has been some increase in the percentages, and this may be due partly to lending on new types of property.

From the investors' point of view, great interest attaches to the relative changes between gilt-edged and other securities during the period. In 1913, British Government securities represented no more than 1½ per cent. of the total assets of British life assurance companies, but by 1921 the proportion had risen to over 35 per cent. Subsequently, efforts were made to reduce the percentage, and this process continued until 1930. During the succeeding financial crisis there was a temporary but definite movement back to Government securities, principally of the short-dated type, in order to avoid depreciation. In more recent years, however, the percentage has again fallen. Given a continuation of peace conditions it is likely to continue to do so. The percentage invested in all Stock Exchange securities, however, remained fairly constant until the last few years. During a great part of the period there has thus been a basic movement away from British Government stocks towards other types of Stock Exchange securities.

The second table showing percentages for Stock Exchange securities (other than those of the British Government) under a number of different headings, deserves detailed examination. The steady fall in the percentages of Indian, Colonial and Foreign Government and Municipal securities may be due in part to restrictions on foreign lending. In the main, however, it is a reflection of the heavy depreciation suffered on many foreign stocks and bonds, and the resulting (and increasing) distrust of securities of this type. Part of the increase in the percentage invested in Debenture Stocks, on the other hand, may be more apparent than real. Certain investments now appear as Debentures which in earlier days would have been classed as mortgages. Conversely, the percentages shown in the first table under mortgages may be artificially low to-day by comparison with those of earlier years. Large sums have been invested in recent years in Public Board securities and these are included among Debenture Stocks in the table. The significant increase in Preference and Ordinary stocks may partly be accounted for by a broadening of investment policy with a view to maintaining the rate of interest earned on the funds. The increase in the percentage of Ordinary stocks marks a definite departure from former practice, which regarded these investments as unsuitable for insurance funds.

These are the substantial changes in recent years (for the fourth group of reversionary interests of all kinds includes agents' balances and cash, and is thus too heterogeneous to suggest any precise conclusions). The increasing equity basis of insurance companies' investment policy is apparent, although ordinary shares still represent no more than 9.2 per cent. of the whole. But the powerful advocacy of the merits of equity shares by leading insurance practitioners in recent years, coupled with the quest for adequate yields, suggests that this new trend will continue.

PERCENTAGE DISTRIBUTION OF ASSETS OF THIRTY-EIGHT PRINCIPAL BRITISH INSURANCE COMPANIES

Year	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
1. Mortgages	25·3	26·3	27·7	28·1	29·2	29·3	28·8	27·2	24·2	22·8	22·0	22·3	23·0
2. British Government Securities	28·7	26·6	23·4	19·6	17·1	16·9	18·0	20·4	22·0	21·3	19·5	18·1	17·5
3. Other Stock Exchange Securities	33·8	36·2	38·5	42·3	44·2	44·3	43·6	42·3	44·2	46·7	49·0	50·0	50·0
Total Stock Exchange Securities	62·5	62·8	61·9	61·9	61·3	61·2	61·6	62·7	66·2	68·0	68·5	68·1	67·5
4. Reversions, etc.	12·2	10·9	10·4	10·0	9·5	9·5	9·6	10·1	9·6	9·2	9·5	9·6	9·5
	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0

DISTRIBUTION OF STOCK EXCHANGE SECURITIES (OTHER THAN BRITISH GOVERNMENT SECURITIES)

1930-37. (Percentages of Total Assets)

Class of Assets	1930	1931	1932	1933	1934	1935	1936	1937
Indian, Colonial and Foreign Government Securities	10·6	10·0	9·5	9·7	9·2	8·8	8·2	7·5
British Municipal and County Stocks	1·9	1·9	2·1	2·9	2·9	2·9	2·9	2·8
Indian, Colonial and Foreign Municipal Securities	3·6	3·2	3·0	2·8	2·9	2·7	2·5	2·3
Debenture Stocks	16·0	16·2	15·9	16·4	17·7	18·4	18·6	18·7
Preference and Guaranteed Stocks	7·0	7·0	6·7	6·8	7·6	8·7	9·2	9·5
Ordinary Stocks	5·2	5·3	5·1	5·6	6·4	7·5	8·6	9·2
	44·3	43·6	42·3	44·2	46·7	49·0	50·0	50·0

Finance and Banking

The Functions of Control.—When the Exchange Equalisation Account was instituted six years ago, it was stated that its principal function was that of smoothing out unnecessary and unjustifiable fluctuations in the exchanges. Such an occasion arose early this week, and it was handled in a new way. The demand for dollars, which last week was due to a combination of natural causes, rapidly developed, and it also became clear that the over-riding motive was the general belief that the impending Anglo-American Trade Agreement would be accompanied by an agreement to stabilise the pound at $4.866. This induced every exchange operator to buy dollars, and by Tuesday it was clear that such a big demand was developing that either the exchange rate would have to be allowed to slide, or else the British Control would have to make very large purchases of sterling. In spite of Mr Cordell Hull's refusal to discuss this question, which he explained lay outside his province, there was, in fact, no basis for the rumour. The authorities therefore decided to make an announcement to this effect, with the result that sterling, which between Saturday and Tuesday had dropped from $4.94 1/16 to $4.92 3/4—the lowest rate for over a year—at once rallied to $4.93. In this way the Control performed its function without having to make heavy purchases of sterling, and incidentally, operators were checked from making unjustifiable and expensive purchases of dollars, which in all probability would in the end have involved them in loss. The market must not, of course, expect official statements to be made in every period of uncertainty, but in a case like this, where a movement was based entirely upon a belief which the authorities knew to be erroneous, it will be generally accepted that the remedy adopted was both the simplest and the best. The fact that on purely economic grounds $4.886 may be a more natural level for the pound than one of over $4.90 is in the particular circumstances irrelevant. The demand for dollars arose from the rumour that stabilisation at $4.866 was actually contemplated, and the baselessness of this rumour provided sufficient ground for the action of the authorities. This may constitute a valuable precedent, if similar circumstances arise on a future occasion.

* * *

New Franc Doubts.—There has recently developed a fresh and ominous weakness in the franc. During most of the week the spot rate for sterling has been between Frs. 178 and Frs. 179, while the three months' rate has risen to Frs. 181½ and Frs. 181¾. The French control has been intervening almost continuously, and while there has been no real panic, the French Exchange Fund must, in the aggregate, have lost a fair amount of gold. It is now clear that the May repatriation was an isolated movement, due to the initial impact of M. Daladier's depreciation, and that the more recent trend has been that of a quiet but renewed efflux of funds from France. It is also ominous that the three months' rate has been allowed to rise above M. Daladier's "upper limit" of Frs. 179; and the six months' discount of Frs. 5 to Frs. 6 represents an even wider margin. The exchange position remains sound, for the French authorities must still have in hand most of the large amount of gold recovered last May. One simple explanation of the present weakness of the franc lies in the return of funds to Wall Street and the recent appreciation of the dollar; for these affect the franc as well as the pound. This is not, however, the whole story. The French Treasury position is beginning to arouse new doubts. No recent statement has been made, but the negotiations for an Amsterdam credit of Fl. 75 millions, of which Fl. 35 millions are to be placed in Holland and the balance in France, point to the current difficulties of the Treasury and not to any needs of the Exchange Fund. Also M. Daladier seems to have reached a pause after his initial efforts at reform, and there has been no extensive use of his decree powers or

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real adjustment of the 40-hour week problems. Finally, no real assurance is felt in France over the international and political outlook. These are probably some of the reasons which explain the present weakness of the franc and the renewed outflow of French capital.

* * *

Insurance Companies and N.D.C.—On the third reading of the Finance Bill on Monday, the Chancellor of the Exchequer made his promised concession to the insurance companies' complaints about their assessment to National Defence Contribution. The theory of the tax is that it is levied on the profits of business and not on income from investments. For some classes of financial institutions, however, such as banks, investment companies and life assurance companies, the holding of investments and the receipt of income from them is of the essence of their business. Accordingly, these institutions will have to pay N.D.C. on their investment income. Originally, all varieties of insurance companies were included in this category, but it was represented to the Chancellor with great justice that fire and accident insurance business does not necessitate more than a very moderate holding of investments. The companies themselves suggested that a holding of investments equal to a year's net premium income might be regarded as being needed for the purposes of the business and the income from it accordingly assessed to N.D.C., while any additional investments should be exempt. The Chancellor has now accepted the principle of this suggestion, while amending the figure from 100 to 150 per cent. of net premium income. In defence of his figure, Sir John Simon argued that reserves equal to 40 per cent. of premiums need to be kept against the unexpired risks on current premiums and 35 per cent. for liabilities on claims notified but not yet settled. The total of 75 per cent. was doubled to make provision for "exceptional cases and some catastrophic risks." This was admittedly not a precise calculation, and there will be many in the insurance world who will question even its approximate validity. But the substantial point is that a concession worth £150,000 (less income tax) has been made to the insurance companies; and this, though less than they had hoped, will be welcome.

* * *

New York Bank Statements.—The following table gives the salient items in the June 30th accounts of the Chase National Bank and the National City Bank:—

	Chase National		National City	
	1937	1938	1937	1938
	($ million)			
Cash, etc.	686	801	550	610
Government securities	619	627	419	529
Other securities	220	259	233	185
Loans, discounts, etc.	810	654	710	525
Deposits	2,136	2,152	1,808	1,761

In accordance with the general American banking trend, both banks show an increase in cash and a decrease in loans and discounts. The National City Bank has added substantially to its Government securities, though it has reduced its other security holdings. The National City Bank's deposits are lower than a year ago, but those of the Chase National Bank are slightly higher. The liquidity of both banks is definitely greater than a year ago, and at the moment can be considered more than adequate. There is plenty of bank credit available if only the nation can be induced to make use of it.

* * *

New Zealand Banking.—Sir Austin Harris's speech at the recent general meeting of the National Bank of New Zealand was a mixture of encouragement and warning. New Zealand, he said, had had a prosperous year during 1937, and this had naturally increased the demand for bank credit. In consequence, the National Bank's own advances had risen from £10,977,000 to £12,703,000, while profits were £2,889 higher than in the previous year. On the other hand, deposits had only risen from £13,752,000 to £13,909,000, so that investments had been reduced by £1,107,000 to just over £2,225,000. This last was considered a normal holding in times of active trade. Sir Austin, however, alluded to the decline in the time deposits of the New Zealand banks, and also the competition of the Post Office Savings Bank. The trading banks, of course, could increase their deposit rates. But this would necessitate higher rates for advances, which was contrary to the policy of the Government. Sir Austin discussed the impact upon New Zealand of the more recent trade recession. This was expressed in the fall in wool prices and in a shrinkage in the active trade balance. There had been a considerable fall in the net overseas funds of the Reserve Bank and trading banks since two years ago. It was on these grounds, probably, that he felt obliged to utter his note of warning lest the banks should lend in such a way as to encourage over-trading. He also pointed out that last year's active trade balance was only £stg5,577,000, whereas £stg8,000,000 was required to cover the service of Government and municipal loans raised in London. These are the common problems of a primary producing country during a world trade recession, but it is just as well that New Zealand should be warned that she cannot claim immunity from them.

* * *

Standard Bank of South Africa.—Dominion Bank reports appearing at the present moment reflect the prosperity of 1937 rather than the recession of 1938, and it is no criticism on the Standard Bank to judge its latest accounts from that point of view. For South Africa, 1937 was a year of activity, and this is apparent in the bank's latest balance sheet, which shows increases in discounts and advances, customers' bills for collection, the note circulation, and last but not least the net profits earned by the bank. The only doubt arises from the absence of any further increase in deposits. One consequence of this is the reduction in cash, due to the larger demands being made upon the bank's resources, but the ratio of cash to deposits remains fully adequate:—

	March 31st	
	1937	1938
	£'000	£'000
Note circulation	736	875
Deposits	65,972	65,149
Bills, etc., for collection	9,662	11,118
Cash	13,241	10,675
Investments	14,892	15,800
Bills purchased	5,835	4,640
Discounts and advances	33,415	38,252
Net profits	557	622
Dividend	10%	12%
Cash bonus	4%	3%

In view of the increase in profits, the directors have felt justified in increasing the dividend, though the bonus has simultaneously (and prudently) been reduced. The total distribution of 15 per cent. is now back to its 1931 level, after having dropped to 10 per cent. in 1933 and 1934.

* * *

The End of a Venture.—Nearly two years ago the Central Bank of India, a well-known indigenous commercial bank, founded a London subsidiary, called the Central Exchange Bank of India. In this way the parent institution obtained direct access to the London money market for the employment of its surplus funds; and it also obtained a share in the financing of India's external trade. Unfortunately, the cheap money regime, accompanied during recent months by the world trade recession, made this venture much less profitable than its promoters had probably expected. The London office is therefore being closed down, and the parent institution will, as in the past, rely upon its London correspondents, Barclays Bank and the Midland Bank, for the conduct of its London business. The subsidiary company will presumably be wound up, after having neither earned any appreciable profit nor involved its owners in any serious loss. It is arguable that two years was too short a period to give the experiment any real chance to justify itself, but if the promoters had become convinced that there were no big profits to be made in London under present conditions, they were probably wise to bring their venture to an honourable conclusion.

* * *

The B.I.S. and Austria's Debts.—Although the Bank for International Settlements is the Trustee for the Austrian Loan of 1930, the new Anglo-German Transfer Agreement apparently attracted little attention at the July meeting of the Board. This may have been because the B.I.S. had already defined its attitude to such special agreements. Referring to the Dawes and Young Loan settlements of 1934, the latest report of the B.I.S., published prior to the new Anglo-German Agreement, says: "The Trustees are not parties to any of these special agreements, have had nothing to do with their execution, and have considered them as incompatible with the General Bonds and the international agreements relating thereto." As a formal expression of opinion there is really nothing more to be said. Informally it may have been felt at Basle that the recent British Agreement embodies the best terms that could have been secured in the circumstances, and that as such it gives a lead to the other interested nations who are now engaged in negotiations with Germany—or at least to those of them who, like Britain, have passive balances of trade with Germany. If it turns out that the other Governments secure similar terms for their bondholders, then the bilateral British settlement may turn out to be less open to criticism. But this is obviously a matter beyond the province of the Bank for International Settlements.

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MONEY MARKET NOTES

Foreign Exchanges

The broad tendencies of the week's movements in the dollar and the franc are discussed in Financial Notes. During the latter part of the week sterling remained steady against both currencies, with the New York rate at $4.93\frac{1}{8}$. Forward dollars were rather more bid. One technical cause of the franc's recent weakness was that until the end of last week the French authorities had held the spot rate at Frs. 177.90. This made people think that sterling would not rise any higher, and so a certain number of orders for selling forward francs were kept back. A week ago, however, the French authorities allowed sterling to rise above this rate, and so many of these orders were thrust on the market without any further delay. On Thursday of this week forward francs were a little stronger, except for the six months' rate, which was quoted at Frs. 7⅛ discount. Belgas have been strong in sympathy with the dollar, with the British Control buying sterling whenever the rate dropped below Bel. 29.13. The lowest rate touched was Bel. 29.09. Swiss francs also strengthened, from Frs. 21.59 to Frs. 21.56¼, in sympathy with the dollar.

*

The Bank Return

THERE is very little change from last week's return. The note circulation remains normal, and the small decrease since a year ago is readily explained by dishoarding.

	July 14. 1937 £ mill.	June 29. 1938 £ mill.	July 6, 1938 £ mill.	July 13* 1938 £ mill.
Issue Dept.:				
Gold	326·4	326·4	326·4	326·4
Notes in circulation	493·4	485·2	488·2	488·1
Banking Dept.:				
Reserve	33·9	42·2	39·2	39·3
Public Deps.	23·1	10·5	12·5	13·2
Bankers' Deps.	89·2	125·5	115·7	113·0
Other Deps.	37·1	36·1	36·0	35·5
Govt. Secs.	104·0	119·5	111·9	109·6
Discounts & Advances	8·8	7·3	10·7	10·3
Other Secs.	20·7	21·1	20·4	20·6
Proportion	22·7%	24·4%	23·8%	24·2%

In the banking department slight discrepancies between the dates of Treasury bill payments and maturities explain the drop of £2.3 millions in Government securities. The decline of £2.7 millions in bankers' deposits is mainly the counterpart of this last movement. Reference to the revenue returns shows that of the £34.8 millions of Defence Loan money collected during the first nine days of July, £14 millions was required to meet the excess of expenditure over revenue for this period, £10 millions being disbursed in dividends. A further sum of between £5 and £10 millions was used to repay Treasury bills issued by tender. Thus most of the Defence Loan cash has returned to the banking system, which accounts for the maintenance of bankers' deposits at a relatively high level. Their size on June 29th was of course abnormal, as this date was at the end of the half-year.

*

The Money Market

The discount market has now fully returned to its accustomed ease. Bank money was still not too plentiful early in the week, and rates of ¾ per cent. were paid. By Thursday, however, it was readily obtainable at ½ per cent. The clearing banks are ready buyers of September and early October maturities at ½ per cent., but bill brokers are reluctant sellers. The reason is that the discount market holds substantial quantities of July maturities, and as so far the tendency has been for tender issues of Treasury bills to fall short of maturities, the market is experiencing rather greater difficulty in finding employment for its funds.

	July 15. 1937	July 7. 1938	July 14. 1938
	%	%	%
Bank Rate	2	2	2
London Deposit Rate	½	½	½
Short Loan Rates:			
Clearing Banks	½–1*	½–1*	½–1*
Others	½	$\frac{5}{8}$–$\frac{3}{4}$	$\frac{5}{8}$
Discount Rates:			
Treasury bills	½	½	½
Three months' bank bills	$\frac{17}{32}$–$\frac{9}{16}$	$\frac{17}{32}$–$\frac{9}{16}$	$\frac{17}{32}$–$\frac{9}{16}$

* Viz. ½ per cent. for loans against Treasury bills and other approved bills and British Government securities within six months of maturity. ¾ per cent. from loans against 1 per cent. Treasury bonds and other gilt-edged stocks within six months of maturity. 1 per cent. for loans against other collateral.

It was announced this week that Messrs William P. Bonbright and Company, a firm established in 1895, are shortly to discontinue their business as banking and discount agents. This news will be received with regret in the City, but it only provides additional evidence of the change in conditions in the discount market, especially in the contraction in the supply of commercial bills.

*

The Bullion Market

There has been a demand for gold this week from all over the Continent. Early in the week it came from France, but later it has become more general. Not all of it is a purely hoarding demand. Since the end of April the sterling price of gold has risen by about 1s. 6d. per ounce, and there is already a certain feeling that it is safe to buy gold "for the rise." This week's heavy turnover and relatively low premium suggest that the authorities are at the moment inclined to release sufficient gold to prevent too abrupt a rise in the price. It was noticeable that Tuesday's hint to the foreign exchange market, referred to in a Financial Note, in no way checked the demand for gold, but on Thursday a little reselling by private holders was noticeable.

Date	Gold: Price per fine oz.	Gold: Prem. or Discount *	Gold: Amt. dealt in	Silver, price per oz. standard: Cash	Silver, price per oz. standard: Two Mths.
1938	s. d.	d.	£'000	d.	d.
July 8	141 1½	3 pm	684	$19\frac{1}{4}$	$19\frac{5}{16}$
„ 9	141 1½	4½pm	278	$19\frac{5}{16}$	$19\frac{3}{8}$
„ 11	141 2	3½pm	878	$19\frac{5}{16}$	$19\frac{3}{8}$
„ 12	141 2⅛	1½pm	1,227	$19\frac{3}{8}$	$19\frac{5}{16}$
„ 13	141 2⅛	2 pm	1,309	$19\frac{3}{8}$	$19\frac{5}{16}$
„ 14	141 2	2½pm	770	$19\frac{5}{16}$	$19\frac{3}{8}$

* Above or below American shipping price.
The New York price of silver remained at 43 cents per ounce ·999 fine during the week.

In the silver market sellers are still holding back, and this, rather than the strength of the dollar, explains the slight increase in the price. There has been some more bear-covering and a little sporadic buying. The London price is still above the dollar parity, and the view is once more expressed that it is too high to be entirely stable.

Investment

London and Wall Street.—Both in London and Wall Street, security prices have this week experienced their first substantial check since recovery began in the middle of June. In London, the volume of business has once again shrunk to exiguous proportions, and industrial share prices have pursued an indifferent course, without deriving temporary support from Wall Street's occasional rallies. Fears that a change in the political wind might shortly displace the comparative calm of recent weeks were encouraged by nervousness in Continental centres. And on the home economic front, the news was little to the investor's liking. On such dismaying evidence of a continued downturn in trade activity as revealed by the steel production figures and the Courtaulds interim dividend, the industrial markets—which had been inclining to the view that some partial recovery in economic conditions might be at hand—came sharply to heel. The gilt-edged market maintained a firm front until Thursday, and gold shares were stimulated by the latest gold rush, in which gold has reached the highest level since the scares began in the spring of last year. Wall Street's behaviour has been quite irregular. Operators at first snatched at every bullish factor, but their calculations have been upset by the accumulation of selling on any setback in prices. On Wednesday, for instance, the whole market was carried to new "highs" for the year, on the "inflationary" Budget figures and expectations of an early reduction in steel wages. But heavy trading in the last hour lowered the Dow Jones industrial average by three points from its temporary "high" of 139.90. Whether the market's intermediate recovery during recent weeks will survive this check will appear in the sequel. Hitherto, Wall Street has resisted profit-taking with every sign of firmness, and the determined resumption of buying has suggested that it reflected a degree of economic recovery known to "insiders" which had yet to be measured in the business indicators. In its absence, the prevailing level of common stocks is certainly higher than earnings prospects would justify. Wall Street's behaviour in the next few days will, therefore, be crucial, and London, where conditions have been much more sedate during the past fortnight, cannot escape its influences.

* * *

Further Unit Trusts.—The present phase of activity in the unit trust formations rivals the movement's growth in the summer of 1935. Its coincidence with rising security prices is not accidental, for progress in the past has always been most rapid when market conditions were favourable. This week the formation of two new trusts has been announced. Unit Investments, a new management group (although part of the management personnel was formerly associated with the Selective group) have introduced the British and Dominion Insurance-Bank Trust—making the third trust of this type. At least one-third of the trust fund must consist of insurance shares, and a similar minimum is laid down for bank shares. The trust is of flexible type, and the managers are free to vary the investments of the fund, subject to limitations that not more than 7½ per cent. of the fund may be invested in one company (apart from trustee securities) and not more than 5 per cent. of the total issue of any class of shares of any company may be held. Changes of investment require certification by the management, although their powers cover the widest contingencies. Reserve or uncalled liabilities may be covered by insurance or from the capital of the fund, which must always exceed 2½ times the amount of the liability. The trust will have a life of twenty years, but it may be terminated earlier with the consent of the certificate holders. The service charges will be 5 per cent. of the market cost of the underlying securities and cash of the fund, *plus* accumulations and expenses, and a semi-annual charge of one-twentieth of one per cent. on the value of the fund on the first day in each distribution period. The attractions of American stocks are emphasised in an announcement of the formation of British and American Securities Trust by the British General group. The custodian trustee (as in two other trusts formed recently) will be Martins Bank.

* * *

The Movement's Development.—Certain reflections are prompted by the increased unit trust activity in recent weeks. The movement appears once again to have entered a phase of aggressive competition which, three years ago, was reflected in the quest for selling pointers rather than the strictest insistence upon investment merit. In the meantime, of course, it has made appreciable progress towards the best standards of practice. The insistence in recent formations that the managers will act solely as fiduciary agents, and not as principals, in transactions in the underlying securities recognises a criticism which the Board of Trade Committee exposed with much force. There is no fundamental reason why the movement should not multiply. Its advantages for the small investor are fully recognised, and its services should be none the worse for healthy competition. The danger, of course, is that competition may exceed the limits of prudence. That would be a calamity for the movement. Imitative competition, for example, might involve a departure from the best investment practice, if it persuaded managers to frame their investment policy to produce ostensibly attractive yields. The Parliamentary Secretary to the Board of Trade, in a statement in Parliament last December, recognised the progress which the movement had made towards the adoption of the Anderson Committee's recommendations. And his announcement, by implication, removed the threat of legislation, at least for a considerable period. But the Anderson Committee examined the movement's position when comparatively few flexible trusts had been formed, and the statement that many of its recommendations have already been carried out by the majority of the trusts (as we pointed out in our recent Unit Trust Survey) applies with rather diminished force to the question of yield calculations. In this and other matters, the movement has, in a real sense, been put on good behaviour, and the safeguarding of the investor's interest should rank at least as high as its legitimate desire to earn satisfactory profits.

* * *

Roumanian Debt Offer.—The proposals which the Roumanian Government has submitted for the service of the external debt for the year from April 1st last are not exciting, but they are at least in the right direction. Three loans are affected. Coupons of the 4½ per cent. gold loan of 1913 and the 4 per cent. consolidated loan of 1922 which fall due between April 1st and September 30th will be paid at the rate of 45 per cent. For the succeeding six months, coupons will be paid at 47 per cent., and will be supplemented by a 2 per cent. payment in compensation for the reduction in the first half of the year. Over the whole period, bondholders will receive, on the average, 47 per cent. of their contractual payments. For the 4 per cent. external loan of 1922, which has priority over other Roumanian debts, an offer to pay coupons on the basis

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£2,250,000		£2,250,000

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ASHLEY SEIGBERT MACLEAN (Joint Managing Director, Macleans, Limited).
MAJOR HARRY EDWARD MEADE, O.B.E. (Joint Managing Director, Macleans Limited).
LOUIS NICHOLAS (Vice-Chairman, Beechams Pills Limited).
SIR PERCY COLEMAN SIMMONS, K.C.V.O., D.L. (Solicitor).
SIR RHYS WILLIAMS, BART., K.C., D.S.O. (Director, Atlas Assurance Company Limited).

Brief particulars relating to the Offer

(1) Beecham Maclean Holdings Limited was incorporated in July of this year to acquire over 90% of the Ordinary Share Capital (3,400,000 fully-paid Ordinary Shares of 5s. each) of Macleans Limited, Manufacturing Chemists.

(2) Macleans owns a number of nationally advertised branded proprietaries and pharmaceutical products including Macleans Peroxide Tooth Paste, Maclean Brand Stomach Powder, Mac Brand Antiseptic Throat Sweets, Clotabs (Halibut Liver Oil Tablets), Lemskin Lemon Hand Jelly, and (through its wholly owned subsidiary, Fynnon Limited) Fynnon Salts.

(3) Beechams Pills was incorporated in 1928. It owns the business of Beechams Pills, founded in 1842 and 98·89% of the Deferred Ordinary Shares in Veno Drug Company Limited. Since incorporation, "Beechams Powders" have been successfully marketed and the Company has acquired the whole of the Share Capitals of the Cicfa Company Limited, Dinneford & Company Limited, Holloway's Pills Limited, Iron Jelloid Company Limited, Lintox Limited, Natural Chemicals Limited ("Phyllosan") Limited, and Phosferine (Ashton & Parsons) Limited, and the whole of the Ordinary Share Capital of Prichard & Constance (Manufacturing) Limited ("Amami") and A. F. Sherley & Company Limited, and a controlling interest in Phensic Limited.

(4) Beechams Pills Limited has unconditionally guaranteed the dividend on the 5 per cent. Redeemable Cumulative Preference Shares of Beecham Maclean Holdings Limited, as stated in the Offer for Sale, and if the profits of Beechams Pills Limited for the year ended 31st March, 1938 (ascertained as stated in the Auditors' Certificate published in the Offer for Sale), are added to the proportion of the profits of Macleans Limited for the year ended 30th June, 1938 (ascertained as stated in a Joint Certificate given to Macleans Limited by Messrs. Fitzpatrick, Graham & Co., the Auditors of Macleans Limited, and Messrs. Price, Waterhouse & Co.) attributable to the ordinary Shares of Macleans Limited agreed to be acquired, the total will COVER THE ANNUAL DIVIDEND ON THE REDEEMABLE PREFERENCE SHARES OF BEECHAM MACLEAN HOLDINGS LIMITED OVER 10 TIMES.

(5) The Directors are aware of firm applications upon the terms of the Offer for Sale for 500,000 shares and these applications will be accepted in full.

Full Particulars of the Offer for Sale (upon the terms of which alone applications will be considered), and Forms of Application, can be obtained from the

BANKERS:

COUTTS & CO., 440, Strand, London, W.C.2, or 15, Lombard Street, London, E.C.3, and Branches.
NATIONAL PROVINCIAL BANK LIMITED, New Issue Department, 15, Bishopsgate, London, E.C.2, and Branches.
MIDLAND BANK LIMITED, Poultry, London, E.C.2, and Branches.

BROKERS:

JOSEPH SEBAG & CO., 22, Old Broad Street, London, E.C.2, and Stock Exchange, London.
MYERS & CO., 19, Throgmorton Avenue, London, E.C.2, and Stock Exchange, London.

THE COMPANY AT ITS REGISTERED OFFICE:
68, Pall Mall, London, S.W.1

and from

PHILIP HILL & PARTNERS LIMITED
Kingsbury House, King Street, St. James's, London, S.W.1.

of 63 per cent. for this period has been accepted by the Bondholders' Associations, and the Roumanian Government has undertaken to make a supplementary payment of £19,455. These amounts are calculated to represent interest at 3.92 per cent. per annum. The June coupon will be paid on the basis of 60 per cent., with £9,727 10s. from the supplementary amount, while the December coupon will receive 63 per cent. of face value, together with the extra 3 per cent. held over from June, and the remainder of the supplementary cash payment. The immediate increase in the exchange liabilities of Roumania is therefore small, and the full benefit of the agreement will not be obtained until the second coupons due in the year are presented. It appears, in fact, to be a strictly provisional arrangement, pending the negotiation of a long-term settlement. Bondholders will hope that the Roumanian authorities will make the best use of this interim period.

Company Notes

Courtaulds Dividend Shock. — On Wednesday, Courtaulds £1 stock units closed in official hours at 35s. When the "Street" market dispersed, they stood no higher than 29s. 9d., and had touched 29s. Most dealers had expected the maintenance of the interim dividend at 3½ per cent., and the sharp cut in the payment to 1½ per cent. came as a serious shock, whose influence spread to other markets on Thursday. The news that even this payment was not fully covered by earnings for the period—for the interim dividend has been met only by supplementing the balance of net profit with a draft on the balance brought forward from 1937—is indeed disturbing. Investors, it is true, had made their preparations for smaller profits from Courtaulds for the current year, and the stock has for several weeks been at the mercy of "bear" operators. The company's American interests (which last year distributed a greater sum in dividends than they had earned) were known to be seriously affected by the recession. The directors, in fact, describe American operations as "quite unremunerative" during the first half of the year. In this country a serious falling off in sales has occurred, and high production figures in recent months have only implied a greater accumulation of stocks. The setback in the home market has been responsible for the decision of the board to postpone the commencement of operations at the new Preston factory. And the directors' dividend announcement concludes with the grim reminder that the evidence of business improvement is vague, and that even if trade recovered, only the last few months of the current year could benefit.

* * *

It is evident, therefore, that the current year will be one of the worst in the company's history. Last year it earned £1,973,892 for the ordinary capital, after taxation, and the 10½ per cent. dividend was covered with a small margin. Since the directors have been compelled to draw on the credit balance at profit and loss to pay the 1½ per cent. interim, it may be calculated that equity earnings for the latest half-year, on a similar basis, cannot have exceeded £261,000. In addition to its trading profit, however, the company derives income from nearly £15¼ millions of British Government and other securities. Assuming that the average yield on these holdings is 3½ per cent., they would appear to have contributed some £192,000 after income tax towards the maximum earnings figure given above. It is quite possible, in fact, that short of a spectacular recovery (of which the directors see no sign) the full dividend for the current year may be well under half the total for 1937. And even when due allowance is made for the company's prospects of expansion in the long period, it is equally possible that the ordinary stock has yet to find its lowest level.

* * *

Gaumont-British Report.—In 1936, shareholders declined to approve the Gaumont-British Picture Corporation's accounts until a consolidated balance sheet had been placed before them. At last year's meeting, the chairman explained the absence of a consolidated statement by the fact that as many as possible of the 100 subsidiary and associated companies in the group were being consolidated. When this programme has been achieved, the board would give their immediate attention to the preparation of a consolidated statement. The latest report, to March 31, 1938, shows that 76 per cent. of the Corporation's book assets, totalling slightly over £13 millions, consists of shares and debentures in, or amounts due from, subsidiary companies, and it is unaccompanied by any consolidated statement. Considerably higher profits for 1937-38 were forecast by the chairman at last year's meeting. The accounts show, in fact, that reported profits, including investment income (and in the latest year profit on redemption of debenture stock) have increased from £561,702 to £684,032—an increase of 21.8 per cent. But this figure is subject to certain qualifications. It is charged with a provision of £50,332 for losses arising from certain subsidiary and associated companies. Secondly, the increased dividend of 22½ per cent. paid by Provincial Cinematograph Theatres (compared with 15 per cent. for the year to January, 1937) was not quite fully covered by earnings, which fell from 25 per cent. to 22.2 per cent. during the year. Profits from directly-owned theatres and dividends from theatre-owning subsidiaries were in fact lower than in the previous year, and marked a decline in their combined earning power. Gaumont-British Distributors, which operates in conjunction with General Film Distributors, has experienced "a satisfactory year," but its contribution to the Corporation's revenue is not disclosed. The substantial dividend received from Bush Radio is also unspecified in the report.

* * *

After provision for increased taxation, debenture service, and depreciation (which receives £42,498 against £13,951 in the previous year) the preference dividend is covered with a margin of £41,845. The balance sheet reveals that the Corporation's bank overdraft had been reduced from £819,778 to £373,991 at the end of the latest financial year, and the reduction in amounts due from Gaumont-British Distributors appears to account largely for the reduction in the amount due from subsidiaries from £1,118,051 to £629,668. Free cash balances, however, are still no higher than £1,395. From the report alone, it is difficult to frame any confident conclusions regarding the revenue prospects for the Corporation, for the chairman of Provincial Cinematograph has pointed out that last year's increased distributions may not be repeated. Indeed, the fall in theatre earnings, on which the Corporation is now largely dependent, is not of hopeful augury for ordinary shareholders. And, on the longer view, the latter cannot rule out the possibility of a capital reorganisation, if the Corporation's earning power proves to be permanently reduced.

* * *

Further Bank Dividends.—With one exception, this week's further bank interim dividends complete the story of "No change" whose beginning was told on page 81 of last week's issue of *The Economist*. Lloyds Bank "A" shares again receive 6 per cent. actual and Williams Deacon's "A" shares and "B" shares (the majority of which are held by the Royal Bank of Scotland) receive 6¼ per cent. The exception is more apparent than real. District Bank have increased the interim distribution on the "A" and "C" shares from 8⅓ per cent. to 9⅜ per cent. Last year's final dividend, however, had already been raised to this higher rate. In the following table we set out the latest dividend position, and share prices of these banks.

HOTEL WESTMINSTER
FULL BOARD From 27/6
Le Touquet

BANK DIVIDENDS AND SHARE PRICES

Company and Shares	1937 Interim	1937 Year's Total	1938 Interim	Price July 14, 1937	Price July 13, 1938	Yield % July 13, 1938
	%	%	%	s. d.	s. d.	£ s. d.
Lloyds "A" £5 (£1 pd.)	6	12	6	61 0	61 6	3 19 9
District "A" £5 (£1 pd.)	8⅓	17½	9⅜	90 0	88 9	4 4 3†
Williams Deacon's "A" £5 (£1 pd.)	6¼	12½	6¼	45 0x	48 9	4 3 3
Union Discount £1	3¾	10	3¾			

† Based on an 18⅓ per cent. dividend.

Union Discount completes the discount company payments with the usual interim distribution of 3¾ per cent. Bank shareholders have reason for satisfaction with the course of prices during the year to date. According to the Actuaries' Index, bank and discount shares stand at the same level as at the beginning of the year, the index figure being 114.6 (December, 1928=100). Their average yield has declined from 4·12 per cent. to 4·06 per cent. during the same period, compared with a similar decline in the yield on 2½ per cent. Consols from 3·36 per cent. to 3·29 per cent.

* * *

United Dominions Trust.—A year ago, the Bank of England relinquished almost entirely its financial interest in the United Dominions Trust, by offering 150,000 4½ per cent. £1 preference shares at 20s. 6d. to the existing ordinary shareholders. At the same time, the Trust decided to broaden its capitalisation, and issued 75,000 £1 ordinary shares to existing holders, at £4 10s. each. In February last, it issued a scrip bonus of one new ordinary share for every £5 stock held. The consequences of these changes are plain in the latest report. Under the friendly interest of the Bank of England, the Trust and its subsidiaries have made further impressive strides. For the group as a whole, bills receivable and notes on hand have jumped from £6,255,122 to £7,420,107. Loans and acceptances increased from £1,700,000 to £2,210,749, while current, deposit and other accounts advanced by slightly over £300,000 to £3,902,789. Loans and acceptances now represent 24.4 per cent. of the consolidated balance sheet total, compared with 21.9 per cent. a year ago, while the respective percentages for current and deposit accounts are 43.0 per cent. this year and 46.3 per cent. a year ago. This progress is impressive. The investor has every reason for satisfaction with the group's achievement. Profits, after rebate and contingencies, rose from £201,802 to £213,248, and although this increase was not sufficient to cover the higher tax charge, the 17½ per cent. dividend (of which the 11½ per cent. final was paid on £600,000 ordinary capital) is covered by earnings of 28.2 per cent. United Dominions Trust (Electric) paid an increased dividend of 15 per cent. (against 10 per cent.), while Continental Guarantee paid 5 per cent., Credit for Industry 1½ per cent., and British Medical Finance 2½ per cent. United Dominions Corporation (South Africa), which was formed in the previous year, has made satisfactory progress, and its paid-up capital has been increased to £S.A.250,000. It is evident that the group's star is still in the ascendant. The £1 ordinary stock units, now quoted at 81s. 3d., yield £4 8s. 9d. per cent.

* * *

Aircraft Company Profits.—Aircraft shares have not been helped by this week's profits, largely because the market was guilty of expecting too much, and not through any defect in the results themselves. The Bristol Aeroplane dividend, increased from 22½ per cent. to 25 per cent., disappointed the optimists, but the report, which shows a 38 per cent. increase in total earnings to £537,393, was regarded more favourably. After the provision of £185,000 (against £80,000) for taxation, ordinary share earnings amount to £322,079, against £272,213. Substantial increases in debtors (from £529,241 to £1,360,773) and in stocks (from £1,406,767 to £1,740,913) are accompanied

Preliminary Statement

REGIS PROPERTY
COMPANY LIMITED
(Incorporated under the Companies Act 1929)

Authorised.	SHARE CAPITAL - £1,000,000	*Issued and fully paid*
£500,000	in 500,000 5½ per cent. Cumulative Preference Shares of £1 each	£362,500
£500,000	in 500,000 Ordinary Shares of £1 each	£362,500
£1,000,000		£725,000

	LOAN CAPITAL:	*To be Issued*
£675,000	4½ per cent. First Mortgage Debenture Stock	£675,000

The List of Applications will be opened and closed on Wednesday, the 20th July, 1938, for an

OFFER FOR SALE AT PAR OF

250,000 5½ p.c. Cumulative Preference Shares of £1 each

and

100,000 Ordinary Shares of £1 each.

PARTICULARS CONTAINED IN THE OFFER WILL SHOW *INTER ALIA* THAT:—

1. The Company has been formed to acquire twenty leasehold and freehold properties in the London area, comprising Offices, Shops, Flats and Garages. The properties which have been developed as permanent investments have been erected within the last few years and provide the necessary amenities required in modern accommodation. The flats, of which there are 1,547, have an average rental value of less than £135 per annum.

2. The schedule of rents and charges shows that the gross revenue under existing leases and agreements is £234,191 per annum, and that when lettings have been effected to produce 95 per cent. of the whole, the gross revenue will be £262,862 per annum.

The net revenue from the properties as estimated by the valuers on the basis of lettings having been effected to produce 95 per cent. of the total gross revenue is £128,678 per annum. After payment of all charges and administration expenses, there should remain a net profit, subject only to N.D.C. (estimated at £3,350) and Income Tax, of £58,035 per annum. This sum is sufficient to cover the dividend on the issued Preference Shares over 2¾ times, leaving a balance after deducting the amount of such Preference dividend but before providing for N.D.C. and Income Tax equivalent to over 10½ per cent. on the issued Ordinary Share Capital and after providing for N.D.C., as estimated, equivalent to over 9½ per cent. on such Ordinary Capital.

Mortgages amounting to £524,705 are redeemable by monthly instalments. Such repayments in the first year will amount to approximately £10,228.

3. Real Property & Finance Corporation Ltd. has guaranteed to the Company that for each of the three years ending July 10th, 1939, 1940 and 1941, the annual net income derived from the properties will be at the rate of not less than £128,678 per annum, the total liability under such guarantee being limited to £50,000.

4. The value of the assets of the Company is £1,986,000, which after deduction of Debenture Stock (£675,000) and Mortgages, (£558,170), leaves an excess of £752,830.

On this basis the issued preference share capital is covered more than twice and, after deducting the amount of such preference share capital, the balance is equivalent to over 21s. 6d. per issued Ordinary Share of £1.

DIRECTORS:

THE RT. HON. LORD KENNET OF THE DENE, P.C., G.B.E., D.S.O., Chairman.
AYNSLEY VERNON BRIDGLAND (Director of United City Property Trust Limited).
VINCENT ALPE GRANTHAM (Director of Forbes, Campbell & Co. Limited).
RALPH EDWIN HABBEN, F.C.A. (Director of The Beaumont Property Trust Limited).
PATRICK VVO HUGH SMITH (Director of Mid-Lincolnshire Electric Supply Company Ltd.).

Copies of the Offer for Sale are available and may be obtained together with forms of application from:—

BANKERS:

LLOYDS BANK LIMITED, 72 Lombard Street, London, E.C.3, and Branches.

BROKERS:

BOWER & WREY, Kent House, Telegraph Street, London, E.C.2, and Stock Exchange.
GAMON & STACEY, 30 Exchange Street East, Liverpool, 2, and Stock Exchange.

and from

REAL PROPERTY AND FINANCE CORPORATION LIMITED

Rex House, 38 King William Street, London, E.C.4

by the appearance of a bank loan of £491,915. The general growth in activity which these figures reflect may thus be marked by a further issue of capital in the future. A new holding of shares in an associated company, amounting to £70,000, presumably arises from the formation of Rotol Airscrews. The desire to bring the company's capitalisation into line with the assets employed was emphasised last week by Handley Page, whose 50 per cent. scrip bonus follows a 100 per cent. scrip bonus last December. In recent years profits have expanded rapidly, and the preliminary announcement shows that net profits last year, at £210,126, were more than twice those for 1936. A final dividend of 20 per cent., tax free, on £248,930 of ordinary capital, together with an interim of 10 per cent., less tax, on £124,465, represents about 65.2 (against 50) per cent. on the ordinary capital before last December's bonus.

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Blackburn Aircraft was largely concerned last year in building up equipment to the required capacity and degree of efficiency, and the chairman refers to the year as one of the most difficult in the company's history. In view of the amount of preparatory work, the rise from £124,769 to £139,657 in total profits is satisfactory. Fixed assets have almost doubled and the gross value of stock has risen from £548,200 to £1,234,268, with a resulting increase in the depreciation provision. A bank loan of £321,881 is shown in the balance sheet. Aircraft components makers have also shared in the first real fruits of the expansion programme. Aircraft Components, who specialise in landing equipment, have earned £35,407, against £20,630 (for 13 months), and although the taxation provision is doubled, net earnings amount to 15.9 against 9.8 per cent. on the share capital. Surplus earnings are largely employed to write down patents by £12,000. Future expectations appear to be measured in the decision of the directors of Airscrew to distribute a 25 per cent. share bonus, for profits were sharply reduced from £40,200 to £22,415 for the year to March, and the ordinary dividend from 30 per cent. to 20 per cent.

★ ★ ★

International Tea Problems.—Shareholders in International Tea Company's Stores at last Tuesday's meeting heard a full explanation of last year's further fall in profits (discussed on page 81 of *The Economist* of July 9th). Mr Guy Collier disclosed the interesting fact that many articles were being sold at a satisfactory rate of gross profit, and that price-cutting was confined to no more than half-a-dozen commodities. But the latter, which include butter and sugar, were precisely those which were handled in large quantities. In common with most members of the Multiple Shops Association, the company had entered into an agreement with the Shop Assistants' Union for an increase of wages in November last. Mr Collier estimated that the extra wages involved in 1937-38 would have represented another 3 per cent. for ordinary shareholders, while N.D.C., which appeared in the accounts for the first time, represented a further 2 per cent. in terms of the ordinary capital. Although the company's turnover is still increasing, it is unlikely that its old prosperity will be restored until profits margins are more satisfactory. The present state of competition in provision retailing lends little support for such hopes in the near future.

★ ★ ★

Powell Duffryn Prospects.—Mr. E. L. Hann discussed the position of the Powell Duffryn group and the prospects for the coal industry at large with commendable frankness at this week's meeting. Last year, Powell Duffryn Associated Collieries obtained an increase of £32,602 in profits, and paid increased participation dividends to Powell Duffryn Steam Coal and Welsh Associated Collieries. Mr Hann described this increase as "satisfactory," for costs of production had risen; the company's wages bill increased by £1,400,000 last year (of which part, of course, was due to increased output); and increased rail charges since 1933 had increased the cost of Welsh export coal by approximately 5½d. per ton. The Powell Duffryn group is closely interested in the prosperity of export coal business. And the contraction in demand this year is expected to widen the price differential between export and domestic markets. Those investors interested in companies serving the inland market may also note that Mr Hann forecast severe tests for the Selling Schemes during the next few months, since the Control Boards must accommodate themselves to falling demand. He refused to admit, however, the likelihood of a severe trade reaction. The group has effected considerable measures of internal reorganisation in recent years, but these cannot be expected to outweigh the adverse consequences of diminished home and export trade. A current yield of nearly 8¼ per cent. on Powell Duffryn Steam Coal ordinary shares obviously recognises this point.

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Anglo-Ecuadorian Oilfields.—The announcement that the points at issue between Anglo-Ecuadorian Oilfields and the Ecuadorian Government have been settled was followed by a slight setback in the £1 ordinary stock units to 19s. 9d. The key to this reaction is to be found in a sentence of the directors' announcement, which points out that the effect of increased taxation under the new agreement will be serious, although the board thinks that, "provided crude oil prices are maintained, there is every prospect that the company will be able to continue the payment of dividends." The Ecuadorian Government have made it plain that allegations of misfeasance against the company were unofficial and unproven, and the company continues to enjoy the confidence of the Government. Thus, the directors' forecast, made last March, that confiscatory proceedings such as those in Mexico need not be feared, has proved correct. But the company's future burdens will, nevertheless, be substantially increased under the new contract. As from January last, the rate of royalty on crude oil production has been increased from 7 per cent. to 10 per cent. The company's import franchise has been cancelled, although some of the items which it imports into Ecuador will be placed on the free list. Finally, the exemption from income tax which the company has enjoyed hitherto is revoked, and it has been called upon to pay tax, at the rate of 8 per cent., for 1935, 1936 and 1937. It is difficult accurately to estimate the potential effect of these changes upon the company's earnings position. A rough estimate suggests that, on production proceeds for the year to June, 1937, the increased royalty would involve about £12,000, while the Ecuadorian tax liability might amount, at most, to about £32,000, assuming that it was assessed on the basis of net operating income. The payment of four years' tax liability will represent an unusual drain on the current year's available profits, but, subject to the course of the oil market, the increased charges would normally leave fair prospects for the stockholders. So far as they can be estimated, in terms of the 1936-37 profits, they would appear to represent less than 3 per cent. on the company's capital. But the settlement has political implications which oil shareholders generally can scarcely afford to ignore.

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The Week's Company Profits.—Our usual analysis of profit and loss accounts on page 156 includes the results of 39 companies, apart from new concerns, or those for which comparable figures last year are not available. The latest net profits of these companies amount to £3,668,000 and show an increase of 5½ per cent. over the previous year, when they amounted to £3,475,000. The total profits of 1,554 companies analysed this year amount to £223,378,000 and show an increase of 12 per cent. over the previous year's total of £199,454,000. This week's results are discussed on page 139 under the heading "Shorter Comments."

★ ★ ★

Company Meetings of the Week.—Reports of company meetings will be found in this issue commencing on page 146. Mr E. L. Hann's survey at the *Powell Duffryn Associated Collieries* meeting is discussed in a Note on page 134. The difficulties experienced in making wheat purchases last year were discussed by Mr A. H. Dence at the *Hovis* meeting. Mr. E. Russell Polden reminded shareholders of *Amalgamated Dental* of the highly competitive nature of the trade, which the company endeavoured to meet by the sale of high quality goods and by organised research. Mr Horace Boot informed shareholders of *Eastwoods Flettons* that contracts for Government work and for investment and industrial building were engaging more of the company's attention than hitherto. At the *Covent Garden Properties* meeting, Mr Philip E. Hill discussed the recent purchase of properties costing £1,236,229, and reported that advantageous offers for certain of the company's properties had been accepted. Members of the *Trustees Corporation* were informed by Mr W. Sandford Poole at the annual meeting that most of the increased investment revenue had been derived from home securities. Sir Frederic Hamilton declared that developments in connection with Luipaards Vlei, the most important mining interest of *H.E. Proprietary*, were extremely encouraging. As the largest shareholders, they had no hesitation in approving the scheme for an extensive development programme which would cost £1,750,000. At the *Kuala Muda Rubber Estate* meeting Sir Francis M. Voules referred to the remarkable improvement in the rubber position since the middle of May. Sir Godfrey B. H. Feel disclosed that the *Thistle-Etna Gold Mines* would shortly increase their crushing capacity to 48,000 tons a year. Sir Reginald Wingate described the outlook for *Tanganyika Concessions* as brighter to-day than ever before.

THE STOCK EXCHANGES

London

SETTLING DAYS

TICKET	ACCOUNT
JULY 19	JULY 21

THE market this week has been much less assured. Gilt-edged and Kaffir shares have made some progress, but the course of industrial shares, home rail stocks and foreign bonds has been much less impressive. In part, Wall Street's irregular course may take the blame, but specific factors bearing on the London market included political restiveness, reflected from certain Continental centres, and a number of bearish industrial pointers, including a sharp fall in steel output in June, and the shock of the Courtaulds interim dividend announcement.

Undated *gilt-edged stocks* fell at the outset on profit-taking, but regained a firmer tone in mid-week, when the success of the Bournemouth issue assisted the market. War Loan led the recovery, and smaller gains were shown by Old Consols and Local Loans. These gains, however, were all lost in Thursday's reaction. New Zealand stocks continued an uneasy market, and fears that restrictions on remittances might be imposed led to a widening of quotations. Australian stocks were better, and the new 3¾ per cent. scrip reached par for the first time.

In the *foreign bond market*, further falls were registered in German and Austrian bonds, for the market was unwilling to take stock. By mid-week, substantial falls had been registered in Young 4½ per cents. to 39¼, and in Dawes 5 per cents. to 52½. Buenos Ayres loans received better support, but Brazilian bonds continued heavy. Far Eastern bonds staged a partial mid-week recovery.

★

Among *home rail* stocks, the approach of the interim dividend season caused a subdued opening, and small selling resulted in fairly sharp falls. The week's traffics produced a further fall, although prices closed above the worst. Despite the small volume of business, Argentine rail stocks made a slight improvement in mid-week.

The *industrial market* lost much of its impetus towards recovery, and though prices on the whole were not seriously lower, the tendency became more irregular than in recent weeks. Iron and steel shares weakened, particularly after the publication of the June output figures, but losses were not substantial. Coal shares were also dull, at lower prices. Interest in the electrical equipment section was centred in Crompton Parkinson and Callenders on rumours of a deal between the two companies. Both shares went ahead, but became more irregular in mid-week on profit-taking. Other electrical equipment shares fluctuated, but the tone was generally satisfactory. Electric supply issues were better than in recent weeks. Motor shares became firmer after a poor start, and aircraft issues similarly went ahead on Wednesday after the Bristol report, which made amends for the disappointing dividend. Courtaulds fell back slightly in anticipation of the interim dividend (discussed on page 132), dropped sharply on the actual announcement from 30s. to 29s. 9d. in Wednesday's "Street" market and fell further to 28s. 6d. on Thursday. Other textile issues improved slightly after early neglect. The shipping group brightened slightly after early dulness. Miscellaneous shares followed the general trend with dull conditions and narrow price movements. Beechams deferred responded to the news of amalgamation with Macleans, but reacted later.

★

Business in *oil shares* showed some signs of expansion in mid-week, but quiet conditions prevailed at first. News from Wall Street was the main influence, and Continental dealings were too scattered to affect prices. Turnover in rubber shares remained restricted. Quotations on Monday were mostly unchanged, and although a later tendency to weakness was soon reversed, firmer prices were not accompanied by any marked increase in business. Tea shares were quiet and irregular.

Though prices held up well, conditions in the *mining market* were dull, with little business passing except for a small revival in activity in mid-week. Kaffirs started the week more quietly than for some time past, but quotations were marked up moderately later, and there was some return of interest in developing mines. Rhodesian copper issues were irregular, and other base metal shares undecided.

"FINANCIAL NEWS" INDICATORS

1938	Total Bargains‡	Corres. Day 1937	Security Indices: 30 ord. shares*	Security Indices: 20 fixed int.†
July 8	6,470	8,555	89·4	130·0
July 11	6,270	9,415	88·7	130·0
July 12	6,200	7,255	88·0	130·0
July 13	6,300	8,390	87·8	130·0
July 14	6,085	7,965	86·4	129·9
1938				
High...	...	...	*97·2*	*131·0*
			Jan. 12	*Feb. 4*
Low...	...	...	*79·4*	*126·9*
			Mar. 16	*Mar. 17*

‡ Approx. total recorded in S.E. List. * July 1, 1935 = 100. † 1928 = 100.

ACTUARIES' INVESTMENT INDEX

A further slight rise on last week is shown by the Actuaries' Index of 151 ordinary share prices, which on Tuesday, July 12th, stood at 67·9, compared with 67·6 a week ago and 63·4 a month ago. The corresponding average yield on Tuesday last was the same as a week ago at 5·72 per cent. A month ago it was 5·99 per cent. A selection of the separate indices follows :—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100): June 14, 1938	July 5, 1938	July 12, 1938	Prices, High 1938
Insurance (10)	112·0	117·1	119·5	121·5
Cotton (6)	25·6	28·0	28·9	37·1
Elec. light and power (16)	119·3	120·6	121·4	121·4
Elec. mfg. (12)	112·4	120·8	124·1	126·7
Motors (6)	32·0	35·8	36·9	39·0
Home Rails (4)	48·1	49·9	47·8	71·0
Shipping (6)	13·7	15·8	16·0	19·5

Group	Yields (%): June 14, 1938	July 5, 1938	July 12, 1938	Prices, Low 1938
Insurance	3·79	3·63	3·56	110·8
Cotton	3·21	3·05	3·01	25·5
Elec. light and power	4·55	4·50	4·61	114·8
Elec. mfg.	6·05	5·73	5·59	111·1
Motors	7·43	6·61	6·45	32·0
Home Rails	6·94	6·80	7·10	47·8
Shipping	4·02	3·96	3·91	13·7

New York

WALL STREET'S recovery is no longer so effective, and this week's movements have been more erratic than at any time since recovery began in June. Monday saw a moderate reaction, mainly on profit-taking, but there was also some slackening of investment interest. Then a pronounced rally, under the lead of steels, brought prices above those prevailing at the end of last week, and trading volume expanded satisfactorily. This upswing continued on Wednesday, partly on the inflationary interpretation of the revised Budget figures. The Dow Jones industrial index touched a new 1938 high of 139.90, but prices broke sharply in the last hour, bringing the index down 3 points. The worst feature of this setback was the rise in trading volume as prices fell. Steel shares were the most active group. *Iron Age* estimates output at 32 per cent. of capacity, but the market is paying more attention to the price structure and to the chances of reducing wages than to output. Steel shares

(*Continued on page* 138)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields of fixed interest stocks 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 increase or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1937 Highest	Lowest	Prices, Year 1938 Jan. 1 to July 13, inclusive Highest	Lowest	Name of Security	Price July 13, 1938	Change since July 6, 1938	Yield July 13, 1938 £ s. d.
				British Funds			
84 13/16	73⅛	79¼	71	Consols 2½%	76	−¼	3 5 9
113	105¾	111¾	107	Do. 4% (aft. 1957)	110¼	−¼	3 5 3n
101⅝	94⅝	100¼	96	Conv. 2½% 1944-49	100	...	2 10 9
103 9/16	97⅝	103¼	99	Do. 3%, 1948-53	102½	...	2 15 6
106 25/32	99	104⅝	98¼	Do. 3½% after 1961	103¾	...	3 5 6n
108	105	105	104 3/16	Do. 4½% 1940-44	105	...	1 19 0
117½	111¼	115⅝	112¼	Do. 5% 1944-64	114½	...	2 11 0
92½	89	91½	87⅝	Fund. 2½% 1956-61	91¼	−¼	3 1 3
96⅞	89⅞	97 13/16	94	Fund. 2¾% 1952-57	96¾	−¼	2 19 9
101⅝	92⅞	99 5/16	95⅛	Fund. 3% 1959-69	98¾	−¼	3 1 9
116⅝	109	114⅞	110½	Fund. 4% 1960-90	114½	+¼	3 1 0
99 3/16	96	101 9/16	97¾	Nat. D. 2½% 1944-48	101¼	−¼	2 6 9
114¾	107⅛	112 15/16	107¾	Victory Bonds 4%	112¾	+½	3 11 0f
105 15/16	99⅝	103⅝	99½	War L. 3½% af. 1952	103⅛	−⅛	3 3 9n
96⅞	84 3/16	90⅛	84⅛	Local Loans 3%	89	−½	3 7 5
102	99½	102	99½	Austria 3% 1933-53	101x	−½	2 18 4
72	62	68	63¼	India 2½%	68½	+½	3 13 0
85¼	74¼	82¼	75	Do. 3%	81½	+½	3 13 7
98¾	87	95⅝	88½	Do. 3½%	95	+1	3 13 8
119½	112¼	117	114¾	Do. 4½% 1958-68	116	+½	3 8 0
				Dom. & Col. Govts.			
109⅞	105	108⅞	104¾	Austr. 5% 1945-75	106	+1	4 0 0
105⅜	101	104 15/16	100¼	Canada 4% 1940-60	103	...	3 6 0
118	114½	115	112⅞	Nigeria 5% 1950-60	113x	...	3 12 9
110	104¼	108	101¾	N. Zealand 5% 1946	104	+1	4 8 0
107⅜	103¼	107 19/32	102	Queens. 5% 1940-60	104	...	3 7 6
114⅛	110½	112 13/16	109¾	S.Africa 5% 1945-75	110	...	3 7 5
				Foreign Governments			
103	93	96½	88½	Arg. 4½% Stg. Bds.	89x	...	5 1 2f
105½	97¾	102	24	Austria 1930 5%	47½	−7	10 10 6
91¾	84¼	89	48	Do. 4½% 1934-59	66	−4	7 17 8
102⅛	95¼	99	95	Belg. 4% red. by 1970	98	...	4 1 4
33¼	24½	34½	31½	Bulgaria 7½%	34½	+1	7 4 11m
89¾	37	37½	16	Brazil 5% Fd. 1914	20½	...	Nil
28	15	19⅝	16¼	Chile 6% (1929)	18½	...	4 4 6v
95¾	54½	60½	40½	China 5% (1912)	49½	+2	10 2 0f
101⅞	59	73½	43	Do. 5% (1913)	64½x	+3	7 15 0f
108⅜	101½	105¾	58	Czechoslovakia 8%	76½	...	10 7 0f
100	92½	98½	94	Denmark 3%	97½x	...	3 2 0f
106½	100½	104	100¼	Egypt Unified 4%	102½	+½	3 17 6
18½	11	13	9¼	French 4% (British)	10½	...	5 10 0e
66	52¾	60	43½	Ger. Dawes Ln. 5%	54½	−1½	9 3 6
49¼	35	46	32½	Do. Young Ln. 4½%	40	−6	11 5 0
40¾	30	34½	25	Greek 6% Stab. Ln.	32½	−1	7 11 6w
62	47⅛	58½	30	Hungary 7½%	43½	−1	8 12 3h
88¾	53	60	38	Japan. 5½% 1936-65	48½x	...	11 6 9f
94¾	57½	64½	43	Do. 6% ('24) red. 1959	49x	...	12 4 9f
121¾	110½	124	115	Norwegian 4% 1911.	117½	...	3 8 0
61½	40¾	50	36	Peru 7½% 1922	47½	...	...
83	56	75½	54	Poland 7%	75½	+5½	7 5 8s
20½	13	15¾	11	Roum. 4% Con. 1922	15½	...	12 3 0y
96⅝	88¼	92	78	U.K. & Arg. C. 3%	81	...	3 14 1
				Corporation Stocks			
118	111½	115¾	110½	Bir'ham 5% 1946-56	113	+½	3 4 0
118¾	112¾	117	112	Bristol 5% 1948-58	115	...	3 5 0
95¼	82½	87½	83	L.C.C. 3%	87	...	3 9 0
101	93	97½	94	Liverpool 3% 1954-64	96	...	3 5 0
104⅝	100⅝	105⅛	101½	Middx. 3½% 1957-62	104	...	3 4 9

Prices, Year 1938 Jan. 1 to July 13, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, July 13, 1938	Change since July 6, 1938	Yield July 13, 1938 £ s. d.
				Public Boards			
115½	110½	2½	2½	C. Elec. 5% 1950-70	114	...	3 14 8
				Lon. Pass. Transport			
119½	112	2¼	2¼	4½% "A" 1985-2023	117½	+1	3 12 0
129¾	125	2¾	2½	5% "A" 1985-2023	128½	+1	3 11 0
122⅝	116½	2½	2½	5% "B" 1965-2023	118½	...	3 14 0
84	73¼	2¾b	1½a	"C" 1956 or after	76	+1	5 11 10
92	85	1½	1½	Met. W.B. "B" 3%	92	+1	3 5 0
118	114¼	2½	2½	P. of Lon. 5% 50-70	116	...	3 7 0
				British Railways			
65	44½	½a	3½b	G.W. Ord.	45	−2	8 17 9
4⅝	2¼	Nil	Nil	L. & N.E.R. Def.	2¾	−¼	Nil
8⅝	4⅜	Nil	Nil	Do. 5% Pref. Ord.	4¾	−¼	Nil
97	70½	1¼a	3¾b	Do. 5% Pref. 1955	73½	−½	7 18 0
27⅛	13⅜	½c	1¾c	Do. 4% 2nd Pf.	13½	−1½	12 19 3
68¼	42½	1a	3b	Do. 4% 1st Pf.	43	−2	9 6 0
30⅛	15⅜	1¼c	1½c	L.M.S. Ord.	15½	−1	9 13 7
70¼	44	4c	4c	4% Pf. 1923	44	−2½	9 1 9
82¼	62¼	2a	2b	4% Pf.	65½	−1	6 2 2
21⅜	15⅞	½c	1½c	Southern Def.	16	−1	9 7 6
87	64	2a	3b	Do. 5% Pf. Ord.	68	−1	7 7 0
115½	104½	2½a	2½b	Do. 5% Pf.	109½	+1½	4 10 0
				Dom. & Foreign Rys.			
14	7 7/16	Nil	Nil	Antofagasta Ord.	11	+1	Nil
6½	3⅝	Nil	Nil	B.A. & Pac. Ord.	5	...	Nil
17	8¾	Nil	Nil	B.A. Gt. Sthn. Ord.	13	−1	Nil
12½	6⅛	Nil	Nil	B.A. West. Ord.	9	−1	Nil
13¼	6½	Nil	Nil	C. Arg. Ord.	9	−1	Nil
8⅞	5	Nil	Nil	Can. Pac. Com. $25	7	−⅛	Nil
28½	25¼	2c	2c	Costa Rica Ord.	26½	...	7 10 11
43/9	33/9	Nil	1c	Nitrate Rlys. £10	40/-	...	5 0 0
66	35	†2a	†2b	San Paulo Ord.	41	−2	9 15 3†
16/3	14/3	1c	1c	Taltal Rly. Ord. £5	15/-	...	6 13 3
				Banks and Discount			
75/6	59/-	10b	7½a	Alexanders £2, £1 pd.	66/3x	+2/9	5 6 0
35/-	32/6	5a	5b	Bk. of N. Zealand £1	35/-	...	4 11 5e
352½	330	6a	6b	Bk. of England	349½	+3	3 8 8
76/6	71/3	7b	7a	Barclay B. £1	74/6x	−6d	3 14 3
43/6	41/-	3¼b	3a	Barcl. (D.,&c.) A £1	43/6	...	2 15 0
8 9/16	7¼	3½a	4½b	Bk. of Aust. £5	8	+¼	5 0 0
£44⅛	£39½	8c	8c	Bk. of Mont. $100	£44	...	3 13 6e
26½	24	a5¼c	a6c	Bk. of N.S.W. £20	25	...	3 16 8e
55/-	32/6	6c	Nil c	Brit. Overseas A £5	47/6	+12/6	Nil
12 19/32	11 5/16	7a	7b	Chtd. of India £5	12	+¼	5 16 8
13/4½	12/-	3⅓a	3¾b	Com. Bk. of Aus. 10/-	13/1½	+7½d	4 6 4e
53/9	50/-	5b	5a	District B. £1 fy pd.	53/9	...	3 14 5
90/-	74/6	3½b	3½a	En. S. & Aust. £5 £3p.	80/-	+2/6	5 5 0
10⅜	9 15/16	10b	8a	Hambros £10, £2½ p.	10	+⅛	4 10 0
£96¼	£82	£3b	£2½a	Hong. and S. $125.	£89½	+1	6 6 5
64/6	56/9	6b	6a	Lloyds £5, £1 pd.	61/6	−6d	4 0 0
9¾	8⅜	9b	7a	Martins £20, £2½ pd.	8⅝x	...	4 1 0
89/3	78/3¾	8b	8a	Midland £1, fy. pd.	86/6	+6d	3 13 0
6 3/16	5¾	5a	5b	Nat. Dis. £2½ fy. pd.	6	...	4 3 3
41	34	4a	11b	Nat. of Egypt £10	35½	...	4 4 0
41¼	37½	9a	9b	N. of Ind. £25, £12½p	39	+½	5 15 0
3⅞	3 7/16	7½b	7½a	N. Prov. £5, £1 pd.	3 11/16	...	4 0 0
488	444	8½a	8½b	Roy. Bk. of Scotland	463	+3	3 13 6
16 1/32	13⅞	5a	10b	St. of S.A. £20, £5 pd.	16	+¼	4 14 0
51/3	43/-	6¼b	3¾a	Union Dis. £1	48/9	+1/3	4 2 1
99/-	90/-	11b	9a	West. £4, £1 pd.	97/6	...	4 2 0
				Insurance			
28⅝	24½	40a	50b	Alliance £1, fully pd.	28	+¾	3 4 3
16¼	12¾	†3/6a	†4/6b	Atlas £5, £1¼ pd.	16¼	+¼	2 8 6†
10 3/16	9⅛	20a	20b	Com. Un. £1, fy. pd.	10	−⅛	4 0 0
5½	4⅝	1/6a	2/-b	Gen. Acc. £1, 5/ pd.	4¾	...	3 14 0
31	26⅛	25a	25b	Lon. & Lanc. £5, £2pd.	29½	+1	3 7 10
11⅝	9½	3/2a	3/1b	N.Brit.&Mer.£1¼,f.p.	11¼	+⅛	2 15 0†
20⅝	18½	†30	†25a	Pearl (£1), fy. pd.	20	...	2 15 0†
16	13¾	6/-a	6/-b	Phœnix £1, fy. pd.	16	...	3 15 0
35⅝	29½	†25a	†72¼b	Prudential £1 A	35½	...	2 17 0†
106/-	81/3	†50c	†50c	Do. £1, with 4s. pd.	100/-	+2/-	2 0 0†
10 5/16	8¼	11a	19b	Royal Exchange £1.	10⅛	...	2 19 6
8 15/16	7½	3/3a	3/3b	Royal £1, 10/- pd.	8⅞	+⅛	3 13 0
17	15¼	6/6a	6/6b	S.U.& Nl.A £20, £1pd	17	+½	3 16 0
87/-	69/8¼	1/3a	1/6b	Sun In., £1 with 5/pd.	82/6	...	3 6 6
8 11/16	7¼	†10a	†10b	Sun Lf. Ass., £1 fy.pd.	8⅝	+¼	2 6 3†
				Investment Trusts			
267	230	4a	8b	Anglo-Amer. Deb.	235	+5	5 2 2
65½	47½	3c	3½c	Anglo-Celtic Ord.	47½	...	7 7 4
11/3	7/6	7½c	10c	Brit. Assets Trust 5/-	11/3	+1/3	4 9 0
233	208	6b	4a	Debenture Corp. Stk.	213	...	4 13 11
75	55½	1½a	3b	For. Amer. &c., Def.	66½	+2	6 15 3
137½	119½	4½b	2½a	Guardian Investment	119½x	...	5 17 2
254	201	4a	8b	Ind. and Gen. Ord.	227	...	5 5 9
275½	223	5a	8b	Invest. Trust Def.	229	...	5 13 6
17/-	14/9	2½a	6½b	Lake View Inv. 10/-	16/6	+1/-	5 8 0
252½	233	8½b	3½a	Mercantile Inv.	240	...	5 1 6
154	123	3a	4½b	Merchants Trust Ord.	125½	...	5 19 6
251½	223	5a	7b	Metropolitan Trust	235	+7	5 2 2
5/-	3/4½	2½c	4c	Scottish Inv. 5/-	5/-	+1/-	4 0 0
218	178	3½a	6b	Scottish Mort., &c.	180	...	5 5 7
221	190½	3a	9b	Trustees Corp. Ord.	198½x	+10	5 0 9p
193	167	6b	4a	United States Deb.	177½	...	5 12 8
				Financial Trusts, &c.			
11/9	6/3	2½c	4c	Argentine Land,&c.10/	8/9	+1/3	4 11 5
35/-	22/9	10c	13⅓c	Brit.S.Afr. 15/- fy. pd.	27/6	−6d	7 5 5
23/9	15/7½	10c	10c	Charterhouse Inv. £1	20/-	+7½d	10 0 0
16/10½	13/10½	2a	2b	C. of Lond.R.Pty. £1	15/-	...	5 6 9
33/9	25/7½	†2½a	†8¾b	Daily Mail & Gen. £1	31/-	−6d	7 3 0†
7	6 1/16	4¼b	3a	Dalgety £20 £5 pd.	6⅜	...	5 14 0
23/6	19/3	3a	6b	Forestal Land £1	21/6	...	8 7 0
25/10½	19/-	Nil c	z4(c)	Hudson's Bay Co. £1	23/6	...	3 17 6
20/-	13/9	2½a	5b	Java Invest. £1	18/9	...	8 0 0
5⅜	2¼	Nil	Nil	Peru. Corp. Pref.	3	...	Nil
10/6	7/-	3c	3½c	Primitiva Hold. £1	8/6	...	8 5 0
17/3	12/6	7½c	7½c	Staveley Trust £1	14/4½	...	10 9 1
34/10½	23/9	10c	12½c	Sudan Plant. £1	32/6	−1/3	7 14 0
				Breweries, &c.			
77/6	61/3	12½b	5a	Ansell's Brewery £1	75/-	−1/-	4 12 6
32/-	21/9	5½b	2½a	Barclay Perkins £1	29/-	+6d	5 10 0
131/-	103/9	†20b	†5a	Bass Ratcliff Ord. £1	127/6	+1/6	3 19 0†
67/-	51/-	3a	12b	Charrington & Co. £1	67/-	+1/6	4 10 0
82/6	70/-	6a	14b	Courage Ord. £1	81/-	+1/6	4 18 0
107/9	85/-	7½a	15b	Distillers Ord. £1	98/6	−6d	4 12 6
125/-	102/6	17b	12a	Guinness Ord. £1	119/-	−1/-	4 17 6
113/6	91/-	20b	7½a	Ind Coope & All. £1	101/-	+6d	5 8 6
43/-	34/-	3½a	7½b	Meux's Ord. £1	42/-	+1/-	5 5 0
93/-	76/3	15b	8a	Mitchells & Butlers £1	88/-	−1/6	5 4 0
75/-	63/9	5a	12½b	Ohlsson's Cape £1	69/-	+1/6	5 2 0
78/-	65/-	14b	4a	Simonds (H.&G.) £1	70/-	+1/-	5 2 0
108/6	87/6	†5a	†17½b	S. African Bws. £1	108/-	+3/6	4 2 0†
42/-	30/-	4a	6b	Taylor Walker Ord. £1	39/-	+6d	5 2 0
26/3	19/4½	2a	5½b	Walker (P)&R.Cain £1	22/9	...	6 12 0
77/9	62/6	13b	6a	Watney Combe Def. £1	75/6	...	5 0 6
				Iron, Coal and Steel			
24/6	19/9	4a	6b	Allied Ironfound. £1	21/3	...	9 8 3
44/-	37/3	4a	6b	Babcock Wilcox £1	40/-	...	5 0 0
9/4½	4/7½	10c	10c	Baldwins 4/-	5/9	...	7 0 0
46/3	37/3	4a	10b	Bolsover Col. Ord. £1	40/-	...	7 0 0
32/3	24/9	†5a	†12½b	Brown (J.) Ord. 10/-	28/6	−1/6	6 2 0†
36/7½	28/1½	†2a	†6b	Butterley Co. Ord. £1	28/9	...	5 11 4†
11/3¾	6/9	5c	8⅓c	Cammell Laird 5/-	8/6	...	4 18 6
25/7½	19/9	3a	5b	Colvilles Ord. £1	23/9	+3d	7 2 0
11/10½	7/5¼	7½c	10c	Consett Iron Ord. 6/8	9/-	−6d	7 6 9
87/6	78/6	5a	15b	Cory, William, Ord. £1	84/4½	−7½d	4 16 6
34/3	19/9	6c	10c	Dorman Long Ord. £1	23/9	−2/6	8 8 5
55/3	34/3	14c	18c	Do. Pref. Ord. £1	41/3	−1/3	8 14 6
70/-	62/6	†6a	†11½b	Firth Brown £1	65/-	...	5 8 0†
31/1½	22/6	†3a	†4½b	GuestKeen &c.Ord. £1	25/9	−1/-	5 17 0†
33/9	26/6	7½a	15b	Hadfields 10/-	30/9	+3d	7 6 0
31/4½	21/6	7½b	2½a	Horden Collieries £1	24/9	...	8 2 0
29/-	25/9	5c	9½c	Lambert Bros. Ord. £1	27/-	+9d	7 0 0
13/10½	7/7½	2c	3½c	Ocean Coal & Wilson £1	8/9	−3d	8 6 0
12/3	8/10½	5c	10c	Pease and Partners 10/	10/6	−3d	9 16 0
23/9	16/9	2a	5½b	Powell Duffryn £1	18/-x	−6d	8 6 0
48/4½	36/2¼	†7½b	†5a	Sheepbridge C.&I. £1	38/9	+1/3	6 8 0†
35/4½	24/4½	3½a	8½b	Shipley Coll. Ord. £1	26/3	...	9 2 10
40/-	28/9	12c	13c	S. Durham Ord. £1	33/9	...	7 14 0
20/-	12/-	6c	7c	Steel & Iron B Ord. £1	13/11½	...	10 14 0
47/-	40/7½	4a	6b	Stanton Iron. £1	47/-	+9d	4 4 0
58/-	46/-	†9½b	†3a	Staveley Coal, etc. £1	48/9	...	5 2 0†
40/3	31/6	7½c	12½c	Stewarts & Lloyds £1	38/-	...	6 12 0
28/9	23/3	4a	6b	Swan, Hunter £1	28/9	+1/3	6 19 2
10/10½	2/9¾	15c	5c	Thomas (Rich.) 6/8	3/3	...	?

(a) Interim dividend. (b) Final dividend. (c) Dividends for full year. (d) Paid in £N.Z. (e) Allowing for exchange. (f) Flat yield. (h) Yield on 3¾% basis. (m) Based on payment of 2½%. (n) To redemption at par, in year shown. (v) Yield on 15/8% basis. (s) Yield worked on a 5½% basis. (w) Yield based on 40% of coupon. † Free of Income Tax. (y) Yield based on 47% of coupon. (p) Yield worked on a 10% basis. (t) Yield worked on a 14% basis. (x) 1% paid free of income tax.

Prices, Year 1938 Jan. 1 to July 13, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, July 13, 1938	Change since July 6, 1938	Yield July 13, 1938 £ s. d.
				Iron, Coal, &c.—cont.			
25/6	20/9	Nil	Nil	Thornycroft, John £1	25/-	+2/6	Nil
$62¼	$38½	1c	Nil c	U. States Steel $100	$59½	−$1	Nil
27/6	20/-	6b	3a	Un. Steel Cos. Ord. £1	23/6	−6d	7 11 7
26/10½	19/9	10c	10c	Vickers 10/-	21/-	−1/-	4 15 0
29/6	21/-	10c	3¾a	Ward (Thos. W.) £1.	26/3	...	7 12 5
36/6	33/1½	10⅛c	12⅔c	Weardale S. etc. Df £1	35/-	+1/3	7 4 0
5 15/16	4½	12½a	22½b	Whitehead I. & S. £1	4¾	...	7 6 0
51/3	40/7½	15c	15c	Yarrow & Co. £1	50/-	...	6 0 0
				Textiles			
5/9	2/9	Nil	Nil	Bleachers £1	3/1½	−7½d	Nil
5/6	2/10½	Nil	Nil	Bradford Dyers £1	4/3	−3d	Nil
5/4½	2/4½	Nil	Nil	Brit. Cel. Ord. 10/-	3/6	...	Nil
7/6	4/-	Nil	Nil	Calico Printers £1	5/4½	...	Nil
41/9	32/6	10c	10c	Coats, J. and P. £1	39/-	−3d	5 2 0
48/1½	33/6	7b	1½a	Courtaulds £1	35/-	−2/3	4 17 2
39/9	26/9	2½a	7½b	English Swg. Ctn. £1	30/7½	...	6 10 6
6/9	3/4½	Nil	Nil	Fine Cotton Spin. £1	4/9	+4½d	Nil
33/9	25/-	3a	5½b	Linen Thread Stk. £1	28/9	...	5 18 3
49/4½	36/3	†12½c	†10c	Patons & Baldwins £1	44/4½x	+7½d	4 10 3†
18/9	6/3	6c	Nil a	Whitworth & Mit. £1	7/6	+7½d	16 0 0
				Electrical Manufactg.			
45/3	34/9	10c	10c	Associated Elec. £1	39/-	+6d	5 2 6
95/6	77/6	5a	15b	*British Insulated £1*	95/-	+5/-	4 4 0
98/9	78/9	5a	15b	Callenders £1	95/-	+2/6	4 4 0
32/6	18/9	6½b	6a	Crompton Park. A 5/-	30/-	+2/6	2 1 9
31/9	24/4½	Nil c	10c	*English Electric £1*	31/-	...	6 8 0
79/3	67/-	17½c	20c	General Electric £1	78/-	+6d	5 2 6
21/3	16/-	5a	15b	Henleys (W. T.) 5/-	20/-	...	5 0 0
41/3	34/-	5a	7½b	Johnson & Phillips £1	38/-	+6d	6 12 6
30/6	22/9	7½c	7½c	*Siemens £1*	25/-	...	6 0 0
				Electric Light, &c.			
$13 11/16	$7⅜	Nil	$1c	Brazil Trac., no par	$13⅝	+½	7 6 3
68/-	62/6	6a	9b	Bournemouth & Ple.	65/-	...	4 12 4
39/3	24/6	2a	5b	British Pow. & Lt. £1	30/-	+1/-	4 13 3
34/3	33/-	3½a	4b	City of London £1	33/6	...	4 8 6
42/-	33/6	3a	5b	Clyde Valley Elec. £1	37/-	...	4 6 0
51/-	45/3	3a	7½b	*County of London £1*	49/-	...	4 5 6
27/9	27/-	4a	5b	Edmundsons £1	27/6	...	4 7 3†
35/-	31/6	2½a	5b	Lancashire Elec. £1	32/-	...	4 12 6
32/4½	28/9	4b	3a	Lond. Ass. Elec. £1	30/-	...	4 13 4
50/3	43/6	3a	9b	Metro. Electric £1	50/-	+6d	4 16 0
38/-	33/3	2½a	5½b	Midland Counties £1	38/-	+1/-	4 5 0
33/-	26/6	2½a	4½b	North-East. Elec. £1	33/-	...	4 4 0
48/9	44/6	6b	4a	North Metro. £1	48/9	...	4 2 1
38/7½	34/-	2½a	5½b	Scottish Power £1	38/-	+1/-	4 5 0
41/-	37/6	3a	5b	Yorkshire Electric	40/6	...	3 19 0
				Gas			
25/-	21/6	5⅝a	5⅝b	Gas L. & C. £1	24/6	+3d	4 16 6
138	117	4a	6b	Imp. Cont. Stk.	125½	...	7 19 4
23/9	21/6	2½a	2⅞b	Newc.-on-Tyne £1	23/-	...	4 12 0
109¾	101¾	2½a	3b	S. Metropolitan Stk.	107½	+1	5 2 4
				Motors and Cycle			
51/3	36/3	15c	12½c	Albion Motors Ord. £1	43/9	...	5 14 0
39/4½	31/-	†7½c	†2½a	Assoc. Equip. Ord. £1	35/-	−1/3	4 5 9†
32/6	22/-	50c	50c	Austin 5/-	26/3	−1/3	9 10 0
23/-	18/3	Nil	Nil	Birm. Sml. Arms £1	22/6	+9d	Nil
24/0¾	18/-	83⅓b	33⅓a	Dennis 1/-	23/9	+5/-	4 18 0
23/1½	16/3	6c	5c	Ford Motors £1	19/4½	...	5 3 4
57/6	48/-	12½b	2½a	Lucas, J. (£1)	57/6	+2/6	5 4 4
89/4½	71/3	20c	25c	Leyland Motors £1	86/3	−1/3	5 16 0
33/3	24/9	45c	45c	Morris Motors 5/- Od.	30/6	−1/-	7 6 0
61/3	38/1½	20b	5a	Ral. Cycle Hold. £1	46/3	−2/6	10 6 0
104/3	81/3	6a	16½b	Rolls-Royce £1	102/6	−1/3	4 8 0
16/7½	9/9	25c	40c	Stand. Motor 5/-	14/6	...	7 0 0k
				Shipping			
7 3/16	3⅞	5a	15b	Clan Line Steam. £1	5	...	4 0 0
4/6	2/7½	Nil	Nil	Cunard £1	3/3	...	Nil
24/6	15/7½	3c	5c	Furness, Withy £1	19/6	+6d	5 2 0
24/6	17/6	4c	2½a	P. & O. Def. £1	22/6	...	3 11 0
23/7½	16/9	4½c	5c	Royal Mail Lines £1.	19/-	+6d	5 4 0
22/3	13/6	Nil c	Nil c	Union Castle Ord. £1	16/-	...	Nil
				Tea and Rubber			
18/6	9/6	2½c	5c	Allied Sumatra £1	16/6	−6d	6 0 0
30/-	18/1½	4a	5b	Anglo-Dutch £1	28/9x	−6d	6 5 3
29/4½	18/3	5a	10b	Bah Lias £1	26/3	−9d	11 8 6
27/-	22/6	2a	6b	Jhanzie Tea £1	23/9	...	6 14 9
38/6	31/6	5a	7½b	Jorehaut Tea £1	35/-	...	7 2 9
37/6	29/6	2½a	10b	Jokai (Assam) £1	33/9	+1/3	7 8 0
18/10½	10/-	5c	5c	Linggi Plant. £1	17/6	−1/3	5 14 0
3/10	2/0¾	5a	7½b	*London Asiatic 2/-*	3/6	−3d	7 2 9
30/3	17/6	4a	6b	Rubber Trust £1	30/-	−3d	6 13 3
3/8¼	2/-	5a	10b	*United Serdang 2/-*	3/3	−3d	9 0 0
				Oil			
103/9	67/-	5a	20b	Anglo-Iranian £1	102/-	+3/3	4 18 6
32/6	24/9	32½a	12½b	Apex (Trinidad) 5/-	30/9	...	7 6 0
41/3	25/-	Nil	Nil	Attock £1	40/-	+2/6	Nil
6 1/16	4	5a	25b	Burmah Oil £1	4½	+½	4 9 0k
12/10½	3/7½	10d ps c	11d ps c	Mexican Eagle M.$4	4/6	−6d	?
£42	£33⅞	6a	11b	Royal Dutch fl.100	£38½	−¼	4 14 6
5 1/16	3½	†7½a	†12½b	Shell Transport £1	4⅝	...	4 6 7†
5 5/16	4 1/16	20b	10a	Trinidad Lease. £1	5 3/16	+1/16	5 16 0
				Miscellaneous			
20/6	17/3	5c	5c	Aerated Bread £1	20/-	...	5 0 0
25/-	20/-	9c	8c	Allied News. £1	22/-	...	7 5 9
25/9	18/-	7c	7c	Amal. Metal £1	23/9	+7½d	5 17 11
16/6	11/3	5a	3b	Amal. Press 10/-	14/-	+6d	5 14 0
15/-	11/-	11b	10a	Assoc. Brit. Pic. 5/-	13/3	...	8 0 0
17/9	10/3	26⅔c	25c	Assoc. News. Df. 5/-	13/-	−3d	9 12 0
88/1½	67/6	7½a	15b	Assoc. P. Cement £1	85/-	...	5 6 0
72/6	56/10½	5a	10b	*Barker (John) £1*	62/6	+2/6	4 16 0
65/7½	41/3	60c	85c	Beechams Pills Df. 5/-	61/3	...	6 19 0
49/9	37/6	m29c	s32⅓c	Boots Pure Drug 5/-	43/1½	−7½d	4 4 6
29/9	23/1½	7½c	10c	Borax Deferred £1	27/6	−7½d	7 5 5
17/9	12/6	‡9c	Nil c	Bow. Paper Mills £1	15/-	...	Nil
57/10½	44/3	7½a	17½b	Bristol Aero. 10/-	55/-	−1/3	4 14 0
53/1½	40/6	4a	8½b	Brit. Aluminium £1	53/-	...	4 14 0
36/3	31/-	2¾a	5b	British Match £1	33/6	...	4 13 6
5 7/16	4 13/32	†20c	†21¼c	Brit.-Amer. Tob. £1	5 5/16	−1/16	4 2 0†
84/4½	64/4½	7a	10b	British Oxygen £1	76/3	−1/3	4 8 3
62/-	46/3	17½b	7½a	Brockhouse (J.) £1	53/9	+1/3	9 6 0
68¾	45½	Nil c	4c	Cable & Wir. Ord.	54½	+½	7 6 10
7⅝	6	20b	15a	Carreras A Ord. £1	7½	...	4 13 3
14/-	8/3	20c	25c	Crittall Mfg. Ord. 5/-	13/9	...	9 1 9
45/-	38/3	10c	12½c	De Havilland Air. £1	43/9	...	5 14 0
33/-	25/3	9c	9c	*Dunlop £1*	29/6	−1/-	6 2 0
38/6	35/-	10b	5a	Eastwoods Ord. £1	37/6	...	8 0 0
16/3	9/9	10c	10c	Elec. & Mus. Ind. 10/-	13/9	+6d	7 5 0
26/3	18/-	15a	20b	Ever Ready Co. 5/-	20/9	+1/3	8 8 6
26/4½	17/-	10c	†12½c	*Fairey Aviation 10/-*	25/6	...	4 19 0†
55/-	45/-	5a	7½b	Finlay (Jas.) & Co. £1	55/-	...	4 10 9
6 21/32	5 5/16	7½a	20b	Gallaher Ltd. Ord. £1	6 5/16	+1/16	4 6 0
7/-	3/9	Nil c	Nil c	Gaumont-Brit. 10/-	4/9	...	Nil
20/6	11/3	8a	8b	Gen. Refract's 10/-	14/6	+6d	11 0 9
35/3	23/-	22½b	15a	Gestetner (D) (5/-)	30/-	...	5 16 0v
90/7½	68/9	5a	20b	Harrisons&Cros.Df.£1	86/3	+3/9	(d)
76/6	60/7½	5a	13½b	Harrods £1	65/7½	+1/10½	5 10 0
30/-	19/10½	27½b	15a	Hawker Siddeley (5/-)	28/3	+6d	7 4 0
28/3	21/-	8c	9c	Imp. Airways £1	27/6	...	6 11 0
35/3	27/6	3a	5½b	Imp. Chem. Ord. £1	32/3	−6d	5 6 0
13/7½	8/-	Nil c	5c	Imp. Smelting £1	12/-	−6d	8 6 8
7¾	6	†7½a	†17½b	Imp. Tobacco £1	7 5/16	...	3 10 0†
$51⅝	$38⅞	c$1·30	c$2·25	Inter. Nickel n.p.	$50½	+½	3 19 3n
12/9	8/10½	5a	5b	*International Tea 5/-*	9/-x	−1/-	5 11 0
40/3	32/9	4a	6b	Lever & Unilever £1	38/9	...	5 3 3
60/-	43/9	22½c	20c	London Brick £1	56/3	...	7 2 3
5 13/16	5	8⅓a	14⅙b	Lyons (J.) Ord. £1	5⅝	+⅛	4 0 0
60/7½	42/6	15a	27½b	Marks & Spen. 'A' 5/-	58/-	−1/4½	3 11 0
4 11/16	3⅜	12½b	7½a	Murex £1 Ord.	4 1/16	−1/16	4 18 6
37/-	32/6	2½a	9⅜b	Phillips (Godfrey) £1	35/-	...	6 16 0
35/6	26/3	7½a	10b	Pinchin Johnson 10/-	32/3	−3d	5 8 0
42/9	26/3	32½b	12½a	Prices Trust Ord. 5/-	40/-	−1/3	5 12 6
58/9	42/6	3⅛a	11⅞b	*Radiation Ord. £1*	56/3	...	5 6 10
5 15/32	4⅞	22½c	22½c	Reckitt & Sons Ord. £1	5⅜	+1/16	4 4 0
14/3	11/-	†5a	†8⅓b	Sears (J.) Ord. 5/-	12/-	...	5 12 0†
14/6	8/9	2½c	4c	Smthfld. & Arg. Mt. £1	10/-	−3d	8 0 0
60/6	51/6	2½a	12½b	‖Spillers Ord. £1	54/4½	−1/3	5 10 3
25/10½	21/-	Nil	Nil	Swed. Match, B.kr.25	25/-	−7½d	Nil
83/-	70/-	14b	4¼a	Tate and Lyle £1	78/9	...	4 12 0
48/3	36/6	5a	5b	Tilling, Thos. £1	47/6	...	4 4 3
68/4½	52/6	11b	5a	Tob. Secrts. Ord. £1	65/-	...	4 19 0
53/-	30/7½	60c	w35c	Triplex Safety G. 10/-	42/6	...	8 4 0
89/4½	74/4½	16¼b	10a	Tube Investments £1	84/4½	+7½d	6 4 0
87/6	70/-	16¼b	3¾a	‖Turner & Newall £1	80/7½	−1/10½	4 19 0
57/4½	46/3	7½b	5a	United Dairies £1	56/3	+3d	4 10 6
27/7½	18/4½	15b	7½a	United Molasses 6/8	23/9	−1/3	6 6 4
39/8¼	33/9	7½b	5a	W'llpapr Mfrs. Def. £1	36/3	...	6 18 0
39/3	32/6	3a	7b	Wiggins, Teape Ord. £1	36/6	+6d	5 10 0
70/-	60/6	15a	45b	Woolworth Ord. 5/-	65/-	...	4 12 4
				Mines			
70/7½	52/6	95c	95c	Ashanti Goldfields 4/-	67/-	−6d	5 13 6
12/10½	8/0¾	p11b	p6a	Burma Corp. Rs. 9	11/6	−3d	10 2 0r
3/6	1/6	Nil c	Nil	Commnwlth. Mng. 5/-	2/4½	...	Nil
81/3	62/6	32½c	6¼a	Cons. Glds. of S. Af. £1	78/9	+1/9	5 1 6
16⅞	14¾	95b	95a	Crown Mines 10/-	16¼	+⅛	5 17 0
13 5/16	6	30a	Nil b	De Beers (Def.) £2½	9⅛	...	7 14 0
69/4½	51/10½	20c	15c	Jo'burg. Cons. £1	57/6	+1/3	5 10 0
48/3	30/10½	11¼b	11¼a	Randfontein £1	35/7½	−1/3	12 12 0
12⅞	9⅛	37½b	25a	Rhokana Corp. £1	11¾	−¼	5 6 0
19⅞	12¾	Nil	Nil	Rio Tinto £5	14½	−½	Nil
21/7½	13/7½	80c	10a	Roan Antelope Cpr. 5/-	18/3	...	(b)
11½	9⅜	75a	75b	Sub Nigel 10/-	11	...	6 17 6
9⅛	7	2/6a	6/-b	*Union Cp. 12/6 fy pd.*	9 1/16	−1/16	4 11 6
9 25/32	5 13/16	Nil	Nil	W. Witwatersrand 10/-	7⅞	...	Nil
19/1½	5/2¼	10c	Nil c	Wiluna Gold £1	16/-	+3d	Nil

NEW ISSUE PRICES

Issue	Issue price	July 13, 1938	Change since July 6	Issue	Issue price	July 13, 1938	Change since July 6
Afr. Expl. 4%	100	101½-102½	−½	Holt B. 4% db.	101	2⅞-3⅛ pm	+½
Austla. 3¾%	99	⅛dis-⅛pm	+¼	L.C.C. 3½%	101½	¾-⅞ pm	−¼
B,C&H.P.3½%	99	⅛ dis-⅛ pm	...	Nat. Def. 3%	98	1 7/16-1 9/16pm	−1/16
Beira Wks 3½%	101	1½-½ dis	...	Plym'th 3¼%	98	1¾-2 pm	+⅛
Bnmth 3¼%	98½	½-¾ pm	...	*Stntn Iron 4%*	*102½*	*102¾-103*	+¼
Brit.Oxy.5%Pf	22/6	7½d pm	...	Walker 7% Pf.	10/-	par-6d pm	...
Gt.Un.S.4½%	99	⅜-⅛ dis	+¼	5% Deb. 10/-	100	par-1 pm	...
Hillman 5/-	10/6	10/1½-10/4½	+1½d	6% Pref. £1	£1	18/9-20/-	+6d

UNIT TRUST PRICES

as supplied by managers and Unit Trusts Association

(Table does not include certain closed trusts)

Name and Group	July 13, 1938	Change since July 6	Name and Group	July 13, 1938	Change since July 6
Municipal & Gen.			Gold 3rd Ser.	13/4½-14/4½x	+4½d
For. Govt. Bond	14/9-15/9	...	Keystone	16/3-17/3	...
Limited Invest.	19/3-20/-x	−3d	Keystone 2nd	13/6-14/6x	...
Mid. & Southern	18/9-19/6	...	Keystone Flex.	15/1½-16/1½	...
Scottish & Northn.	17/3-18/-	...	Key. Consol.	14/6-15/6	...
Bank-Insurance					
Bank & Insur.*	18/9-19/9	...	**Allied**		
Insurance*	20/9-21/9x	+3d	Amer. Indsts.	17/3-18/3	+3d
Bank*	17/9-18/9	+3d	Brit. Ind. 1st	17/9-18/9	...
Invest. Trust*	13/6-14/3	...	Do. 2nd	15/3-16/3	+3d
Scot. B.I.I.T.*	14/10½-15/9	...	Do. 3rd	15/3-16/3	+3d
Cornhill deb.*	21/3-22/-	+1½d	Do. 4th	16/3-17/3x	...
Cornhill def.*	13/10½-14/10½	+1½d	Elec. Inds.	16/3-17/3x	+3d
National			Metals & Min.	14/3-15/3	...
National C.	18/-19/-	+3d	**Other Groups**		
National D.	16/9-17/9	...	Brit. Emp. 1st Unit.	17/6-18/6	+3d
Nat. Invest.	13/7½-14/7½	...	*Brit. Gen. "C"*	15/6-16/6	+3d
Amalgamated	20/6-21/6	+3d	Rubber & Tin	1/2½-1/4	...
Century	17/3-18/3	+3d	*Producers*	8/-8/6	...
Gilt-edged	18/-18/6x	+3d	Domestic	7/3-7/9x	+3d
Scottish	17/3-18/3	+3d	Do. Priority	9/3-9/9	...
Universal	18/3-19/3	+1½d	1st Prov. "A"	20/3-21/3	+6d
"15 Moorgate"			Do. "B"	15/3-16/3	+3d
Inv. Flexible	13/-14/-	...	Do. Reserves	15/6-16/6	...
Inv. Gas & El.	12/10½-13/10½	+3d	Selective "A"	16/-17/-	+3d
Inv. General	16/10½-17/10½	...	*Selective "B"*	16/-17/-	+1½d
Inv. 2nd Gen.	14/3-15/3	−1½d	Brit. Trans.	13/3-14/3	...
Inv. Gold	17/-18/-	+3d	*Bank, Ins. & Fin.*	15/3-16/3x	...
Hundred	17/7½-18/7½	...	British Bank Shrs.	20/-21/-x	+3d
Provident	13/9-14/9	+3d	Do Insur. Shrs.	16/9-17/9	+6d
Savings Unit	9/-9/7½	+1½d	Four Square	20/-21/-	...
Security First	14/-15/-x	...	Brewery	14/6-15/6x	...
Keystone			Protected 1st	19/3-20/3	...
Gold 2nd Ser.	18/1½-19/1½x	+4½d	Do. 2nd	16/9-17/9	...
			Do. 3rd	11/9-12/9	...

* Bid and offered prices are free of Commission and Stamp Duty. (a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (k) Yield on 20% basis. (m) Including bonus of 5% free of tax. (n) Yield worked on a 2 per cent. basis. (r) Calculated at 18½ annas per share of Rs. 9. (p) Annas per share. (s) 8⅓% paid free of income tax. † Free of Income Tax. (v) Yield worked on 35% basis. (w) Paid on £300,000 more capital than in preceding year. (d) 17½ per cent. cash dividend and 7½ per cent. in deferred ordinary stock. (y) Dividend before the 200% capital bonus 4s. per share. (t) Yield worked on 6% basis.

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weakened on Monday on consideration of changes in the basing point price system, and then led the general upswing on rumours of possible wage cuts. A denial that any talks were taking place apparently played a part in the ensuing fall. Aviation shares were a firm feature throughout the week.

New York Prices

	Close July 7, 1938	Latest July 13, 1938
1. Rails and Transport		
Atchison	35⅛	37½
Balt. & Ohio...	10⅝	9¼
B.M.T.....	11¼	11⅞
Can. Pacific...	7⅜	7
Ches. & Ohio	31¼	30½
G.N. Ry. Pf...	21½	20⅝
Illinois Cent...	11⅝	10¾
N.Y. Central..	18⅜	18¼
Northern Pac.	11⅜	11¼
Pennsylv. R...	22	20⅜
Southern Pac.	17	16⅞
Southern Rly.	13⅛	12¾
Union Pac. ...	80	81½
Greyhound ...	14⅝	15½
2. Utilities and Communications		
Am. W'works	12⅝	11⅛
C'wlth. & S....	1⅝	1⅝
Con. Edison...	29⅜	28½
Col Gas & Elc	8¼	7⅞
El Bond & Sh.	9⅝	8¾
Nat Pwr & Lt.	7⅞	7¼
N. American..	23	22
Pac Gas & Elc	29	28
Pac. Lighting	41¼	40⅜
Pub Serv N.J.	32¼	31¼
Stan Gas & E.	4⅝	4¼
United Corp.	3⅜	3
Un. Gas Imp.	11¼	10⅞
Amer. Tel. ...	142	141⅛
Internat. Tel.	10⅝	10
Westn. Union	32¼	30¾
Radio	7½	7
„ B. Pref	56½	55¼
3. Extractive and Metal		
Am. Rol. Mill	20⅜	20
Beth. Steel ...	60¼	58⅝
Beth. Steel P.	98	98
Republic St.	19¼	19
U.S. Steel ...	59¾	57⅝
U.S. Steel Pf.	109¼	106⅝
Alaska J'neau	9⅞	10¼
Am. Metal ...	36	34½
Am. Smelting	50⅛	48
Anaconda ...	35⅛	34
Bohn Alum ...	25¼	26⅛
Cerro de Pas..	45½	45¾
Int. Nickel ...	50½	49¼
Kennecott ...	41¾	39⅞
Patino Mines	10⅝	11
Tex. Gif. Sul.	33⅞	33⅝
U.S. Smelt....	69	67
Vanadium ...	19	18
Atlantic Refg.	24	24⅛
Phillips Petr.	42⅝	42¼
Shell Union...	17⅞	17⅛
Shell Un. Pf...	103⅛	104½
Socony Vac....	15¼	14⅞
Stan. Oil Cal.	31⅞	32
Stan. Oil N.J.	55	55⅜
Texas Corp.	44¼	45¾
4. Manufacturing		
Briggs	26	26
Chrysler	67	67⅛
Elec. Autolite	21¼	22⅝
Gen. Motors..	38⅝	39½
Hudson Mtr.	8¾	8⅝
Nash Kelvntr	9⅝	10½
Packard Mtr..	5½	5⅛
Bendix Avtn.	15⅛	17⅝
Boeing Airpln	29⅝	29¾
Douglas Air...	50	52
United Aircft.	28⅜	28½
Air Reduction	60⅝	60½
Allied Chemi.	176	180
Col. Carbon	90	90
Dupont	118⅛	122½
Un. Carbide	79⅜	79
U.S. Ind. Alc.	20	22⅝
Alvis Chalmer	48⅝	48½
Gen. Electric	41¼	40⅞
West'hseElec.	98⅝	99½
American Can	100	99¾
Addressogrph	21½	20⅞
Caterpillar ...	56	53
Cont. Can. ...	46⅝	47
Ingersoll Rnd	86¼	88
Int. Harvester	65	64¼
Johns Manvle	92⅝	93
Am. Radiator	15	15¼
Corn Prods....	67	66¾
J I Case & Co.	95½	92½
Glidden	23	23¼
G. Am. Trans	46	46
Celanese of A.	17⅝	19¾
Ind. Rayon...	21	23
Colgate Palm.	11½	11½
Eastm'n Kdk.	171	168½
Gillette	8⅛	8⅝
Lambert Co.	13⅞	13¾
Loews	52¼	51
20th Cen. Fox	25½	25¼
5. Retail Trade, etc.		
Mont. Ward	43⅜	44
J. C. Penney	80	79½
Sears Roebck	68½	68⅜
United Drug	6⅓	6½
Walgreen ...	17	17½
Woolworth ...	46¾	47½
Borden	17⅜	17½
Gen. Foods...	33⅞	34
Kroger Grcy.	17	16⅝
Nat. Biscuit	23¾	23¾
Nat. Dairy	16	15½
Stand. Brands	8¼	8⅛
Am. Tob. B.	80½	79¾
Lig. Myers B.	100¼	100⅛
Lorillard	17⅝	17⅞
Reyn. Tob. B.	41⅜	41½
Nat. Distillers	22½	22¾
Schenley Dis.	19	19¾
6. Finance		
Comcl. Credit	43½	41⅞
Atlas Corp....	8¼	8
Com Inv. Tr.	46½	47

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).

WEEKLY AVERAGES

	1938 Low Mar. 30	1938 High Jan. 12	June 29, 1938	July 6, 1938	July 13, 1938
347 Ind'ls.	75·9	104·6†	102·2	104·6	104·4
32 Rails	19·0	31·4	25·5	27·1	26·8
40 Utilities...	57·7	78·8	75·7	77·3	76·0
419 Stocks ...	63·7	87·6†	85·4	87·6	87·2
Av. yield %*	8·35 High	4·12† Low	4·27	4·12	4·18

* 50 Common Stocks. † July 6th.

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

July 7	July 8	July 9	July 11	July 12	July 13
118·6	116·9	117·6	115·4	118·5	117·8

1938 High: 119·6 July 2nd. Low: 83·6 March 31st.

TOTAL DEALINGS IN NEW YORK

1938	Stock Exchange Shares 000's	Stock Exchange Bonds $000's	Curb Shares 000's
July 7	2,770	12,500	345
„ 8	1,570	7,640	266
„ 9*	590	2,940	94
„ 11	1,090	5,650	164
„ 12	1,620	8,330	186
„ 13	2,620	8,730	311

* Two-Hour Session.

Capital Issues

The success of the *Bournemouth* issue, for which conversion lists closed on Tuesday this week, has provided a favourable setting for further municipal conversion operations. Bournemouth has a unique "name" as a borrower, but the satisfactory opening premium on its new loan was expected to ensure fair success for the *Bootle* and *Ipswich* issues. The former is wholly, and the latter partly, for conversion of existing 6 per cent. stocks, and apart from slight variations in redemption dates, both issues are made on the new terms adopted for Bournemouth. This week's issues have catered exclusively for the fixed interest investor, for the remaining offer consists of 4 per cent. first mortgage debenture stock of *Covent Garden Properties* at £99 per cent. This stock is specifically secured on properties valued at £1,537,000, and by a floating charge on the remainder of the undertaking, subject to specific and floating charges securing the existing 4 per cent. stock. Estimated total profits, including revenue from properties agreed to be purchased, cover the interest on both stocks over two and a half times, while total net assets cover the principal of both stocks twice. Since the existing debentures rank first for floating charge, the slight discount on the issue price of the 1938 debenture stock, compared with the net price of the existing stock, seems reasonable. The same sponsors will make an offer for sale on Tuesday next of 1,496,000 5 per cent. redeemable £1 preference shares in *Beecham Maclean Holdings* at par. Particulars of this issue, and of the preference and ordinary share offer of *Regis Property Company*, on Wednesday next week, will be found below.

CAPITAL ISSUE TOTALS

Week ending July 16	Nominal Capital £	Conversions £	New Money £
To the Public	2,500,000	792,500	1,675,000
To Shareholders	610,000	...	607,000
By S.E. Intro.	1,000,000	...	1,018,750
By Permis. to Deal	1,293,703	...	4,198,829
Sav. Certs., 9 days to July 9	300,000	...	...

Year to date	Including Conversions £	Excluding Conversions £
1938 (New Basis).....	212,017,561	194,827,008
1937 (New Basis)	*383,373,458*	*336,779,760*
1938 (Old Basis)	158,260,109	141,999,651
1937 (Old Basis)	*240,407,650*	*196,245,889*

Destination (Excluding Conversions)

Year to date	U.K. £	Brit. Emp. ex. U.K. £	Foreign Countries £
1938 (New Basis)	152,383,082	40,014,697	2,429,229
1937 (New Basis)	*286,028,018*	*49,558,282*	*1,193,460*
1938 (Old Basis)	123,655,526	15,945,001	2,399,124
1937 (Old Basis)	*180,529,900*	*15,715,989*	*Nil*

Nature of New Borrowing (Excluding Conversions)

Year to date	Deb. £	Pref. £	Ord. £
1938(NewBasis)	131,541,142	9,405,111	53,880,755
1937(New Basis)	*154,702,735*	*21,853,644*	*160,223,381*
1938(Old Basis)	120,782,223	4,197,496	17,019,932
1937(Old Basis)	*141,063,817*	*14,863,106*	*40,318,966*

NOTE.—"Old Basis" includes public issues only; "New Basis" includes all new capital in which permission to deal has been granted.

PUBLIC OFFERS

Covent Garden Properties.—Issue of £1,000,000 4 per cent. (1938) first mortgage debenture stock at 99. Specific charge on properties (largely shop) valued at £1,537,000, and floating charge ranking after that securing existing £2,500,000 4 per cent. first mortgage debenture stock. Total net assets before proceeds of present issue, before deducting new and existing debenture stocks, and including new properties being charged, £5,901,893. Net profits before debenture service, years to June 30: 1936, £255,054; 1937, £277,083; 1938, £304,987.

Ipswich Corporation.—Issue of £1,000,000 3¼ per cent. stock at 98½, redeemable at par December 1964. Holders of £300,000 6 per cent. stock 1938–50 may convert. A trustee stock. Estimated population, 93,870; rateable value, £623,430; rates, 14s. 6d. Net debt March last, £3,906,411 (of which housing £1,853,528). Remaining proceeds to repay short-term loans.

CONVERSIONS AND REPAYMENTS

Bootle Corporation. — Offer of conversion into 3¼ per cent. stock from £500,000 6 per cent. stock 1938–50, at 98½. A trustee stock. New stock redeemable at par June, 1962, or from 1958 on notice. Estimated population, 74,690; rateable value, £519,071; rates, 13s. 9d. Net debt March last, £1,911,335 (of which £1,429,991 productive).

PRIVATE PLACING

Van Emden (Dutch Guiana) Gold Mines.—This company has placed privately 75,035 5s. shares.

ISSUES TO SHAREHOLDERS ONLY

City of London Real Property.—Issue of £300,000 3¼ per cent. debenture stock at 99. Will rank *pari passu* with 3, 3¼ and 3½ per cent. debenture stocks.

Stewarts and Lloyds.—Issue of 300,000 5 per cent. cumulative third preference stock at par, in proportion of £1 for every £1 of stock.

FORTHCOMING ISSUES

Beecham Maclean Holdings.—Lists will open and close on Tuesday next (July 19th) for an offer for sale of 1,496,500 5 per cent. redeemable cumulative £1 preference shares at par. The offer will show that the dividend is unconditionally guaranteed by Beechams Pills, Limited, and that the shares are redeemable at 22s. to July, 1945, or 21s. 6d. thereafter to 1960. The company has been formed to acquire 90 per cent. of ordinary capital (3,400,000 5s. ordinary shares) of Macleans, Limited. Combined profits of Beechams Pills and the proportion of Macleans profits attributable to the shares for the latest year are stated to cover Beecham Maclean Holdings preference dividend over ten times.

Regis Property Co., Ltd. Lists will open and close on Wednesday next (July 20th) for an offer for sale at par of 250,000 5½ per cent. cumulative £1 preference shares and 100,000 £1 ordinary shares. The offer will show that the company has been formed to acquire 20 properties in the London area. Gross revenue under existing leases, £234,191. When lettings have been effected to produce 95 per cent. of the whole, gross revenue will be £262,862, or £128,678 net. Estimated net profit, £58,035. Value of assets, £1,986,000, leaving £752,830 after deduction of £675,000 debenture stock and £558,170 mortgages. Real Property and Finance Corporation guarantee for three years to July 10, 1941, annual net income of £128,678, subject to total liability of £50,000.

Industry and Trade

Coal Prosperity.—The latest statistical summary shows that during the first quarter of 1938 the coal industry enjoyed a high degree of prosperity, in which both workers and employers shared. Compared with the corresponding quarter of 1937, the sum distributed in wages rose from £25·2 million to £28·7 million; and although there were 27,250 more workers to share the money, the average earnings per man-shift rose from approximately 10s. 4d. to 11s. 1½d. Since the March quarter of 1935 average earnings per man-shift have risen by 1s. 10¾d., and the Mining Association, in commenting on the return, notes that this satisfies almost precisely the demand made in that year for an extra 2s. a shift for men, 1s. for boys—only the men wanted it then, not now. The increase in profits is even more spectacular. Every district shows a credit balance, varying from 1s. 1¾d. a ton in S. Wales to 3s. 2¾d. in S. Derbyshire. Over the whole country the credit balance averages nearly 1s. 11½d. a ton. This is the highest figure for any quarter since 1924. The Mining Association points out that such charges as debentures take 3d. a ton, but even so the balance is substantially higher than the average pre-war profit of 11½d. a ton.

* * *

In the coal industry, sharp bursts of prosperity have always alternated with long periods of dullness or depression, and the cycle is running true to form. Owners and workers have done so well because they have ceased fighting each other and have been able to secure high prices for their product. The average proceeds of commercial disposals amounted to 17s. 4¾d. a ton, which is nearly 1s. 10d. more than a year ago and 3s. 10d. more than in the first quarter of 1935. In part, this increase is due to the interplay of supply and demand, in part to the better bargaining powers given by the central selling schemes. Producers and consumers continue to dispute the relative importance of these factors.

* * *

Overseas Trade.—The preliminary figures published in *The Board of Trade Journal* show a marked decline in the value of British overseas trade, as compared with the high figures of June of last year. The value of imports was 13.2 per cent. lower than in June, 1937, and that of exports 18.9 per cent. lower; owing to the greater absolute fall in imports, the excess of imports over exports showed a decline of 5.4 per cent. The aggregate figures for the first six months of the current year show that hitherto the falling off in exports has been much greater than the decline in imports, whose value was well maintained in the early months of 1938.

(£ thousands)

	1936	1937	1938	Change between 1937 and 1938	Per cent.
June					
Total imports.....	67,599	88,117	76,503	– 11,614	– 13·2
British exports	32,065	44,373	36,894	– 7,479	– 16·9
Re-exports.....	5,008	7,127	4,987	– 2,140	– 30·0
Total exports	37,073	51,500	41,881	– 9,619	– 18·9
Excess of imports over exports	30,526	36,617	34,622	– 1,995	– 5·4
Transhipments under bond ...	2,203	3,427	2,358	– 1,069	– 31·2
Six Months ended June					
Total imports.....	402,619	483,422	469,618	– 13,804	– 2·9
British exports	207,890	251,214	233,194	– 18,020	– 7·1
Re-exports.....	32,407	40,553	32,848	– 7,705	– 18·8
Total exports	240,297	291,768	266,042	– 25,726	– 8·8
Excess of imports over exports	162,322	191,654	203,576	+ 11,922	+ 6·2
Transhipments under bond ...	12,755	18,896	15,774	– 3,122	– 16·7

* * *

The Poultry Scheme.—Those concerned with the poultry industry will give a cordial welcome at least

SHORTER COMMENTS

Company Results of the Week.—TAMPLIN AND SON'S BREWERY, BRIGHTON, report trading profits of £315,802 against £302,121, but increased expenses reduce the improvement in net profits to a very small sum. A satisfactory increase in sales during 1937 has resulted in a £26,300 increase in net profits of VICTORIA FALLS AND TRANSVAAL POWER to £612,629. Continued increase in sales is reported for the first half of 1938. Owing to rising demand, the new Klip power station is being extended to double its original capacity. MERLIMAU PEGOH reports that the average c.i.f. price of rubber fell to 7·63d. per lb. in 1937–38, against 9·18d. in 1936–37, and net profits have declined from £105,106 to £90,438. Since oil production fell from 1,003,903 tons to 713,405 tons, last year, and a gradual decline in prices occurred from last August, PHŒNIX OIL AND TRANSPORT COMPANY shows a reduction in net profits from £174,232 to £108,824. This has necessitated the passing of the dividend. UNITED BRITISH OILFIELDS OF TRINIDAD report an increase in 1937 production from 193,844 to 242,510 tons, sales of refined products rising from 442,633 to 544,597 tons. Oil proceeds were 30 per cent. higher at £1,120,877, and though net profits amount to £185,815 against £177,245, the 7d. per share dividend is unchanged. Further progress is shown by ALLIED BAKERIES, whose earnings last year amounted to £154,186 against £60,445. The dividend is raised from 8 per cent. to 10 per cent. Various businesses were acquired during 1937–38 and the net trading profits of the group amounted to £293,918. A satisfactory increase in profits is shown by THOMAS BOLTON AND SONS, whose works have again been employed to capacity. Net profits amount to £184,847 against £154,094, and the 10 per cent. dividend is repeated.

MISCELLANEOUS

Oceanic Steam Navigation (Scheme of Arrangement).—A scheme of arrangement is proposed between this company and its creditors, under which a realisation company is to be formed—to be known as O.S.N. Realisation Company—with a capital of £1,150,000, in "A" and "B" £1 shares. Powers will be given to create further "B" shares to any amount required for issue under the scheme. Principal asset is the 3,800,000 Cunard White Star shares. Unsecured creditors for over £4,000,000 will be allotted the "B" capital. Neither the "A" nor "B" shares will carry any right to dividend.

Philips' Lamps.—Report for year to April 30, 1938, shows a sharp fall in the balance of operating profits from fl.19,673,975 to fl.8,015,307. There is a reduction in the year's dividend from 18½ to 11 per cent. Board and management remuneration takes fl.589,916, against fl.1,990,973; allocation to staff reduced to fl.540,756 from fl.2,143,823.

Phoenix Oil and Transport Company, Ltd.—Net profit for 1937, £108,824 compared with £174,232. Cash and Government securities show a decrease of £66,429 at £137,144. No dividend is to be paid, against 3¾ per cent. for 1936. Reduced profits are stated to be due mainly to decreased production (713,405 tons as compared with 1,003,903) and to a gradual decline in prices since August last. After £50,000 to investment reserve and £50,000 to taxation reserve, the carry forward is increased from £365,324 to £374,149.

City of San Paulo Improvements.—Net profit for year to February 28, 1938, was £97,360, against £38,923 for previous year. This is added to the amount brought in, and makes £374,862 to go forward. Sales of land for year, £281,766 against £197,127. Land sales first four months 1938, £76,475 against £102,250.

Victoria Falls and Transvaal Power.—After tax and renewals fund, net profits amount to a record of £612,628, an increase of £26,263. Ordinary dividend raised from 12 to 13¼ per cent. To reserve £100,000 as before. Carry forward raised from £135,832 to £197,535. Sales for the first six months of 1938 show a further increase over those for the same period of 1937.

Hecht, Levis and Kahn.—Final dividend of 15 per cent. on the ordinary shares, for the year ended March 31, 1938, making 20 per cent., less tax for year. Also a scrip bonus to the ordinary shareholders is recommended, of preference shares equivalent to 10 per cent. on the ordinary capital. Total payment for 1936–37 was 35 per cent. including a 15 per cent. cash bonus, and a similar scrip bonus.

United British Oilfields of Trinidad.—Profits for 1937, £69,192 against £67,680 for 1936. Ordinary dividend maintained at 8¾ per cent. Carry forward reduced from £14,896 to £13,131. The 3,000,000 ordinary shares issued in May rank for dividend from January 1, 1938.

Allied Bakeries, Ltd.—Net profit for year to June 30, 1938, £137,250 against £53,274. Ordinary dividend raised from 8 to 10 per cent., absorbing £68,996 against £29,969. Carry forward raised from £7,152 to £40,187. Stocks £108,595 against £55,046. Cash is up from £168,444 to £212,784.

to parts of the announcement made on Monday last by the Minister of Agriculture. The Government has decided to implement the recommendations of the Poultry Technical Committee and to set up a Poultry Commission, with power to control the distribution of breeding stock, hatching eggs, and day-old chicks; the Commission will also conduct a stock improvement scheme on voluntary lines, assisted by premiums from the Exchequer on a diminishing scale. By these measures it is hoped to check the rapid increase in the mortality rate among poultry, which is one of the most serious problems the industry has had to face in recent years. In addition, the Government will facilitate the establishment, already under consideration by the Agricultural Research Council, of a research station for the further investigation of poultry diseases; it will give sympathetic consideration to a scheme, which the Commission would be asked to prepare, for the establishment of a progeny-testing station, and it will co-operate with the Commission in extending the educational and advisory work among poultry producers. Such measures will do much to improve the stamina and quality of the industry's breeding stock, whose health is the foundation of successful egg production.

* * *

— And Better Marketing for Eggs.—The haphazard and rather inefficient methods by which the home output of eggs has been marketed has been another handicap, but statutory control over the whole production, on the lines of the Milk or Pig Marketing Boards, has been rejected by the industry, in which there is a very large number of small producers. The Government have therefore decided that improved marketing could be best secured by giving the Poultry Commission powers to regulate the marketing of eggs and of dead poultry by the standardisation of grades, etc.; Exchequer loans will also be provided for the setting up of co-operative egg packing stations. Mr Morrison also rejected the idea of a subsidy, and further declared that the Government " were not prepared to restrict imports for the purpose of raising the normal level of prices, since only an increasingly drastic restriction of imports of eggs could effect and maintain (and then only for a limited period) any appreciable rise in prices." This sound analysis of the economic situation will probably not be appreciated by the industry, whose claims for greater protection against foreign imports were stimulated by the rise in feeding-stuff prices since 1936. But what is reasonable in its claims has been met by Mr Morrison's further statement that the Government were prepared to regulate imports to safeguard the market from sudden dislocation due to temporary abnormal arrivals, and to support any organised scheme for storing the spring flush of eggs, so as to diminish the existing seasonal variation in market supplies and prices. The Government's proposals seem on the whole to be a statesmanlike attempt to increase the efficiency of an industry whose satisfactory development could play an important part in improving the nation's diet.

* * *

Further Decline in Shipbuilding Orders.—The latest figures published by Lloyd's Register show that the decline in the tonnage of mercantile shipping on which work was begun has been continued into the second quarter of the year. In Great Britain and Ireland, construction was begun on 156,970 tons between April and June, compared with 173,000 tons in the first quarter of the year, and 368,000 tons in the second quarter of 1937. Owing to the delay between the placing of an order and its delivery, the total tonnage under construction in this country, while slowly declining, is still high, and the tonnage launched in the last quarter, at 286,733 tons, was 179,992 tons higher than in the previous quarter. It may be noted, however, that in countries other than Great Britain, the amount of new tonnage begun in the latest quarter showed an increase of 123,669 tons, compared with the previous three months, so that the proportion of world construction held by this country will continue its progressive decline.

* * *

Nitrate Producers' Agreement.—The international nitrate agreements, which comprise both the European Convention and the Convention between Europe and Chile, came to an end on June 30th. Discussions for their renewal started early this year; they were continued in Paris on June 29th, revived in London during the first week of July, and since last Monday the discussions have been again transferred to Paris. The delay in these negotiations, however, is not unexpected. The world's potential output of nitrogen is about twice as large as the actual output, and the current rate of output is greatly affected by strategic and political considerations in most of the producing countries. Consequently the arrangement of a quota scheme which meets the approval of all groups concerned is exceedingly difficult. Three years ago, when the last agreements were discussed, the signature could not take place until nearly three months after the termination of the preceding conventions, so that the announcement last Thursday that agreement had been reached on major issues is highly satisfactory. Details have not yet been published, but it is understood that the previous conventions have been prolonged without much change for a further three years. The experience of the last scheme has been very favourable. Both world production and world consumption of nitrogen reached new records of 2,594,000 and 2,675,000 metric tons respectively in 1936-37, representing increases of 17.7 per cent. and 37.1 per cent. respectively over the previous record year 1929-30. Figures for 1937-38 will not be published until November next, but it is already known that they will show new and substantial advances. In addition to the orderly and steady rise in production and consumption, prices of nitrogen fertilisers have shown satisfactory levels throughout the period of the past agreement.

* * *

The Price of Bread.—The report issued last week by the Food Council on the subject of bread prices in London shows with admirable clarity the difficulties that confront the would-be "stabiliser" of conditions in a distributive industry. Since 1925 the margin between the price of bread and the price of flour for London bakers has been fixed by the combined action of the Food Council and the Bakers' Joint Price Committee. In August, 1937, a temporary increase in this margin was arranged to meet the complaints by the bakers of higher costs, while the Food Council undertook an examination of the account books of representative firms. The Food Council has verified the higher costs of baking, and has reluctantly sanctioned both the previous increase and a further increase in the margin; the price of 8½d. per 4-lb. loaf will now be related to a price of 31s. to 35s. (instead of 36s.) per sack of flour. The Council points out that the rise is entirely due to the higher costs of distribution, and that, in fact, a fixed margin gives rise to a vicious circle. Competition between bakers, which cannot be expressed by price reductions, leads to the provision of more costly services; when these have become general the margin must be increased to allow the bakers once again a reasonable profit. The more wealthy consumer, no doubt, insists on these services, but since he has to pay for them in any case and can get no reduction in price by fetching his bread from the shop, he continues to demand them, and the burden falls on the poorer families. The Food Council recommends that bread sold over the counter should be cheaper by at least ½d. per 4-lb. loaf than bread delivered at the door, and it is to be hoped that the baking trade will give effect to this recommendation. As a long-term policy, however, it might be better in both the baking and milk distributive trades to fix *minimum* margins for the simplest form of service—where the consumer buys his bread or milk over the counter—and to allow the price of ancillary services to be determined by competition and the variations in the consumers' wealth.



* * *

Cotton Enabling Bill.—Important modifications and amendments to the Cotton Industry Enabling Bill will be laid before a special meeting of the Joint Committee of Cotton Trade Organisations within the next fortnight. These will be recommended by the executive following discussions with various interests concerned, including the representatives of the objectors to the bill, and also the special committee of the Manchester Chamber of Commerce. The form of amendment which will be recommended has not yet been finally settled, but it is probable that as a result of discussions which have already taken place the bill will be considerably simplified, and its safeguards against exploitation or hardship to individual units greatly strengthened. Probably the most important amendments will be those affecting conditions under which price schemes should operate. It is generally agreed that selling prices should be strictly related to actual costs in efficient mills working on a reasonable capital basis, and provision will be made in the bill for an impartial investigation of costs before any schemes are approved. To meet objections, it is considered likely that clauses relating to sectional schemes will be revised, and the objects of schemes will be limited to two or three generally agreed purposes. Any levies would be defined at a maximum rate, and would not exceed a small fraction of the industry's turnover. It is emphasised that the Cotton Industry Board will have no executive authority, but will simply be the channel through which sectional schemes are to be considered. Meanwhile, the Opposition Committee have taken advantage of the half-yearly meeting of the Manchester Chamber of Commerce, on Monday next, to table a resolution committing the Chamber to a rejection of the proposed Bill. An amendment will be moved by the ex-president, however, approving the Chamber's recent decision to defer any official pronouncement until the Government's proposals have been published in detail.

* * *

Prolongation of the International Tinplate Cartel.—After lengthy and difficult negotiations at last week's conference at Baden-Baden, which was attended by representatives of Great Britain, Germany, France, Italy and Norway, the International Tinplate Association has been prolonged for another three years. A number of amendments have been made in order to improve the efficiency of the agreement, which has recently been impaired by demands of the American partners for a higher quota, undercutting of official prices by Italian and Norwegian works, and by the prospective increase of tinplate output in a number of countries. The demands of the American producers have been met by increasing their quota by 2½ per cent., and they have agreed to pay a fine for having exceeded their quota last year. Moreover, outsiders have been invited to join the association, and it is understood that a provisional agreement has already been concluded with some outsiders, among them, presumably, Czechoslovakia. The prolongation of the association is to be welcomed in the interest of the South Wales tinplate industry, though the depressed situation on world markets renders a conclusive settlement difficult; further, the Cartel will soon have to face the formidable task of bringing the output of the new Ebbw Vale strip mill into its scheme.

The National City Bank of New York

(Incorporated with limited liability under the National Bank Act of the United States of America)

Established 1812

Head Office:
55 Wall Street
New York

Seventy Offices in twenty-four Foreign Countries

THE NATIONAL CITY BANK OF NEW YORK

London Offices:
117 Old Broad St.
11 Waterloo Place

City Bank Farmers Trustee Co. Ltd.
11 Waterloo Place, S.W.1

Condensed Statement of Condition as of June 30, 1938

INCLUDING DOMESTIC AND FOREIGN BRANCHES

ASSETS

Cash and Due from Banks and Bankers		$ 610,293,493.05
United States Government Obligations (Direct or Fully Guaranteed)		528,798,746.08
State and Municipal Bonds		73,349,783.71
Other Bonds and Securities		111,280,669.02
Loans, Discounts and Bankers' Acceptances		525,366,551.67
Customers' Liability Account of Acceptances		13,062,069.72
Stock in Federal Reserve Bank		3,675,000.00
Ownership of International Banking Corporation (Including Paris Office)		8,000,000.00
Bank Premises		49,360,258.07
Other Assets		13,716,806.86
Total		$1,936,903,378.18

LIABILITIES

Deposits		$1,761,271,999.68
Liability as Acceptor, Endorser or Maker on Acceptances and Bills	$39,623,419.75	
Less: Own Acceptances in Portfolio	15,401,710.02	24,221,709.73
Items in Transit with Branches		3,300,720.68
Reserves for:		
Unearned Discount and Other Unearned Income		3,504,844.03
Interest, Taxes, Other Accrued Expenses, etc.		5,353,955.53
Dividend		3,100,000.00
Capital	$77,500,000.00	
Surplus	45,000,000.00	
Undivided Profits	13,650,148.53	136,150,148.53
Total		$1,936,903,378.18

Figures of Foreign Branches are as of June 25, 1938.

$73,175,814.68 of United States Government Obligations and $20,661,169.68 of other assets are deposited to secure $68,585,107.55 of Public and Trust Deposits and for other purposes required by law.

INDUSTRIAL REPORTS

CONDITIONS in all the industrial centres are quiet. There is normally a slackening of activity with the commencement of the holiday season, and the existence of large stocks makes any pre-holiday rush unnecessary. Both in the coal and the iron and steel industries it is felt that with the resumption of business afterwards conditions are likely to improve. The returns of overseas trade show a general decline in June, but both imports and British exports on a working day average basis were higher than in the preceding month.

The textile industries have not fully maintained their recent improvement, for raw cotton prices have declined slightly this week, and turnover has been disappointing in both yarn and piece-goods.

Coal

Sheffield.—On inland account there is a steady demand for industrial fuel, but household coal requirements are lower and stocks are increasing in spite of short working in soft coal seams. The majority of orders are for secondary descriptions suitable for the bagging trade. A bigger call for South Yorkshire locomotive hards is helping to offset the easier demand for industrial steams. Gas coal demand is quiet.

The decline in pig iron production has been followed by a drop of 5s. per ton from July 1st in the price of blast-furnace coke. There is also an easier tendency in large selected patent-oven coke.

Export trade continues very dull, and the outlook is depressing. The bunkering trade is disappointing, and coke, in spite of lower prices, is neglected.

★

Newcastle-on-Tyne.—The immediate position remains unchanged, idle time being a common occurrence, but there is a better inquiry which has resulted in some new business. The Northumberland steam market is weak, but price levels reached have induced home consumers to cover certain requirements. The Durham section is quiet, Italian shipments are disappointing and home trade shows no improvement. Patent oven coke is a steadier market under a better foreign demand.

★

Glasgow.—There has not been the usual pre-holiday rush for supplies this year, and the collieries close down this week-end with all orders comfortably completed to date. The only activity has been the mild pressure experienced in Fifeshire for some of the better qualities. These conditions are the result of reduced demand at home and abroad, especially for bunkering fuel, orders for which remain very scarce. It is expected that general demand will be on a better scale after the holidays, with house coal an early development of importance.

★

Cardiff.—Business continues quiet on the Cardiff coal market. There is little expansion in current inquiries, and demand is reduced for some of the European trades. Collieries are finding it difficult to dispose of their output. The final result of the discussions between the Ministries of Mines of the United Kingdom and France is not yet known, but a decision is expected shortly. Shipments in the foreign and coastwise trades at the South Wales ports last week totalled 375,600 tons compared with 352,000 tons the previous week, and 433,480 tons in the corresponding week last year, and for the twenty-seven weeks ended July 9th the total trade was about 320,000 tons, or about 3 per cent. less than in the same period last year. Dry peas and beans are comparatively scarce, but there is a plentiful supply of other classes, and stocks are exceptionally heavy.

Iron and Steel

London.—According to the official report of the London Iron and Steel Exchange, trading conditions in the iron and steel markets remain quiet, and the holiday season has begun to influence the situation. Arrears of orders have been worked off, and in practically all departments it is possible for the makers to give early delivery. With the demand at its present level little impression is being made upon stocks, and it is evident that a month or so must elapse before business is likely to revive.

In the pig iron section stocks are particularly heavy, and are sufficient to enable consumers, with the assistance of their running contracts, to meet their full requirements, although some reduction has been made in the accumulations of steel-making iron. Consequently the volume of new business is insignificant, and in some districts the reserves at the producing works are being increased. Little relief is experienced from the export markets, as British prices are not competitive with those of foreign makers.

There is a good deal of idle plant in the semi-finished steel department. Consumers' stocks are large and are slow in being used. As a result, the transactions now taking place relate principally to small parcels.

The demand for finished steel is irregular, and has declined during the last few months, partly owing to holiday stoppages; but a considerable tonnage is still being taken by the consuming works. Export business, however, remains poor, and foreign buyers are not showing much interest in the market.

★

Sheffield.—Interest in the market is extremely limited, and until the close of the holiday season there appears little hope of improvement. The decision of the Stanton Ironworks Company to resign from the Central and Foundry Pig-Iron Producers' Associations on the ground that the existing officially fixed prices for forge and foundry iron are too high will doubtless induce consumers to hold off the market as long as possible in the expectation that the action of the company, which is the biggest producer of foundry iron, will bring about lower quotations at the end of the year, until which time prices are stabilised. The notification of resignation by the Stanton Company has six months to run.

A good deal of the curtailed pig iron output is still going into stock, users finding their supplies and deliveries under existing contracts ample for their requirements.

Hematite business is small, but there is a moderate market for special qualities. Finished iron shows no change, crown bars being in especially poor request.

There is less activity in the steel market, but confidence in the good autumn prospects is unabated. Production of basic billets and acid qualities is rather smaller, but the demand is steady. Stainless steel sheets and steel strip continue to be strong features.

★

Middlesbrough.—Market conditions are still quiet. Production and market transactions in Cleveland pig iron have been suspended as stocks are sufficient to meet current requirements. Business in East Coast hematite pig iron is very small. Producers are able to absorb some of the output in their own foundries, and limited deliveries are being made to the Sheffield area. Export business is at a standstill.

Semi-finished steel is plentiful, with little demand. Heavy steel producers keep well employed, and according to the latest shipbuilding returns, the tonnage of vessels in construction on the Tyne, Wear and Tees at the end of June, 1938, is practically equal to the tonnage building at June 30, 1937. New merchant ship orders are, however, not being received.

Users of foreign ore have good stocks and are specifying for reduced deliveries. Business in steel scrap is practically negligible.

★

Glasgow.—Holidays are now commencing in Glasgow and many districts in the West of Scotland, and there is a general slackening off in demand, although several orders have been booked by local manufacturing firms. In this district the impression seems to be fairly general that specifications will be more plentiful soon after the holidays, and that a buying movement will develop in the early autumn. In the meantime there is still a good tonnage of unexecuted orders on books at the steel plants and other works, and with few exceptions the prospects of regular employment after the resumption of work are good.

★

Cardiff.—In the tinplate trade shipments have been more active recently, but a considerable proportion of them have been drawn from stocks, and production in the week ended July 2nd was only 40.11 per cent. of capacity compared with 71.78 per cent. in the corresponding week of 1937. Sheets are also a restricted market, and no improvement is reported in the heavier branches of the industry. Prices are nominally unchanged. The present position of the industry is indicated by the table given below.

Tinplate Industry Statistics

	Week ended July 3, 1937	Week ended June 25, 1938	Week ended July 2, 1938
Production—per cent. of capacity	71·78	44 03	40 11

	Week ended July 8, 1937	Week ended June 30, 1938	Week ended July 7, 1938
	Tons	Tons	Tons
Shipments	6,749	4,408	5,397
Stocks (warehouse and in vans)	3,783	6,220	5,445

	Twenty-seven weeks ended July 8, 1937	Twenty-seven weeks ended July 7, 1938
	Tons	Tons
Shipments	224,821	131,736

Textiles

Cotton (Manchester).—An unsettled feeling has prevailed in the market during the past week. Although inquiry in yarn and piece-goods has kept up fairly well sales of any importance have been few and the turnover disappointing. The American estimate of 26,904,000 acres under cotton has caused much interest. Although the forecast was slightly above expectations, prices were unaffected by the report. Since then better weather advices have caused a decline.

Business has been irregular in the yarn market. In the American section the bulk of the turnover has been in counts and qualities that are not governed by any price agreement. Spinners continue to press for delivery instructions. It is understood that good progress is being made in securing a renewal of the price agreement in the Egyptian branch, which expires at the end of next month. Fair orders have been booked for piece-goods, but very few manufacturers have made any progress towards better times. The recent improvement in the demand from the Dominions has been maintained, and quite a useful business has been done in home trade fabrics.

★

Jute (Dundee).—Prices of raw jute have maintained their recent advance, which was mainly due to unsatisfactory reports of the new crop. Considerable flood damage has necessitated some immature cutting, thus affecting the yield. The acreage under jute this year, however, at 3,155,400 acres, is approximately 10 per cent. greater than last year.

Trade in jute yarns and cloth has continued quiet, and spinners and manufacturers have the greatest difficulty in obtaining even a slight increase on their recent terms, though prices of raw jute have increased £2 per ton.

THE COMMODITY MARKETS

SENTIMENT continues to be dominated by the development in Wall Street, and prices generally reacted sharply to the hesitation shown there at the end of last week, though there has been some recovery since. Metal prices, however, are generally lower than a week ago, and raw cotton prices declined on better weather reports from America. Rubber continued to improve in price, but grain prices have weakened, though irregularly, and that for maize showed a slight advance.

Moody's daily index of American commodity prices continued its advance after a temporary check at the end of last week; the index stood at 147.5 (December 31, 1931 = 100) last Wednesday, compared with 144.8 in the previous week and 208.1 a year ago.

Metals

Copper.—Although the market staged a fair recovery on Wednesday, the price at £38 17s. 6d. showed per ton a net loss of 18s. 9d. on the week. During the whole week the market moved in sympathy with Wall Street, and so far there are no reports of an increase in new orders for copper goods. The latest monthly statistics show for the first time since April, 1937, a fall of 9,929 tons in United States stocks, which amounted in June to 359,871 tons; stocks outside the United States, however, increased by 7,974 tons to 192,524 tons, influenced probably by increased American exports.

★

Tin.—After being down to £189 the cash price for tin recovered to £192 10s. per ton, a net loss of 15s. on the week. In this market, movements constituted only a reflection of Wall Street changes. Consumers' buying has been small, and as the tin consuming industries have now entered their quiet season, a major increase in buying is unlikely.

★

Lead and Spelter.—Lead closed at £14 18s. 9d. per ton, a net loss of 7s. 6d. on the week, while spelter lost 2s. 6d., to close at £14 5s. per ton. Both markets moved more or less in sympathy with copper and tin, but in addition spelter was favourably affected by a statement of Viscount Horne at the New Broken Hill meeting, in which he said that there is a probability of collective action by the zinc producers to regulate production.

Grains

The July official estimate of the United States crop shows a total of 967 million bushels for the combined harvest of winter and spring wheat, which corresponds closely to the average of private forecasts. The estimates of the condition of the Canadian crop show there are reasonable prospects of a good harvest, and Broomhalls calculate that North America will have about 55 million quarters available for export in 1938-9, some 24 million quarters more than in the current season. During the week, the grain markets have been quiet and business has been restricted, particularly for wheat. There was a steady demand for maize,

(*Continued on page 149*)

Glyn, Mills & Co.

(ESTABLISHED 1753)
Registered with unlimited liability 1885
incorporating
CHILD & CO. (Established before 1600) and HOLT & CO. (Established 1809)

BANKERS

Army and Air Force Agents, Navy and Prize Agents.

One Hundred and Eighth Statement of Assets and Liabilities, 30th June, 1938.

Dr. LIABILITIES.	£ s. d.
To Capital authorised and issued	1,060,000 0 0
To Reserve Fund	530,000 0 0
To Reduction of the Bank Premises Account	295,000 0 0
To Current, Deposit and other Accounts (including provision for Contingencies)	35,094,351 10 3
To Acceptances and Engagements on account of Customers	3,143,703 18 4
	£40,123,055 8 7

ASSETS. Cr.	£ s. d.
By Coin, Bank Notes and Balance at Bank of England	5,489,845 10 10
By Balances with, and Cheques in course of Collection on, other Banks in the United Kingdom	2,186,080 1 11
By Money at Call and at Short Notice	8,587,700 0 0
By Bills Discounted	433,295 7 10
By Investments:—	
British Government Securities £9,141,103 18 0	
Other Securities 1,342 183 2 1	
Subsidiary Companies — —	
	10,483,292 17 1
By Advances to Customers and other Accounts	9,059,137 12 7
By Liabilities of Customers for Acceptances and Engagements as per contra	3,143,703 18 4
By Bank Premises (at cost, less amounts written off):—	
Freehold £620,000 0 0	
Leasehold 120,000 0 0	
	740,000 0 0
	£40,123,055 8 7

AUDITORS' CERTIFICATE AND REPORT.

We report that we have examined the above Balance Sheet with the Books of the Bank, and have obtained all the information and explanations we have required, and we are of opinion that such Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us, and as shown by the Books.

KEMP, CHATTERIS, NICHOLS, SENDELL & CO.,
JACKSON PIXLEY & CO.,
Chartered Accountants.
8th July, 1938.

H. A. LAWRENCE,
E. GORE BROWNE,
MARTIN D. V. HOLT,
Managing Partners.
8th July, 1938.

M. BAIRD, *Secretary.*

Every description of British and Overseas Banking and Exchange Business transacted.
The Bank undertakes the office of Executor and Trustee.

67, LOMBARD STREET, LONDON, E.C.3.

CHILD & CO., 1, Fleet Street, London, E.C.4, and Marygold House, Carfax, Oxford.
HOLT & CO., Kirkland House, Whitehall, London S.W.1.

BRITISH WHOLESALE PRICES

	July 6, 1938	July 13, 1938
CEREALS AND MEAT		
GRAIN, etc.—		
Wheat—	s. d.	s. d.
No. 2, N. Man. 496 lb.	...	...
Eng. Gaz. av., per cwt.	7 11	8 0
Liv. July, per cental	6 4	6 6
Flour, per 280 lb.—		
Straights, d/d London	31 0	30 6
Manitoba, ex store	32 6 / 34 0	32 6 / 34 0
Barley, Eng. Gaz. av.	9 5	8 4
Oats, " "	8 9	8 2
Maize, La Plata, landed, 480 lb.	31 3	32 6
Rice, No. 2 Burma, per cwt.	8 $7\frac{1}{2}$	8 $7\frac{1}{2}$
MEAT—		
Beef, per 8 lb.—		
English long sides	4 8 / 5 4	4 6 / 5 4
Argentine chilled hinds	4 4 / 4 7	4 3 / 4 7
Mutton, per 8 lb.—		
English wethers	4 4 / 5 8	4 4 / 5 4
N.Z. frozen wethers	3 0 / 4 2	3 0 / 4 2
Lamb, per 8 lb.—		
N.Z. frozen	4 10 / 5 4	4 10 / 5 4
Pork, English, per 8 lb.	5 4 / 5 8	5 4 / 5 8
BACON (per cwt.)—		
English	99 0	102 0
Danish	99 0	102 0
Dutch	98 0	101 0
Irish	95 0 / 99 0	99 0 / 104 0
HAMS (per cwt.)—		
Canadian	102 0 / 104 0	105 0
United States	98 0 / 100 0	98 0 / 100 0
OTHER FOODS		
BUTTER (per cwt.)—		
Australian	119 0 / 120 0	119 0
New Zealand	121 0 / 122 0	121 0
Danish	124 0	123 0
CHEESE (per cwt.)—		
Canadian	78 0 / 80 0	78 0 / 80 0
New Zealand	68 6	70 0
English Cheddars	... / ...	... / ...
Dutch	47 0 / 55 0	46 0 / 55 0
COCOA (per cwt.)—		
Accra, g.t	23 6 / 24 0	23 6 / 24 6
Trinidad	36 0 / 44 0	36 0 / 44 0
Grenada	35 0 / 37 6	35 0 / 37 6
COFFEE (per cwt.)—		
Santos supr. c. & f.	30 6	30 6
Costa Rica, medium to good	42 0 / 62 0	42 0 / 62 0
Kenya, medium	45 0 / 70 0	45 0 / 70 0
EGGS (per 120)—		
English (15–$15\frac{1}{2}$ lb.)	16 0 / 16 6	16 9 / 17 0
Danish ($15\frac{1}{2}$ lb.)	11 6 / 12 0	11 9 / 12 3
FRUIT—		
Oranges, S. African boxes	7 0 / 10 9	7 3 / 10 6
" Brazilian boxes	8 0 / 12 0	7 0 / 11 6
Lemons, Malaga $\frac{1}{2}$ cases	18 9 / 23 0	18 9 / 23 0
" Sicilian boxes	14 0 / 18 0	14 0 / 18 0
Apples, Amer. (var.) barrels	... / ...	... / ...
" Virginian $21\frac{4}{23}$	... / ...	... / ...
" No. 1 Albemarle	9 6	9 6
Grapes, Almeria barrels	... / ...	... / ...
Grapefruit, S. African	10 9 / 14 3	7 3 / 13 9
LARD (per cwt.)—		
Irish, finest bladders	56 0 / 62 0	56 0 / 62 0
U.S.	48 0 / 50 3	50 3 / 53 0
PEPPER, per lb.—		
Black Lampong (in Bond)	0 $2\frac{3}{4}$	0 $2\frac{3}{4}$
" " (Duty paid)	0 $3\frac{1}{4}$	0 $3\frac{1}{4}$
White Muntock (in Bond)	0 $3\frac{7}{8}$	0 $3\frac{7}{8}$
	0 4	0 4
" " (Duty paid)	0 $4\frac{5}{8}$	0 $4\frac{5}{8}$
	0 $4\frac{1}{2}$	0 $4\frac{1}{2}$
POTATOES (per cwt.)—		
English (new)	11 0 / 15 0	8 0 / 9 6
SUGAR (per cwt.)—		
Centrifugals, 96°, prpt. shipm. c.i.f. U.K./Cont.	5 $0\frac{3}{4}$	5 $4\frac{1}{2}$
REFINED London—		
Yellow Crystals	18 6	18 9
Cubes	22 9 / 23 3	23 0 / 23 6

* Weeks ended June 30th and July 7th.

	July 6, 1938	July 13, 1938
SUGAR (per cwt.)—cont.	s. d.	s. d.
Crushed	21 0	21 3
Granulated	18 $10\frac{1}{2}$ / 19 9	19 $11\frac{1}{2}$ / 20 0
Home Grown	18 9 / 19 0	19 0 / 19 3
TEA* (Auction Average) (per lb.)—	d.	d.
N. India	13·80	13·72
S. India	13·32	12·95
Ceylon	14·05	14·09
Java	11·69	11·89
Sumatra	10·96	10·90
Africa	11·55	11·61
Total	13·49	13·43
TOBACCO (per lb.)—	s. d.	s. d.
Virginia stemmed and unstemmed, common to fine	0 8 / 2 6	0 8 / 2 6
Rhodesian stemmed and unstemmed	0 9 / 1 10	0 9 / 1 10
Nyasaland stemmed and unstemmed	0 7 / 1 4	0 7 / 1 4
East Indian Stemmed	0 6	0 6
East Indian Unstemmed	2 0 / 5 6	2 0 / 5 5
		1 6
TEXTILES		
COTTON (per lb.)—	d.	d.
Raw, Mid-American	5·15	4·98
" Sakellaridis, F.G.F.	7·97	7·83
" Giza, F.G.F.	7·52	7·38
Yarns, 32's Twist	$9\frac{5}{8}$	$9\frac{1}{2}$
" 40's Weft	$10\frac{3}{8}$	$10\frac{1}{4}$
" 60's Twist (Egyptian)	$17\frac{1}{2}$	$17\frac{1}{2}$
Cloth, 32 in. Printers, 116 yds., 16×16, 32's & 50's	s. d. 17 2	s. d. 17 1
" 36 in. Shirtings, 75 yds., 19×19, 32's & 40's	23 6	23 4
" 38 in. ditto, 38 yds., 18×16, 10 lb.	9 11	9 $10\frac{1}{2}$
" 39 in. ditto, $37\frac{1}{2}$ yds., 16×15, $8\frac{1}{4}$ lb.	9 0	8 $11\frac{1}{2}$
FLAX (per ton)—	£ s.	£ s.
Livonian ZK	64 0	64 10 / 67 0
Pernau HD	66 0	66 0 / 68 0
Slanetz Medium, 1st sort	85 0 / 88 0	86 0 / 88 0
HEMP (per ton)—		
Italian PC	70 0	70 0
Manilla, July–Sept. "J2"	21 10	21 10
JUTE (per ton)—		
Native 1st mks., c.i.f. H.A.R.B., Aug.–Sept.	18/7/6	18/7/6
Daisee 2/3 c.i.f. Dundee, Oct.–Nov.	17/15/0	17/15/0
SISAL, (per ton)—	£ s.	£ s.
African, July–Sept.	16 10 / 19 0	16 0 / 19 0
SILK (per lb.)—	s. d.	s. d.
Canton	7 3	7 3
Japan	7 0 / 8 0	7 0 / 8 0
Italian, raw, fr. Milan	8 0 / 7 3	8 0 / 7 3
WOOL (per lb.)—	d.	d.
English, Southdown, greasy	11	11
" Lincoln hog, washed	10	10
Queensland, scd. super combg.	$22\frac{1}{2}$	$22\frac{1}{2}$
N.S.W. greasy, super combg.	13	13
N.Z., greasy, half-bred 50–56	$12\frac{1}{2}$	$12\frac{1}{2}$
" Crossbred 40–44	$11\frac{1}{2}$	$11\frac{1}{2}$
Tops—		
Merinos 70's average	$27\frac{1}{2}$	$27\frac{1}{2}$
" 64's "	26	26
Crossbred 48's	16	16
" 46's	$15\frac{1}{2}$	$15\frac{1}{2}$
MINERALS		
COAL (per ton)—	s. d.	s. d.
Welsh, best Admiralty	19 6 / 22 6	19 6 / 22 6
Durham, best gas, f.o.b. Tyne	19 9 / 20 0	19 $4\frac{1}{2}$ / 20 0
Sheffield, best house, at pits	22 0 / 24 0	22 0 / 24 0
IRON AND STEEL (per ton)—		
Pig Cleveland No. 3, d/d.	109 0	109 0
Bars, Middlesbrough	265 0	265 0
Steel rails, heavy	202 6	202 6
Tinplates per box	21 6	21 6
NON-FERROUS METALS (per ton)—		
Copper—		
Standard cash	39/16/3 / 39/17/6	38/17/6 / 39/0/0
Three months	40/2/6 / 40/3/9	39/3/9 / 39/5/0
Tin—		
Standard cash	193/5/0 / 193/15/0	192/10/0 / 192/12/6
Three months	194/10/0 / 194/15/0	193/15/0 / 194/0/0
Lead, soft foreign—		
Cash	15/6/3 / 15/7/6	14/18/9 / 15/0/0
English, pig	17/5/0	17/0/0
Spelter, G.O.B.—		
Spot	14/7/6 / 14/10/0	14/5/0 / 14/6/3
Aluminium, ingots and bars	100/0/0	100/0/0
" rolling billets	102/0/0	102/0/0
Nickel, home and export	180/0/0 / 185/0/0	180/0/0 / 185/0/0
Antimony, Chinese	52/0/0	52/0/0
	s. d.	s. d.
Wolfram, Chinese per unit	48 0 / 51 0	48 0 / 51 0
	£ s. d.	£ s. d.
Platinum, refined per oz.	7/5/0	7/5/0
Quicksilver per 76 lb.	13/18/0 / 13/18/6	13/18/0 / 13/18/6

	July 6, 1938	July 13, 1938
GOLD, per fine ounce	s. d. 140 11	s. d. 141 $2\frac{1}{2}$
SILVER (per ounce)—		
Cash	1 $7\frac{5}{16}$	1 $7\cdot3$
MISCELLANEOUS		
CEMENT, best Eng. Portland, d/d site, London are in paper bags 20 to ton (free, non-returnable)—		
4-ton loads and upwards	42s. per ton	
CHEMICALS—	s. d.	s. d.
Acid, citric, per lb., less 5%	1 0 / 1 $0\frac{1}{4}$	1 0 / 1 $0\frac{1}{4}$
" Nitric	0 2 / 0 3	0 2 / 0 3
" Oxalic, net	0 5 / 0 6	0 5 / 0 6
" Tartaric, English, less 5%	1 1 / 1 $1\frac{1}{4}$	1 1 / 1 $1\frac{1}{4}$
Alcohol, Plain Ethyl	12 0	12 0
Ammonia, carb. ton	20/0/0 / 21/0/0	20/0/0 / 21/0/0
" Sulphate	7/14/0	7/14/0
Arsenic, lump per ton	35/0/0	35/0/0
	s. d.	s. d.
Borax, gran. per cwt.	13 6	13 6
" powder	15 0	15 0
Nitrate of soda per cwt.	8 0	8 0
Potash, Chlorate, net	0 4 / 0 $4\frac{1}{2}$	0 4 / 0 $4\frac{1}{2}$
" Sulphate per cwt.	10 0	10 0
Soda Bicarb. per cwt.	10 0 / 11 0	10 0 / 11 0
Crystals per cwt.	5 0 / 5 3	5 0 / 5 3
Sulphate of Copper per ton	17/15/0	17/15/0
COPRA (per ton)—		
S.D. Straits, c.i.f.	11/10/0	11/12/6
HIDES (per lb.)—	s. d.	s. d.
Wet salted, Australian	0 $3\frac{7}{8}$ / 0 $4\frac{3}{8}$	0 $3\frac{7}{8}$ / 0 $4\frac{1}{2}$
West Indian	0 $2\frac{1}{4}$ / 0 3	0 $2\frac{3}{4}$ / 0 3
Cape	0 $4\frac{5}{8}$ / 0 $4\frac{3}{4}$	0 $4\frac{1}{2}$ / 0 $4\frac{3}{4}$
Dry and Drysalted Cape	0 $6\frac{1}{8}$ / 0 $6\frac{3}{8}$	0 $6\frac{1}{4}$ / 0 $6\frac{1}{2}$
Market Hides, Manchester—	0 4	0 4
Best heavy ox and heifer	0 $5\frac{1}{4}$	0 $5\frac{1}{4}$
Best cow	0 $3\frac{1}{2}$	0 $3\frac{3}{4}$
Best calf	0 $3\frac{7}{8}$ / 0 $5\frac{1}{4}$	0 $4\frac{1}{8}$ / 0 $5\frac{1}{4}$
INDIGO (per lb.)—		
Bengal, gd. red.-vio. to fine	5 0 / 0 0	5 0 / 0 0
LEATHER (per lb.)—		
Sole Bends, 8/14 lb.	1 0 / 1 10	1 0 / 1 10
Bark Tanned Sole	2 0 / 2 10	2 0 / 2 10
Shoulders from DS Hides	0 $5\frac{1}{2}$ / 0 $7\frac{1}{2}$	0 6 / 0 8
" Eng. or WS do.	0 $7\frac{1}{2}$ / 1 3	0 $7\frac{1}{8}$ / 1 3
Bellies from DS do.	0 $4\frac{3}{4}$ / 0 $5\frac{1}{4}$	0 $4\frac{3}{4}$ / 0 $5\frac{1}{4}$
" Eng. or WS do.	0 6 / 0 8	0 6 / 0 8
Dressing Hides	1 0 / 1 8	1 0 / 1 8
Ro. Eng. Calf, 20/35 lb. per doz.	3 6 / 4 6	3 6 / 4 6
PETROLEUM PRODUCTS (per gall.)—		
Motor Spirit No. 1, London	1 6	1 6
Petroleum, Amer. rfd. bri. Lond.	0 10	0 10
Fuel oil, in bulk, for contracts ex. instal. Thames—		
Furnace	0 $3\frac{3}{4}$†	0 $3\frac{3}{4}$†
Diesel	0 $4\frac{1}{2}$†	0 $4\frac{1}{2}$†
ROSIN (per ton)—		
American	14/5/0 / 18/5/0	12/0/0 / 18/5/0
RUBBER (per lb.)—	s. d.	s. d.
St. ribbed smoked sheet	0 $7\frac{1}{4}$	0 $7\frac{3}{8}$
Fine hard Para	0 7	0 7
SHELLAC (per cwt.)—		
T N Orange	40 0 / 43 0	41 0 / 44 0
TALLOW (per cwt.)—		
London town	17 9	17 9
TIMBER—		
Swedish u/s 3×8 per std.	21/10/0	21/10/0
" $2\frac{1}{2}\times7$ "	21/0/0	21/0/0
" 2×4 "	18/10/0	18/10/0
Canadian Spruce, Dis. "	22/10/0	22/10/0
Pitchpine per load	11/0/0	13/10/0
Rio Deals per std.	35/0/0	35/0/0
Teak per load	27/0/0	27/0/0
Honduras Mahogany logs c. ft.	0/12/0	0/12/0
English Oak Planks "	0/6/0	0/6/0
English Ash Planks "	0/7/0	0/7/0
VEGETABLE OILS (per ton net)—		
Linseed, naked	23/12/6	23/12/6
Rape, refined	33/0/0	33/0/0
Cotton-seed, crude	20/0/0	20/0/0
Coconut, crude	15/15/0	15/15/0
Palm	14/5/0	14/12/6
Oil Cakes, Linseed, Eng.	8/17/6	9/0/0
Oil Seeds, Linseed—		
La Plata, July	11/16/3	11/16/3
Calcutta	12/15/0	12/11/3
	s. d.	s. d.
Turpentine per cwt.	32 3	32 3

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

COMMODITY STATISTICS

Coal

COAL OUTPUT ('000 tons)

District	Week ended June 25, 1938	Week ended July 2, 1938	Jan.–May 1937	Jan.–May 1938
Northumberld.	200·1	241·7	5,828·0	5,909·7
Durham	620·2	598·5	13,426·6	14,353·4
Yorkshire	657·6	844·0	19,339·5	19,890·6
Lancs, Cheshire and N. Wales.	331·3	299·3	7,510·5	7,690·6
Derby, Notts & Leicester	545·9	493·6	14,802·1	15,181·1
Staffs, Worcs, Salop & Warwick	364·9	347·8	8,686·5	8,936·8
South Wales & Monmouth	775·8	765·5	15,227·3	16,266·3
Other English districts*	100·3	109·1	2,228·0	2,412·9
Scotland	563·1	573·2	13,594·6	13,424·3
Total	4,159·2	4,272·7	100643·1	104065·7

* Including Cumberland, Gloucester, Somerset, and Kent.

Cotton

RAW COTTON delivered to Spinners ('000 bales)

Variety	Week ended July 1, 1938	Week ended July 8, 1938	Total Deliveries Aug. 1, 1936–July 9, 1937	Total Deliveries Aug. 1, 1937–July 8, 1938
American	20·0	20·8	*1,151*	*1,160*
Brazilian	4·0	3·7	354	262
Peruvian, etc.	1·7	1·5	134	107
Egyptian	3·9	7·2	389	331
Sudan Sakel	1·0	1·5	156	133
East Indian	11·7	3·1	554	359
Other countries	1·6	2·3	212	157
Total	43·9	40·1	2,950	2,509

Metals

SALES ON LONDON METAL EXCHANGE

	Week ending July 6, 1938	Week ending July 13, 1938	From Jan. 1 to July 13, 1938
	Tons	Tons	Tons
Copper	15,750	13,950	252,975
Tin	2,750	1,790	48,300
Lead	12,350	8,500	189,050
Spelter	15,200	6,850	169,325

U.K. STOCKS

	July 2, 1938	July 9, 1938
	Tons	Tons
Copper (Br. official w'houses):	6,060	5,786
Refined	29,726	30,039
Rough	6,939	7,256
Tin (London and Liverpool)		

Foods

WORLD SHIPMENTS OF WHEAT AND FLOUR ('000 quarters)

From—	Week ended July 2, 1938	Week ended July 9, 1938	Season to July 10, 1937	Season to July 9, 1938
N. America	330	472	25,327	22,311
Argentina and Uruguay	199	337	20,083	8,304
Australia	381	409	12,956	15,640
Russia	91	103	11	5,384
Danube and dist.	142	73	9,844	6,485
India	150	124	1,826	1,700
Other Countries	...	...	2,154	691
Total	1,293	1,518	72,201	60,515
To—				
U.K.	287	328	16,960	14,694
"Orders"	446	284	19,008	13,679
France	1	13	1,539	843
Belgium	40	134	4,471	4,752
Holland	40	118	2,448	3,069
Italy	127	60	5,347	1,292
Greece	49	82	1,762	2,339
Scandinavia	24	40	1,849	1,545
Austria, etc.	52	41	2,089	2,009
Other European Countries	...	28	2,417	3,125
Ex-European Countries	227	390	14,311	12,068
Total	1,293	1,518	72,201	60,515

WORLD SHIPMENTS OF MAIZE AND MAIZE MEAL ('000 quarters)

From	Week ended July 2, 1938	Week ended July 9, 1938	From Apr. 1 to July 10, 1937	From Apr. 1 to July 9, 1938
Argentina	226	372	12,614	2,197
Atlantic America	305	445	...	6,076
Danube Region	49	49	1,593	1,865
S. & E. Africa	...	49	419	79
Indo-China, etc.	37	45	68	356
Total	617	960	14,694	10,573

SALES OF BRITISH CEREALS

	Week ended July 2, 1938	Week ended July 9, 1938	From Aug. 1 to July 10, 1937	From Aug. 1 to July 9, 1938
Wheat...cwt.	46,819	44,282	10,575,443	10,675,669
Barley...cwt.	1,266	348	10,331,517	10,291,906
Oats ...cwt.	12,339	13,162	2,212,791	2,185,493

OTHER FOODS

	Week ended July 2, 1938	Week ended July 9, 1938
BACON:		
Arrivals in London (bales):		
Danish	13,188	13,105
Canadian	4,519	4,611
Dutch	1,933	2,251
Lithuanian	1,413	1,463
Polish	2,486	2,439
COCOA:		
Movements in Lond. (bags):		
Landed	31,085	34,496
D/d for home consumption	7,137	12,776
Exports	267	184
Stocks, end of week	107,559	129,095
COFFEE:		
Movements in Lond. (cwt.):		
Brazilian—Landed	101	1
" D/d for home consn.	177	90
" Exports	...	...
" Stocks, end of week	2,502	2,413
Central and S. American: Landed	635	1,706

OTHER FOODS—(contd.)

	Week ended July 2, 1938	Week ended July 9, 1938
COFFEE (contd.):		
D/d for home consumption	3,885	4,322
Exports	2,411	1,920
Stocks, end of week	143,537	139,001
Other kinds—Landed	939	425
" D/d for home consn.	2,503	3,457
" Exports	391	430
" Stocks end of week	106,162	102,700
MEAT:		
Supplies at Smithfield (tons):		
Total	8,335	8,758
Beef and veal	4,354	4,639
Mutton and lamb	3,005	2,896
Pork and bacon	560	713
Poultry, etc.	416	510
PEPPER:		
Movements in Lond. (tons):		
Black—Landed	3	...
" Delivered	11	29
" Stocks, end of week	1,921	9,310
White—Landed	10	...
" Delivered	44	...
" Stocks, end of week	9,339	1,921
SUGAR:		
Movements, London and Liverpool (tons):		
Imports	16,182	17,039
Deliveries	16,265	14,983
Stocks, end of week	211,486	213,542
TEA:*		
Sales on Garden A/c. (pkgs.):		
N. India	12,287	9,838
S. India	8,677	11,368
Ceylon	28,017	27,320
Java	4,347	4,134
Sumatra	742	466
Africa	3,787	4,077
Total	57,857	57,077

* Weeks ended June 30th and July 7th.

Miscellaneous Commodities

MOVEMENTS OF RUBBER IN LONDON AND LIVERPOOL

	Week ended July 2, 1938	Week ended July 9, 1938
Landed tons	2,132	1,329
Delivered tons	757	1,522
Stocks, end of week tons	92,460	92,267

WORLD SHIPMENTS OF LINSEED ('000 tons)

	Week ended July 2, 1938	Week ended July 9, 1938	From Jan. 1 to July 10, 1937	From Jan. 1 to July 9, 1938
Argentine to—				
U.K. and Orders	3·4	5·0	326·5	172·1
Continent	12·5	5·8	312·2	378·8
U.S.A. and Canada	3·6	10·7	524·9	180·7
Australia, Brazil, etc.	0·1	...	16·1	12·0
Calcutta to—				
U.K. and Orders	1·0	7·7	74·5	48·3
Continent	...	...	0·2	0·9
Bombay to—				
U.K. and Orders	...	14·7	23·1	89·7
Continent	0·1	...	8·1	3·4
Madras to U.K.	...	...	...	...
India to—				
Australia, etc.	...	1·8	6·0	6·1
U.S.A.	...	...	...	...
Sundries	...	...	...	...
Total	20·7	45·7	1291·6	892·0

AMERICAN WHOLESALE PRICES

	July 6, 1938 Cents	July 13, 1938 Cents
GRAINS (per bushel)—		
Wheat, Chicago, July	$71\frac{7}{8}$	$72\frac{3}{4}$
Winnipeg, July	98	102
Maize, Chicago, July	$57\frac{3}{8}$	$60\frac{3}{8}$
Oats, Chicago, July	$26\frac{7}{8}$	$27\frac{1}{2}$
Rye, Chicago, July	$53\frac{1}{2}$	$54\frac{1}{4}$
Barley, Winnipeg, July	$49\frac{5}{8}$	49
METALS (per lb.)—		
Copper, N.Y., Domestic spot	9·70	9·42½
Producers' export	9·97½	9·75
METALS (per lb.)—*cont.*		
Tin, N.Y., Straits spot	43·50	43·65
Lead, N.Y., spot	4·90	4·90
Spelter, East St. Louis, spot	4·75	4·75
MISCELLANEOUS (per lb.)—		
Cocoa, N.Y., Accra, July	5·08	5·08
Coffee, N.Y., cash—		
Rio, No. 7	$4\frac{3}{4}$	$4\frac{3}{4}$
Santos, No. 4	$7\frac{1}{4}$	$7\frac{1}{2}$
Cotton, N.Y., Am. mid., spot	9·21	8·56

	July 6 1938 Cents	July 13, 1938 Cents
MISCELLANEOUS (per lb.)—*cont.*		
Cotton, Am. Mid., July	9·11	8·67
Lard, Chicago, July	$8\cdot72\frac{1}{2}$	9·30
Petroleum, Mid-cont. crude 33 deg. to 33·90, at well, per barrel	116	116
Rubber, N.Y., smkd. sheet spot	$15\frac{5}{16}$	15
Do. do. Aug.	$15\frac{5}{8}$	$15\frac{1}{16}$
Sugar, N.Y., Cuban Cent., 96 deg., spot	2·71	2·75

COMPANY MEETINGS

COVENT GARDEN PROPERTIES COMPANY, LIMITED

INCREASED PROFIT

The fourteenth ordinary general meeting of the Covent Garden Properties Company, Limited, was held, on the 13th instant, at the May Fair Hotel, London, Mr Philip E. Hill (chairman of the company) presiding.

The Chairman, in the course of his speech, said: The profit for the year, before providing directors' fees, debenture interest, income tax, and National Defence Contribution, amounts to £309,302—an increase over the last year of £27,707. This revenue is represented by the income from rents, tolls, and interest on investments—£283,687—being an increase on last year's figure of £31,480, and the profit on sale of properties and sundry fees amounting to £25,435, a decrease of £3,773. As mentioned in the report, the receipts from Covent Garden show a slight decline this year, due to drought and general conditions. The company has put into operation a pension scheme for the market staff, a step which I am sure shareholders will approve, and a full year's charge in respect of the annual premium has been made in the accounts. The revenue from the company's other properties shows a substantial increase, as I foreshadowed in my address to you last year.

DIVIDEND AGAIN 7½ PER CENT.

The directors are again recommending a dividend of 7½ per cent. on the ordinary share capital of the company. It will be remembered that the amount of this was doubled by the further issue made in July last, and the 7½ per cent. is paid on the full capital although the company has not had the use of the additional capital for the whole of the year.

The company's investments, in sympathy with most securities at the present time, show a depreciation. These continue, however, to yield a satisfactory return.

Turning to the balance sheet you will see that the balance of the company's 4½ per cent. debenture stock, amounting to £164,910, has been redeemed during the year. From the premium received on the issue of the new ordinary shares your directors have written off the balance of the expenses of the issue and conversion costs in respect of the 4½ per cent. and 4 per cent. debenture stock and the costs of the issue of the new ordinary shares amounting to £180,948, leaving a balance on the share premium account of £30,301.

The company's subsidiary, English Property Corporation, Limited, which owns Africa House, Kingsway, has now turned the corner and with the improvement in lettings has this year made a profit which I anticipate should not only continue but increase.

The company has purchased properties costing £1,236,229—mostly freehold. These consist principally of shop properties in good positions in growing suburban districts let to multiple shop companies and established private traders. The building of certain of the properties has only recently been finished and completion of the purchase of certain of the shops comprised in these properties will not take place until the shops are let to approved tenants. The company has also purchased freehold ground-rents costing £157,859. During the year the directors received advantageous offers for certain of the company's properties, which have been accepted.

AN ISSUE OF DEBENTURES

In order to provide the necessary finance for the purchase of the properties referred to, and to enable the company to repay the amount due to its bankers, the board proposes to create and issue an additional £1,000,000 4 per cent. debenture stock secured by a specific charge upon the new properties, and by a floating charge on the whole undertaking and assets of the company—which floating charge will rank after the specific security and floating charge in respect of the existing £2,500,000 debenture stock. Subject to the formal consent of the shareholders being obtained at the class meetings to be held at the conclusion of this meeting, it is proposed to make the issue forthwith. A copy of the prospectus will be sent to each stockholder and shareholder of the company, together with an application form entitling the holder to preferential consideration in allotment. I personally regard the stock as a very well-secured and first-class investment.

The estimated further revenue indicates that the income to be derived from rents, tolls and interest on investments, in the absence of unforeseen conditions, should be sufficient to pay the usual 7½ per cent. on the company's ordinary share capital, apart from any revenue that may accrue from the sale of properties, etc.

The report and accounts were unanimously adopted and at a subsequent extraordinary general meeting the issue of debenture stock was approved.

POWELL DUFFRYN ASSOCIATED COLLIERIES, LIMITED

POWELL DUFFRYN STEAM COAL COMPANY

WELSH ASSOCIATED COLLIERIES, LIMITED

SATISFACTORY INCREASE IN PROFITS

At the annual general meeting of Powell Duffryn Associated Collieries, Limited, held, on the 13st instant, in London, the Chairman, Mr Edmund L. Hann, began by paying a warm tribute to Sir Stephenson Kent, who retired in May last.

Mr E. L. Hann then dealt in detail with the company's accounts, and referred to the increase in profit of £32,633 on last year. This might be regarded as satisfactory.

Costs of production had increased considerably. The wages paid by the company in the year under review rose by over £1,400,000. In addition, the cumulative effect of increased railway charges had resulted altogether in an additional cost of approximately 5½d. per ton to the export trade of South Wales as compared with 1933. Provision had been made in the present accounts to meet the cost of holidays with pay, and it was hoped that this would mark another progressive stage in the happy relations now prevailing between employers and men.

SELLING SCHEMES

The selling schemes were likely to be very severely tested during the next few months. The industry was faced with a falling off in demand, and the control boards in every district had a difficult task before them. Any attempt to force on consumers coals that they did not want in order to preserve an arithmetical balance of trade was predestined to failure.

The world demand for coal in 1937 had postponed, but the contraction of demand this year would intensify, the marked difference in prices realised by collieries engaged in the export trade compared with those whose market was at home. Help from the Government was needed, and it should be possible to devise a scheme either directly to encourage export or to equate the difference between export and inland prices.

Some form of assistance must be given to the exporting districts, for the inroads which foreign (particularly German) subsidised competition continued to make into the British coal export trade were alarming. Between the years 1932 and 1937 German coal exports increased by 66 per cent., while British coal exports in the same period rose only 4 per cent. With the ever-increasing adverse balance of trade, any permanent diminution of British coal exports should be viewed with the greatest concern.

There were serious grounds of complaint that the French Government was permitting transfers of British licences to other countries in contravention of the terms of the agreement. Discussions were at present being carried on between the British and French interests, and it was to be hoped that the latter would appreciate the importance of fully supporting the British coal industry.

As for the Coal Bill, the mere introduction of the Bill had proved costly to the company, for royalty owners had withdrawn all temporary concessions. This was already costing the company between £11,000 and £12,000 a year, and the total increased charge would be very nearly £20,000 a year.

PHURNOD AND BY-PRODUCTS

The demand for PhurnoD had greatly increased. PhurnoD, a specially sized and graded fuel of remarkably high heat value, was ideal for domestic hot water boilers, central heating and similar appliances. The market had also been tested for Phurnacite, a new fuel, and this fuel had been extremely well received.

A new tar distillation plant was being erected by the company in South Wales, which, when completed, would be one of the most up-to-date of its kind in the country. In addition to dealing with the company's own crude tar output, it would also be able to deal with the whole of the crude tar from the existing coke ovens of Richard Thomas and Company, Limited, and from their new works at Ebbw Vale under an arrangement made with them.

After referring to the continuation of the policy of merging the assets of the remaining subsidiary colliery companies into the company, and after mentioning the acquisition of the remainder of the shares of British Briquettes, Limited, the chairman said that, although there had been a certain falling off in demand, he saw nothing to justify the pessimistic feelings of a severe trade reaction which existed in certain quarters.

The directors' report and the accounts were adopted, and the dividends recommended were duly declared.

The annual general meetings of the Powell Duffryn Steam Coal Company, Limited, and Welsh Associated Collieries, Limited, were subsequently held; the reports and accounts were adopted and dividends recommended duly declared.

NEW BROKEN HILL CONSOLIDATED, LIMITED

CONFIDENCE IN COMPANY'S FUTURE

The second ordinary general meeting of New Broken Hill Consolidated, Limited, was held, on the 12th instant, at 20 Aldermanbury, London.

The Rt. Hon. Viscount Horne of Slamannan, P.C., G.B.E., the Chairman, said in the course of his speech: At this early stage of our history you will not expect anything dramatic. The figures reveal only the regular routine of a company proceeding towards its natural development.

During the year the final call of 2s. on 1,250,000 shares issued for cash became due, and the total amount of £125,000 was promptly paid. The issued capital at the end of the year was 2,026,911 shares, fully paid, of an authorised total of 2,400,000 shares of 5s. each. Since the close of the year we have issued 4,626 additional shares against further transfers of shares of the Barrier South Company. We now hold shares equivalent to approximately 99 per cent. of the Barrier South Co., which has been placed in liquidation, while its leases have been transferred to our company.

CO-OPERATION WITH ZINC CORPORATION

A scheme for closer co-operation with the Zinc Corporation in the equipment and working of the two mines has been formulated. Material advantages will accrue to both in the shape of reductions in capital expenditure and working costs, by mining under one management and ore-treatment in one mill—a great saving in the time necessary to reach production.

This joint working arrangement covers the development and working of that portion of our lease immediately south of the boundary of the Zinc Corporation which presents prospects of a sufficient tonnage of ore to occupy our energies for many years. The main lead ore body in our property is not estimated to be productive above 2,250 ft. To reach this depth with a separate shaft and equipment, and to open up for production, would have probably taken more than five years. Under our agreement with the Zinc Corporation we should be in the ore body and from development work have some production (not large) in the first half of 1940. I estimate the capital savings to us resulting from the joint agreement at not less than £250,000.

DEVELOPMENT PROSPECTS

It is anticipated that the New Main (Freeman) Shaft of the Zinc Corporation will very shortly be in commission to the No. 11 level, the vertical depth of which is 1,573 ft., and that by January it will have been completed to the No. 15 level (2,120 ft.). Meanwhile, the erection of powerful winding plant has been completed.

The No. 12 level has been advanced 274 ft. into our property, and from it, close to the boundary, a winze is being sunk in the vicinity of the diamond drill boreholes which intersected the continuation of the Zinc Corporation lead lode. Thereby we hope to accelerate exploration of that section of the property and provide a winze which later will serve as a main sand pass for stope filling. For the subsequent mining of the ore the deep main haulage levels of the Zinc Corporation will serve for transport to the mill.

As regards the areas further south, we have carried out some preliminary diamond drilling with the object of mapping the general geological features as a basis for further exploratory work in the vicinity of the Rising Sun Shaft, some two miles south of your northern boundary. Additional areas have been secured which we believe will amply protect the results of our exploratory work. These additional areas total 1,409 acres, making a joint total of 2,016 acres which longitudinally cover a distance on the possible line of lode of a little over 3½ miles.

If the managerial estimates be realised we shall be in the ore body in 1940, and should thereafter begin to "develop a mine." I have no fears of what our exploration and development work will disclose as regards the size and metal contents of the ore body. The two uncertainties are cost of working and metal prices. I am hopeful that the former will be kept at a satisfactory level and that metal prices will enable us to obtain a fair reward for our enterprise.

While we are not yet in the producing stage we are very materially interested in the course of metal prices. During the last fortnight the markets for lead and zinc have been healthier than for some time past, and it appears reasonable to hope that the recent recovery may be more than maintained.

Taking a wide and a long view of our prospects nothing has happened since we last met which in any way alters my confidence in the future of this company.

The report was adopted.

H.E. PROPRIETARY, LIMITED

SUCCESSFUL YEAR'S OPERATIONS

SIR FREDERIC HAMILTON'S REVIEW

The annual general meeting of H.E. Proprietary, Limited, was held, on the 12th instant, in London.

Sir Frederic Hamilton (the chairman) said that the accounts again reflected a satisfactory result for the past year. On the liabilities side of the balance sheet the item of creditors, £24,870, represented the amount due to the State in respect of income tax and National Defence Contribution. On the assets side the most important item was shares, debentures and sundry interests in other companies, £544,028, an amount which, as stated in the directors' report, taking the market price of quoted securities and directors' valuation of unquoted securities, was substantially in excess of that figure. The profit and loss account showed a net profit of £107,304, which, with the balance brought in, gave an available total of £191,550. From this they had transferred £40,000 to the reserve for equalisation of dividends and contingencies, raising that account to £190,000, or nearly two-thirds of the issued capital of the company.

DIVIDEND POLICY

An interim dividend of 10 per cent., less tax, had been already paid, and the directors now recommend a final dividend of 15 per cent., less tax, bringing the total dividend for the year up to 25 per cent. and leaving a balance of £76,550 to be carried forward, subject to directors' additional remuneration, amounting to £2,500. They had declared an interim dividend for the present year of 5 per cent., less tax. Seeing that their reserves and carry-forward were together nearly 90 per cent. of the company's issued capital, he thought it desirable to review their action with regard to the interim dividend in the light of facts and conditions as they found them to-day.

At their last meeting he pointed out that their profits during the last few years had averaged less than one-third from dividends and more than two-thirds from realisations. They obviously could not expect those proportions to be maintained. A comparison of market prices of almost any class of securities this year and last told its own tale, and they might count themselves fortunate that they were still able to show a substantial excess of actual over book values. The position to-day was that those proportions were already reversed. The interim dividend which they were paying for the first six months of the present year had been handsomely earned, and more than four-fifths of it was derived from dividends received and less than one-fifth from realisations.

THE INVESTMENTS

Dealing with the company's investments, he said that their most important mining interest was their holding in Luipaards Vlei Estate and Gold Mining Company, Limited. Development results throughout the mine had been, and continued to be, extremely encouraging, especially in the Tudor shaft area, where the exposures had shown highly payable values over exceptionally good widths. The company's technical advisers stated that the position in the mine warranted a large expansion both of development and milling capacity. The whole scheme envisaged doubling the present output, and a commensurate development programme, at an ultimate cost of one and three-quarter million pounds. They, as the largest shareholders of the Luipaards Vlei company, had been consulted and, notwithstanding the expense entailed, they had no hesitation in approving the scheme. They continued to regard the future of the mine with great and increasing confidence.

AUSTRALIAN AND OTHER INVESTMENTS

In Australia they had a large interest in the Gold Fields Australian Development Company. Judging from the statements of the chairman at the recent general meeting, it was believed the first dividend would be forthcoming in the current year. They also had a substantial interest in Wiluna, where the outlook was now decidedly more encouraging. They had retained a holding of over 25 per cent. of the issued capital of the Associated Mining and Finance Company, which was in a very strong position, with sound and promising assets. The progress of the Anglo-Huronian Company, in which they were interested, had been adversely affected by the general fall in American securities. The liquid position of the company remained strong, and more than one of the mining interests presented a considerable element of progress.

The chief interest outside of mining was in Moussec. This had been a source of outgoing for some years, but now promised to be a substantial revenue producer. In October last they had received their first dividend of 10 per cent., and since then sales had shown a further increase.

The report and acounts were unanimously adopted, and the proceedings closed with a vote of thanks to the chairman and directors.

THISTLE-ETNA GOLD MINES, LIMITED

ENCOURAGING RESULTS

The fourth ordinary general meeting of the Thistle-Etna Gold Mines, Limited, was held, on the 12th instant, in London.

Sir Godfrey B. H. Fell, K.C.I.E., C.S.I. (the chairman), who presided, said that the net profit for the year, subject only to income tax and N.D.C., amounted to £15,131, and it was proposed to pay a dividend at the rate of 5 per cent. per annum, less income tax.

With regard to development, of the total footage of 8,809 ft., which consisted of shaft sinking, crosscuts, drives, rises and winzes, 6,011 ft. were sampled, 46.3 per cent. of which was found to be payable, averaging 10.1 dwt. over 20 in. Those results were, to some extent, disappointing, but the chief explanation was that the reef in the Etna mine was dislocated by various faults in the area below the main dyke.

Development during the current year should prove very interesting. The sub-incline shaft which was being sunk to the point where No. 5 borehole cut the reef about 960 ft. on the incline below the 10th level, would, they hoped, pass through an area relatively free from the faults which had given so much trouble in the past. Shareholders would no doubt recollect that that borehole indicated an assay value of 54.8 dwt. over an average width of 42 in., which gave them ground for hoping that they would develop below the 10th level ore of good value and good width.

During the year the mine supplied the mill with 23,500 tons of ore, and the ore reserves at the end of the year were estimated at 66,100 tons of an average assay value of 5.12 dwt. over a stoping width of 30 in., compared with 31,860 tons at the end of the previous year. So soon as the ore reserve position warranted it, they proposed to add another five stamps to the mill, bringing the number up to 20. The mill would then have a crushing capacity of 48,000 tons a year.

He hoped shareholders would look on the results as satisfactory, having regard to the exceptional difficulties which they had encountered in connection with their development programme, difficulties which he trusted would not recur. He thought they had every reason to regard the results of the first year's operation of the mill, working at half its proposed full capacity, as decidedly encouraging.

The report and accounts were unanimously adopted.

TANGANYIKA CONCESSIONS, LIMITED

CONSIDERABLY IMPROVED RESULTS

The ordinary general meeting of Tanganyika Concessions, Limited, was held, on the 14th instant, at 20 Aldermanbury, London.

The Right Hon. Viscount Stonehaven, the chairman, presided, and called upon General Sir Reginald Wingate to speak.

General Sir E. Reginald Wingate, Bart. (vice-chairman), said that he wished to pay a heartfelt tribute to the memory of the late managing director, Sir Robert Williams. Referring to his own resignation as chairman, he said that he felt the need for the position to be occupied by a younger director, and had proposed that Viscount Stonehaven should become chairman, which had been unanimously agreed to.

The Chairman, after associating himself with Sir Reginald Wingate's remarks with regard to the late Sir Robert Williams, said that the results of Sir Robert's life work were represented very largely by the assets of the company, and he thought it could fairly be said that the outlook for the company was brighter to-day than it had ever been. The results of operations for the year under review showed a big improvement. There was a balance of profit of some £161,000, which reduced the balance standing to the debit of the profit and loss account at December 31st last.

With regard to the company's interests, the very strong financial position of the Union Minière as well as the improved results of the Benguela Railway for 1937 were highly satisfactory features. Since then there had been a setback, largely due to the trade recession in the United States of America, but in that respect there had been distinct signs of improvement lately. With regard to their gold interests in East Africa, in the opinion of the mining engineer it should be possible to build up a big gold industry in Tanganyika Territory.

The Right Hon. Earl Grey referred to his visit to East Africa, and said that whether or not the Geita District at the south end of Lake Victoria was going to become a profitable goldfield nobody could say for certain to-day. They would know a great deal more when crushing began early next year, and very soon after that they would be in a position to decide on the next step. The organisation out there was working very well.

The report and accounts were unanimously adopted.

TRUSTEES CORPORATION, LIMITED

REVENUE AGAIN INCREASED

The fiftieth annual general meeting of the Trustees Corporation, Limited, was held, on the 13th instant, in London.

Mr W. Sandford Poole, the chairman, in the course of his speech, said:—Revenue from interest and dividends, after provision for income tax at the increased rate and National Defence Contribution, amounted to £162,923 for the year to May 31, 1938. This compares with £148,662 for the previous year, in which, however, no specific charge was made in respect of any liability to N.D.C. The major portion of our increased investment revenue was derived from our home investments. So far as current revenue from our investments is concerned, we still suffer from continuing default on a large proportion of our holdings of foreign Government bonds. I fear returns will be disappointing from many of our interests in South America (including the Argentine Republic) which have suffered from short crops and cramped world trade.

With regard to the home outlook, added impetus is being given to certain sections of industry as a result of the speeding up of re-armament which is likely to maintain a reasonable level of consumption demand at home.

After reasonable provision for repairs, renewals and contingencies, we show revenue from Winchester House at £15,207, compared with £13,689 for the previous year. Revenue from public halls and auction rooms, safe deposits and strong rooms was about the same as in the previous year.

The corporation's total revenue for the past year, after providing for income tax and N.D.C., was £186,065, compared with £172,081 for the year to May 31, 1937, an increase of £13,984. After charging debenture interest and all expenses of administration the net revenue for the year amounted to £128,244, compared with £114,901, an increase of £13,343.

We propose a final dividend of 7 per cent., less income tax, payable on July 19th, again making the dividend on the ordinary stock 10 per cent. for the year. Furthermore, as a tangible recognition of the corporation's jubilee we recommend the payment on the ordinary stock of a jubilee bonus of 2 per cent., less income tax, in addition to the final dividend I have just mentioned. We have allocated the sum of £2,000 to a staff jubilee bonus fund.

The report and accounts were unanimously adopted.

HOVIS, LIMITED

INCREASED SALES DURING CURRENT YEAR

The fortieth ordinary general meeting of Hovis, Limited, was held, on the 8th instant, in London.

Mr A. H. Dence, J.P. (the chairman of the company), said that the board considered the result as entirely satisfactory taking into consideration conditions in the milling industry. He supposed it was not too much to say that the 12 months under review had been more difficult for the wheat buyer than any time since the War. Fortunately, the position was gradually improving, prices were easier and crop reports from various parts of the world were more hopeful, but that the credit at profit and loss account at £164,335 was lower than for some little time was only to have been expected when the fluctuations of the wheat market were taken into consideration.

Owing to the partial crop failure in Canada last autumn, supplies of good quality strong wheat had not only been difficult to obtain, but were held for large premiums over other descriptions of wheat. In order to maintain the high standard of quality of Hovis it was necessary to ensure regular supplies of the best qualities of wheat, and purchases had to be made a long time ahead, whatever the market outlook might be, as they dared not depend on being able to buy on spot to supply their needs. The board took great pains to maintain the high standard of the company's quality, and were confident thereby that they added to the value of the goodwill of Hovis.

With regard to the future, he did not wish to take too gloomy a view, but he did want to emphasise once more the dangers of the unfair competition to which British millers were subjected by the importation of foreign and Dominion flour, often sold here not only at a very low price, but also lower than the price ruling in the country of origin.

A reasonable measure of protection against imported flour would go a long way towards solving the Government's problem of holding a sufficiency of food stocks in the country against the dangers of war. Moreover, if more wheat were ground in this country there would be larger stocks of weatings and bran available for farmers here, and they, in turn, would be able to keep larger herds of cattle and pigs, and more poultry.

The report and accounts were unanimously adopted.

EASTWOODS FLETTONS, LIMITED

RECORD PRODUCTION AND SALES

The eleventh ordinary general meeting of Eastwoods Flettons, Limited, was held, on the 13th instant, in London.

Mr Horace Boot, M.Inst.C.E., M.I.Mech.E., M.I.E.E. (the chairman), in the course of his speech, said that the company had continued to make good progress and, except for the severe weather conditions, which had retarded production during the winter and adversely affected manufacturing costs, the output had been well maintained.

Last year's figures included a profit of £3,634 on realisation of investments, which was not repeated this year. It was, however, satisfactory to note that the net profit was £51,397, very nearly approximating to the previous year's figure of £52,363. The great bulk of their profit was derived from the Kempston Works, where they had again broken all previous records for production and sales. Actually the works profit was a little higher.

Contracts for Government work and for investment and industrial building were engaging more attention than hitherto, and those, together with the rehousing and slum-clearance schemes of local authorities, were making up any deficiency which might have arisen from the mass construction and sale of small houses. The Fletton brick had very largely displaced the foreign brick imports which had proceeded on so large a scale since the war.

Actually more houses had been built in the six months ended March 31st than in any previous half-yearly period. Manufacturing profit was to a large extent outside the control of the industrialist. Taxation, transport, coal, material and wages all added to the expenses of production, for which the consumer ultimately paid. His (the chairman's) objection was to the extravagance of the limitless borrowing by the bureaucratic chiefs of spending departments. Industry was being mulcted in the cost of complying with an ever-increasing quantity of legislation.

Dealing with the financial position of the company, he said that on a capitalisation of £200,000 they had internal reserves and undistributed profits amounting to £131,512, and the excess of liquid assets over liabilities was £57,005. In all the circumstances, they were to be congratulated upon the satisfactory position in which they found themselves.

The report and accounts were adopted.

AMALGAMATED DENTAL COMPANY, LIMITED

CONTINUED PROGRESS OF THE INDUSTRY

The thirty-third annual general meeting of the Amalgamated Dental Company, Limited (formerly Claudius Ash, Sons and Company, Limited, and De Trey and Company, Limited), was held, on the 8th instant, in London.

Mr E. Russell Polden (chairman of the company) who presided, said that the profit of £205,960 showed a small increase of £693. The directors recommended payment on October 1st next of the balance dividend of 4 per cent. on the preferred ordinary stock (making 8 per cent. for the year), less tax, and a dividend of 5 per cent. on the deferred ordinary stock, less tax.

The territory covered by their trading was, under existing circumstances, more confined, and further, it was not always possible, even where profit had been earned and was due, to have the money transferred to London. He was happy to say that in an important section of their trading, including particularly the British territories business continued to be well maintained.

The fact that the company's products were recognised as the standard throughout the world and the continued esteem in which they were held, justified the claim for them to be regarded as the "world's best dental goods."

Shareholders would not be surprised when he said that the industry was highly competitive. The company's constant endeavour was to meet that factor firstly by the supply essentially of the highest quality goods, and by organised research, production and distribution, which enabled its products to be supplied wherever it traded on a basis of efficiency and value which could reasonably claim to be unsurpassed.

The report was unanimously adopted.

KUALA MUDA RUBBER ESTATES, LIMITED

THE REPLANTING PROGRAMME

The thirteenth annual general meeting of this company was held, on the 11th instant, in London.

Sir Francis M. Voules, C.B.E. (the chairman), in the course of his speech, said:—Our profit for the year amounted to £42,882 10s. 10d. We recommend the payment of a final dividend of 2½ per cent. (less tax), making 5 per cent. for the year.

The crop during the year amounted to 2,741,808 lb., which was produced at an average cost of 3.62d. f.o.b. The gross average price realised for rubber sold was equivalent to 8.13d. per lb. London landed terms.

The replanting of 254 acres with budded rubber was completed during the year and excellent reports have been received. With regard to the replanting programme we have decided to write off an amount representing £35 per acre in respect of the rubber cut out and to charge the cost of replanting the areas to capital account.

The new Rubber Regulation Agreement, which is not yet operative, will allow a certain amount of new planting. We have therefore prepared plans for planting up 360 acres of our reserve land with budded rubber next year. No deduction from distributable profits will be required in order to finance this extension.

During our financial year we received dividends amounting to 14 per cent. on our holding of stock in Kepong (Malay) Rubber Estates, Limited, and since the close of the year we have received a further dividend of 7½ per cent. When considering our capitalisation it should be remembered that the £58,800 stock we hold in the Kepong Company represents 2,124 acres of rubber, which materially reduces our capitalisation per acre, in addition to providing our debenture-holders with a liquid asset.

When addressing the Kepong stockholders on May 19th last I had to deplore the progressive deterioration in the rubber market and the substantial increase in the world stocks. Since that date a remarkable improvement has set in and actually in May the stocks were reduced by nearly 20,000 tons. Whilst previously it was only possible to express confidence in the long view, the welcoming improvement justifies a more hopeful outlook for the immediate prospects of our great industry.

The report and accounts were unanimously adopted.

(*Continued from page 143*)

however, and values showed a slight advance; as a consequence, more interest was shown in feeding barley, but buyers are generally waiting until the results of the various harvests are known.

Other Foods

Provisions.—Bacon prices rose by about 3s. per cwt. at the end of last week, both Danish and English selling at 102s. per cwt. The meat market has been quiet and butter prices are little changed. English eggs (15-15½ lb.) were priced at 16s. 9d. per 120 at the close of the week.

★

Colonial Produce.— Sugar prices were advanced by 3d. per cwt. early in the week, T. & L. cubes selling at 23s. 6d. per cwt. The cocoa and coffee markets are unchanged. The tea auctions showed a firmer tone later in the week, and prices were generally about ¼d. per lb. higher.

★

Milk — The table given here is compiled from statistics issued by the Milk Marketing Board. Liquid sales show a decline of 1.4 million gallons from May, but are 4.5 million gallons greater than in June last year.

	June, 1937	Apr., 1938	May, 1938	June, 1938
Prices (per gall.)	d.	d.	d.	d.
Liquid	12	16	13	13
Av. manufacturing	5·404	6·563	6·615	6·699
Av. pool	9·32	12·46	10·07	10·32
Contract sales (mill. galls.)				
Liquid	48·9	50·9	53·8	52·4
Manufacturing	37·9	30·9	36·3	37·4
Total contract	86·8	81·8	90·1	89·8
Used by farmhouse cheesemakers	3·1	1·6	3·4	3·5

Miscellaneous Commodities

Oils and Oilseeds.—There was little business in these markets during the week, and prices generally are somewhat lower. The trade in linseed is affected by the seasonal decline in demand. The prices of both linseed oil and cottonseed fell slightly during the week; refined cottonseed oil is quoted at £22 per ton ex mill.

★

Rubber.—The market showed considerable hesitation at the end of last week in sympathy with Wall Street, but recovered later; prices showed an advance of ⅛d. to 3/16d. per lb. on the week, to close at 7¾d. per lb.

CURRENT STATISTICS

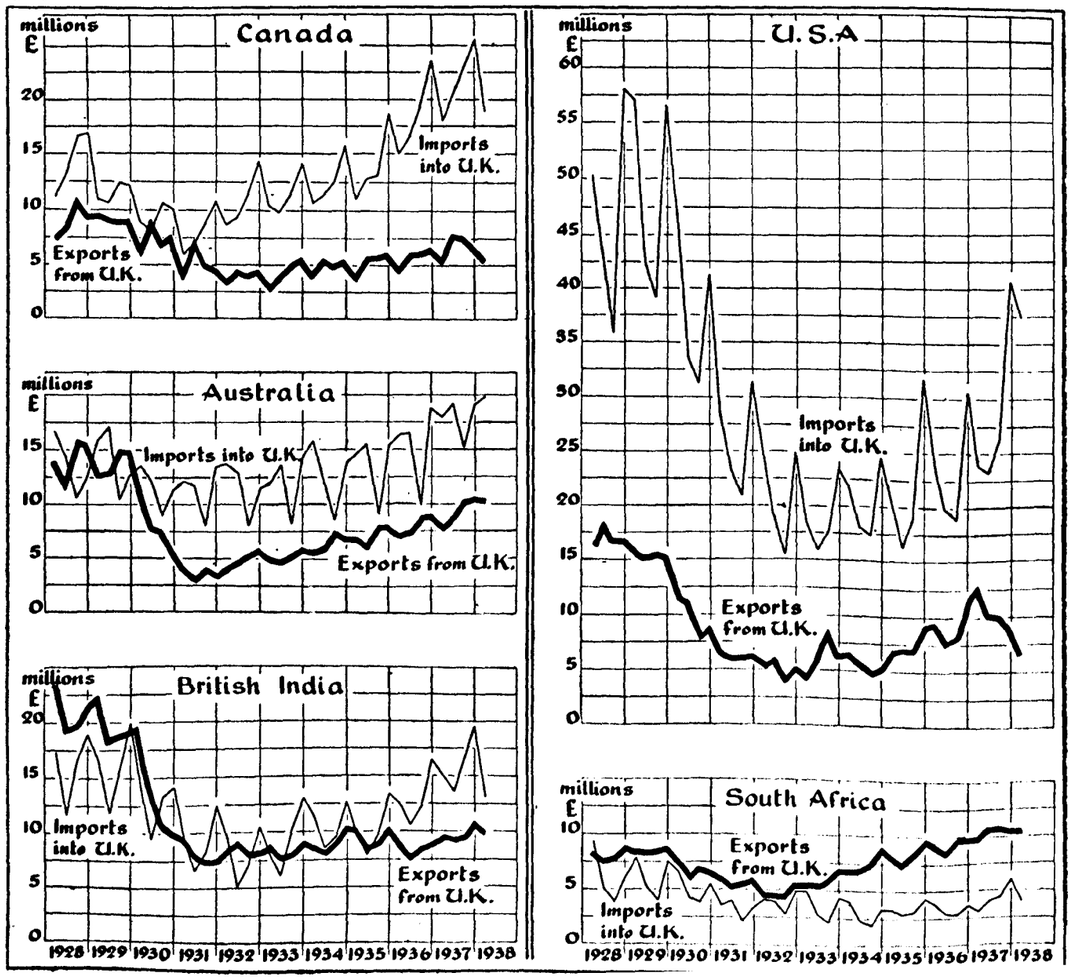
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All tables appear regularly except those whose titles are printed in italics, which are special to this issue.

Britain's Best Customers

In the following charts we show the course of the trade of the United Kingdom with our five best customers. For each country we show total imports of merchandise into the U.K. (whether retained for home consumption or not) and total exports of merchandise from the U.K. (whether consisting of British or imported produce). The inclusion of bullion would of course substantially increase imports from South Africa. The order of countries shown below has no significance. In the twelve months ended March 31st of this year our best customer was South Africa, closely followed by Australia and British India (including Burma), and then by the U.S.A. and Canada. In 1928 the greatest value of total exports went to British India followed by the U.S.A., Australia, Canada and South Africa in that order. Owing, however, to the greater importance of re-exports in 1928, the five biggest purchasers of British produce in that year were slightly different, namely, British India, Australia, U.S.A., Eire and Canada, followed sixth by South Africa.



Finance

GOVERNMENT RETURNS

For the 9 days ended July 9, 1938, total ordinary revenue was £18,477,000, against ordinary expenditure of £32,726,000. Thus, excluding sinking fund allocations, the deficit accrued since April 1st last is £117,311,000, against a deficit of £80,823,000 a year ago.

ORDINARY AND SELF-BALANCING REVENUE AND EXPENDITURE

Revenue	Receipts into the Exchequer (£ thousands)			
	April 1, 1937, to July 10, 1937	April 1, 1938, to July 9, 1938	10 days ended July 10 1937	9 days ended July 9, 1938
ORDINARY REVENUE				
Income Tax	20,276	17,723	7,466	6,104
Sur-tax	5,200	6,380	290	260
Estate, etc., duties	26,130	21,760	2,030	2,860
Stamps	4,820	4,830	380	100
N.D.C.	...	1,990	...	300
Other Inland Rev.	120	170	30	60
Total I. Revenue	56,546	52,853	10,196	9,684
Customs	61,565	59,569	6,843	5,851
Excise	28,100	28,100	1,400	1,200
Total Customs and Excise	89,665	87,669	8,243	7,051
Motor duties	5,099	4,967	416	387
P.O. (net receipt)	4,180	1,470	*Dr.250*	*Dr.150*
Crown Lands	260	280	...	...
Receipts from Sun. Loans	1,739	1,495	1,377	1,130
Misc. receipts	1,548	1,629	242	374
Total Ordinary Rev.	159,037	150,363	20,224	18,477
SELF-BAL. REVENUE				
Post Office and Broadcasting*	17,870	20,530	1,450	1,350
Total	176,907	170,893	21,674	19,826

Expenditure	Issues out of the Exchequer to meet payments (£ thousands)			
	April 1, 1937, to July 10, 1937	April 1, 1938, to July 9, 1938	10 days ended July 10, 1937	9 days ended July 9, 1938
ORDINARY EXPENDITURE				
Int. & Man. of Nat. Debt	86,298	86,122	10,383	10,061
Payments to N. Ireland	1,837	1,880	256	285
Other Con. Fund Services	1,427	1,177	570	585
Total	89,563	89,179	11,210	10,931
Supply Services†	150,287	178,495	19,612	21,794
Total Ord. Expend.	239,850	267,674	30,822	32,726
SELF-BALANCING EXPENDITURE				
Post Office and Broadcasting Votes	17,870	20,530	1,450	1,350
Total	257,720	288,204	32,272	34,075

* Revenue required to meet expenditure.
† Excluding Post Office and Broadcasting.

After reducing Exchequer balances by £326,077 to £2,524,731, the other operations for 9 days (as shown below, but excluding £246,000 issued to sinking funds) raised the gross National Debt by £14,169,000 to about £8,265 millions.

9 DAYS' CHANGES IN DEBT

(£ thousands)

Net Increases in Debt		Net Repayments, etc.	
Treasury bills	20,366	Bk. of Eng. Adv.	41,500
Nat. Savings Certs.	300	P.O. & Tel. (Mon.) Acts	700
3% Nat. Def. Ln.	34,800	N. Atlantic Ship.	30
Pub. Dep. Adv.	705		
Tithe Act	220		
Land Sett. Acts	8		
	56,399		42,230

AGGREGATE ISSUES AND RECEIPTS

The aggregate issues and receipts from April 1, 1938, to July 9, 1938, are shown below :—

(£ thousands)

Ordinary Exp.	267,674	Ordinary Rev.	150,363
Inc. in balances	161	Eire receipts*	1,000
		Gross borr.	118,223
		Less Snkg. Fds.	1,751
		Net borrowing	116,472
	267,835		267,835

* Receipts under Sec. 2 (3) of Eire (Confirmation of Agreement) Act, 1938.

FLOATING DEBT

(£ millions)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt	Floating Assets
1937						
Mar. 31	674·6*		23·5	...	698·1	...*
July 10	552·0	316·4	17·4	...	885·8	333·8
Dec. 31	889·7*		39·4	55·7	984·9	...*
1938						
Apr. 9	512·0	304·9	30·6	5·0	852·5	335·5
„ 16	522·0	306·8	28·6	1·5	858·9	335·4
„ 23	532·0	296·1	27·2	...	855·3	323·3
„ 30	545·0	288·6	36·5	...	870·2	325·1
May 7	560·0	281·6	35·9	8·0	885·4	317·5
„ 14	570·0	278·1	39·2	...	887·3	317·3
„ 21	570·0	276·0	41·8	...	887·8	317·8
„ 28	570·0	281·4	40·8	...	892·2	322·2
June 4	575·0	308·7	43·9	2·0	929·6	352·6
„ 11	580·0	310·7	41·6	...	932·3	352·3
„ 18	585·0	303·4	40·1	...	928·5	343·5
„ 25	583·0	305·7	44·7	...	933·4	350·4
„ 30	851·0*		42·4	41·5	934·9	...*
July 9	573·0	298·3	40·1	...	914·5	341·4

* Owing to inequalities between Treasury bill payments and maturities at the end of the quarter, it is impossible to separate tender and tap issues or to calculate floating assets.

TREASURY BILLS

(£ millions)

Date of Tender	Amount Offered	Amount Applied for	Amount Allotted	Average Rate %	Per Cent. Allotted at minimum Rate
1937				s. d.	
July 9	40·0	77·6	36·0	11 0·17	22
Dec. 31	50·0	80·5	50·0	10 11·59	47
1938					
Apr. 1	50·0	77·0	50·0	10 3·24	71
„ 8	50·0	85·2	50·0	10 2·65	56
„ 15	45·0	85·6	45·0	10 2·82	41
„ 22	45·0	88·5	45·0	10 2·95	41
„ 29	45·0	80·3	45·0	10 1·99	60
May 6	45·0	87·8	40·0	10 0·69	29
„ 13	30·0	73·5	30·0	10 1·12	29
„ 20	35·0	74·3	35·0	10 1·11	35
„ 27	45·0	69·0	45·0	10 9·37	57
June 3	50·0	83·1	50·0	12 1·04	51
„ 10	50·0	86·0	50·0	12 9·19	58
„ 17	50·0	80·5	48·0	11 5·68	69
„ 24	45·0	66·7	45·0	10 9·18	57
July 1	45·0	84·8	45·0	10 5·33	40
„ 8	45·0	85·2	45·0	10 5·43	40

Bills are paid for during following week, on any working day at applicant's option. When normal length is 92 days, bills paid for Saturday are 91-day bills and there are no Monday maturities. When normal length is 90 days, bills paid for on Monday are 89-day bills. Bills paid for in February are 89-day bills, except those paid for each Tuesday, which are 88-day bills.

On July 8th, applications at £99 17s. 4d. per cent. for bills to be paid for on any day except Saturday of the following week were accepted as to about 40 per cent. of the amount applied for. Applications at higher prices were accepted in full. Applications for bills to be paid for on Saturday at £99 17s. 5d. per cent. and above were allotted in full. £45·0 millions of Treasury bills are being offered on July 15th.

NATIONAL SAVINGS CERTIFICATES

Sales in	Number	Purchase Price
		£
24 weeks to :—		
June 19, 1937†	16,009,798	12,007,349
June 18, 1938	15,897,849	11,923,386
Week to :—		
June 19, 1937	557,354	418,015
June 11, 1938	513,708	385,281
June 18, 1938	581,530	436,148

† After adjustments to June 19th. *N.B.*—Net Exchequer receipts, week to June 18th, *Dr. £100,000.*

BANK OF ENGLAND RETURNS

JULY 13, 1938

ISSUE DEPARTMENT

	£		£
Notes Issued :		Govt. Debt	11,015,100
In. circultn.	488,104,398	Other Govt. Securities	188,940,786
In Bnkg. Department	38,307,352	Other Secrs.	34,591
		Silver Coin	9,523
		Amt. of Fid. Issue	200,000,000
		Gold Coin & Bullion	326,411,750
	526,411,750		526,411,750

BANKING DEPARTMENT

	£		£
Props.' capital	14,553,000	Govt. Secs.	109,566,164
Rest	3,460,877	Other Secs. :	
		Discs., etc.	*10,313,508*
		Securities	*20,558,233*
Public Deps.*	13,218,780		30,871,741
Other Deps. :		Notes	38,307,352
Bankers	*113,004,968*	Gold & Silver Coin	982,210
Other	*35,489,842*		
	148,494,810		
	179,727,467		179,727,467

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

THE WEEK'S CHANGES

(£ thousands)

Both Departments	Amt. July 13, 1938	Compared with Last Week	Compared with Last Year
COMBINED LIABILITIES			
Note circulation	488,104	− 127	− 5,301
Deposits : Public	13,219	+ 673	− 9,902
Bankers'	113,005	− 2,658	+ 23,833
Others	35,490	− 499	− 1,639
Total outside liabilities	649,818	− 2,611	+ 6,990
Capital and rest	18,014	+ 37	− 35
COMBINED ASSETS			
Govt. debt and securities	309,522	− 2,314	+ 10,399
Discounts and advances	10,314	− 397	+ 1,495
Other securities	20,593	+ 146	− 4,979
Silver coin in issue dept.	10	− 0	+ 1
Gold coin and bullion	327,394	− 8	+ 40
RESERVES			
Res. of notes & coin in banking department	39,290	+ 119	+ 5,341
Proportion of reserve to outside liabilities—			
(*a*) Bnkg. dept. only ("proportion")	24·2%	+ 0·4%	+ 1·5%
(*b*) Gold stocks to deposits and notes ("reserve ratio")	50·4%	+ 0·2%	− 0·5%

COMPARATIVE ANALYSIS

(£ millions)

	1937	1938			
	July 14	June 22	June 29	July 6	July 13*
Issue Dept. :					
Notes in circ.	493·4	483·3	485·2	488·2	488·1
Notes in banking dept.	33·0	43·1	41·2	38·2	38·3
Govt. debt and securities	195·1	200·0	200·0	199·9	200·0
Other secs.	4·8	0·0	0·0	0·0	0·0
Gold	326·4	326·4	326·4	326·4	326·4
Deposits :					
Public	23·1	21·7	10·5	12·5	13·2
Bankers'	89·2	105·5	125·5	115·7	113·0
Others	37·1	35·3	36·1	36·0	35·5
Total	149·4	162·5	172·1	164·2	161·7
Bkg. Dept. Secs.:					
Government	104·0	110·2	119·5	111·9	109·6
Discounts, etc.	8·8	5·5	7·3	10·7	10·3
Other	20·7	20·6	21·1	20·4	20·6
Total	133·5	136·3	147·9	143·0	140·4
Banking dept. reserve	33·9	44·0	42·1	39·1	39·3
"Proportion"	22·7	27·1	24·4	23·8	24·2
Reserve ratio†	50·9	50·7	49·8	50·2	50·4

† Gold stocks in both departments to deposits and notes in circulation. * At this date, Government debt was £11,015,100; silver coin in Issue Department, £9,523; capital £14,553,000; rest, £3,460,877.

OVERSEAS BANK RETURNS

NOTE.—A return of the Bank of Spain appeared in *The Economist* of May 28th last, and of the Banque Mellié Iran, in the issue of June 25th. The latest return of the Bank of Roumania appeared in *The Economist* of April 23rd; Danzig, Egypt, Lithuania and South Africa, of June 25th; Argentina, Australia, India and Sweden, of July 2nd; International Settlements, Federal Reserve Reporting Members, France, Reichsbank and Jugo-Slavia, of July 9th.

U.S. FEDERAL RESERVE BANKS

Million $'s

12 U.S.F.R. Banks	July 15, 1937	June 16, 1938	July 7, 1938	July 14, 1938
Resources				
Gold certifs. on hand and due from Treas.	8,835	10,637	10,635	10,635
Total reserves	9,153	11,048	11,019	11,046
Total cash reserves	308	401	374	401
Total bills discounted	15	9	8	9
Bills bt. in open mkt.	4	1	1	1
Total bills on hand	19	10	8	10
Industrial advances	22	17	16	16
Total U.S. Govt. secs.	2,526	2,564	2,564	2,564
Total bills and secs.	2,567	2,591	2,589	2,590
Total resources	12,595	14,430	14,304	14,396
Liabilities				
F.R. notes in actual circulation	4,214	4,123	4,175	4,134
Aggregate of excess mr. bank res. over reqts.	960	2,730	2,990	3,150
Deposits — Member-bank reserve account	6,928	7,904	8,074	8,273
Govt. deposits	90	935	770	628
Total deposits	7,293	9,277	9,207	9,273
Cap. paid in and surplus	306	309	309	309
Total liabilities	12,595	14,430	14,304	14,396
Ratio of total res. to deposit and F.R. note liabs. combined	79·5%	82·4%	82·3%	82·4%
U.S.F.R. Banks and Treasury Combined Resources				
Monetary gold stock	12,423	12,950	12,967	12,979
Treasury and Nat. Bk. currency	2,551	2,707	2,715	2,716
Liabilities				
Money in circulation	6,457	6,420	6,514	6,444
Treasury cash and deposits with F.R. Bks	3,640	3,224	3,073	2,943

NEW YORK FEDERAL RESERVE BANK.—Million $'s

	July 15, 1937	June 16, 1938	July 7, 1938	July 14, 1938
Total gold reserves	3432·9	4609·6	4496·2	4569·1
Total bills discounted	8·6	3·3	2·7	2·8
Bills bt. in open mkt.	1·3	0·2	0·2	0·2
Total U.S. Govt. secs.	725·0	745·8	780·1	780·1
Total bills and securts.	740·8	753·6	787·3	787·4
Deposits — Member-bank reserve account	3026·8	3645·4	3783·4	3921·6
Total res. to dep. and Fed. Res. note liabilities combined	83·9%	87·4%	86·5%	86·7%

NATIONAL BANK OF BELGIUM

Million belgas

Assets	June 9, 1938	June 23, 1938	June 30, 1938	July 8, 1938
Gold	2,737	2,818	2,836	2,877
Silver and other coin	51	55	52	48
Foreign exchange, etc.	742	742	752	797
Bills and securities	867	* 835	805	774
Advances	94	51	75	61
Liabilities				
Notes in circulation	4,141	4,091	4,163	4,186
Deposits: Govt.	11	11	43	10
Other	254	314	228	276

NATIONAL BANK OF BULGARIA

Million levas

Assets	June 15 1937	May 15, 1938	June 7, 1938	June 15, 1938
Gold holdings	1,786	1,994	1,994	1,994
Balances abroad and foreign currencies	422	850	845	886
Discounts and advances	1,043	975	986	938
Advances to Treasury	3,551	3,495	3,495	3,495
Liabilities				
Reserves	1,238	1,202	1,202	1,201
Notes in circulation	2,354	2,379	2,342	2,288
Sight liabs. and deposits	3,255	4,030	4,017	4,089

BANK OF CANADA

Million $'s

Assets	July 7, 1937	June 8, 1938	June 29, 1938	July 6, 1938
Reserve, of which	201·5	222·0	213·0	210·9
Gold coin and bullion	181·5	182·1	181·7	181·2
Securities	138·9	173·8	166·8	166·9
Liabilities				
Note circulation	135·8	154·7	154·0	156·5
Deposits: Dom. Govt.	12·3	40·9	20·7	22·1
Chartered banks	183·9	188·7	194·8	190·4
Reserves to notes and deposit liabilities	60·5%	57·5%	57·4%	56·8%

NATIONAL BANK OF CZECHOSLOVAKIA.—Million Cz. Kr.

Assets	June 30, 1937	May 31, 1938	June 23, 1938	June 30, 1938
Gold	2,579	2,653	2,652	2,652
Balance abroad and foreign currencies	382	363	339	317
Discounts and advances	2,204	3,549	3,562	3,632
State notes debt	2,015	2,007	2,006	2,006
Liabilities				
Bank notes in circulatn.	6,158	7,936	7,296	7,947
Deposits	211	335	994	264

NATIONAL BANK OF DENMARK

Million kroner

Assets	June 30, 1937	Apr. 30, 1938	May 31, 1938	June 30, 1938
Gold coin and bullion	117·9	117·7	117·7	117·7
Foreign bills & balances	7·8	75·0	80·7	88·5
Home bills, securities and loans	218·7	273·5	272·4	279·8
Emergency fund	116·2	82·2	82·2	82·1
Advances to Treasury	116·9	40·8	22·8	51·1
Liabilities				
Notes in circulation	387·4	420·5	408·5	413·9
Deposits	64·7	60·8	60·3	93·8
Foreign liabilities	23·6	2·7	2·4	1·9

BANK OF ESTONIA

Million Estonian krones

Assets	June 23, 1937	May 23, 1938	June 15, 1938	June 23, 1938
Gold coin & gold bullion	34·19	34·25	34·25	34·25
Net foreign exchange	15·89	15·32	15·15	15·50
Home bills discounted	12·35	10·57	9·88	9·79
Loans and advances	10·46	10·29	9·94	10·32
Liabilities				
Notes in circulation	44·51	49·79	45·31	48·85
Sight dep. and current accounts, of which	35·10	29·00	33·24	30·49
(*a*) Government	27·05	16·74	18·26	16·40
(*b*) Bankers	6·16	10·00	12·07	10·53
Reserve to current liabilities	62·9%	62·9%	62·9%	62·7%

BANK OF FINLAND

Million F. Marks

Assets	June 23, 1937	May 23, 1938	June 15, 1938	June 23, 1938
Gold reserve	602·9	620·4	620·4	620·4
Gold abroad not in gold reserve	116·4	...	...	...
Foreign correspondents	1904·2	2190·7	2089·2	2066·6
Foreign bills, etc.	91·5	13·4	26·6	27·5
Inl. bills and home loans	1130·2	1586·6	1583·3	1568·0
Finnish & foreign bonds	457·1	439·7	429·4	412·6
Liabilities				
Notes in circulation	1824·2	2124·6	2110·7	2077·0
Sight deposits: Govt.	299·1	343·7	192·8	161·3
Other	855·2	1098·3	1109·5	1135·2
Ordinary cover to sight liabilities	76·1%	74·4%	73·5%	74·4%

BANK OF GREECE.—Million drachmae

Assets	June 30, 1937	May 31, 1938	June 23, 1938	June 30, 1938
Gold and gold exchange	3,321	3,547	3,496	3,447
State gold bonds	543	522	522	522
Bills discounted	538	641	650	648
Advances	3,414	5,869	6,209	6,256
State debt	3,557	3,832	3,836	3,838
Liabilities				
Notes in circulation	6,447	6,481	6,450	6,467
Dep. and current accts.	4,858	7,616	7,931	7,764
Foreign exch. liabilities	144	237	209	206

NATIONAL BANK OF HUNGARY

Million Pengo

Assets	June 23, 1937	May 23, 1938	June 15, 1938	June 23, 1938
Metal reserve:				
Gold coin and bullion	84·1	84·1	84·1	84·1
Foreign exchange	54·6	69·3	72·4	72·6
Token money	10·1	10·0	8·7	9·4
Inl. bills, wts., & secs.	377·1	440·3	411·2	414·5
Advances to Treasury	107·2	120·0	119·9	119·9
Liabilities				
Notes in circulation	369·4	518·2	522·5	510·2
Current accounts, deposits, etc.	222·5	256·1	242·8	256·2
Cash certificates	92·9	69·7	69·7	69·7

BANK OF JAPAN.—Million yen

Assets	June 26, 1937	May 28, 1938	June 18, 1938	June 25, 1938
Coin and bullion: Gold	523·7	801·2	801·3	801·3
Other	54·9	38·1	50·2	47·9
Discounts and advances	784·9	526·6	488·0	488·7
Government bonds	854·2	1237·4	1201·9	1280·0
Agencies' accounts	99·3	104·3	100·7	117·8
Liabilities				
Notes issued	1570·9	1881·1	1801·8	1946·1
Deposits: Government	352·0	445·2	361·8	258·8
Other	87·9	94·2	121·3	193·6

BANK OF JAVA.—Million florins

Assets	July 3, 1937	June 4, 1938	June 25, 1938	July 2, 1938
Gold and silver	133·56	136·94	136·62	137·24
Discounts, advances & other investments	77·95	75·12	77·19	76·76
Foreign bills	4·88	2·45	2·49	2·71
Other assets	72·61	50·56	43·32	45·51
Liabilities				
Notes in circulation	197·67	188·91	184·66	187·58
Deposits and bills	77·70	61·65	62·58	62·44

NETHERLANDS BANK

Million florins

Assets	July 12, 1937	June 13, 1938	July 4, 1938	July 11, 1938
Gold	1245·9	1481·2	1481·2	1480·7
Silver	18·2	20·4	20·2	19·9
Home bills, etc.	11·5	8·5	7·8	8·0
Foreign bills	2·4	5·4	5·4	5·4
Loans and advances in current account	166·0	330·0	331·3	326·2
Liabilities				
Notes in circulation	833·3	916·8	950·6	932·3
Deposits: (*a*) Govt.	91·0	139·0	162·8	164·8
(*b*) Other	542·6	809·8	752·2	761·6

BANK OF LATVIA

Million lats

Assets	July 5, 1937	June 6, 1938	June 27, 1938	July 4, 1938
Gold coin and bullion	77·46	77·59	77·59	77·59
Silver coin	15·30	13·55	13·79	13·89
Foreign currency	39·20	41·78	39·26	39·18
Treas. notes and change	9·42	8·23	8·63	9·66
Short-term bills	50·91	50·62	50·40	51·05
Loans against securities	69·14	82·97	80·73	79·76
Liabilities				
Notes in circulation	46·54	63·94	62·54	60·68
Deposits & currnt. accs.	132·93	131·89	131·05	137·66
Government accounts	72·73	67·09	65·31	65·26

RESERVE BANK OF NEW ZEALAND

Million £'s

Assets	July 5, 1937	June 6, 1938	June 27, 1938	July 4, 1938
Gold	2·80	2·80	2·80	2·80
Sterling exchange	19·75	17·80	16·61	15·94
Advances to State	5·00	4·26	4·76	4·40
Investments	2·91	2·74	2·73	2·73
Liabilities				
Bank notes	12·70	13·83	13·77	13·75
Demand liabs.: State	5·97	4·79	4·65	2·98
Banks and others	10·37	7·82	7·18	7·87
Reserves to sight liabs.	77·6%	77·9%	75·8%	76·2%

BANK OF NORWAY

Million kroner

Assets	July 7, 1937	June 7, 1938	June 30, 1938	July 7, 1938
Coin and bullion (gold reserve)	118·8	134·0	134·0	134·0
Bal. abroad & for. bills	113·0	228·0	210·6	191·1
Funds provisionally in gold, not in gold res.	75·9	64·8	61·8	81·7
Norwegian and foreign Govt. securities	79·8	113·7	93·5	121·7
Discounts and loans	171·2	104·9	111·6	104·4
Liabilities				
Notes in circulation	415·1	432·7	445·3	446·8
Deposits at sight	96·3	190·7	122·2	144·2

BANK OF POLAND

Million zloty

Assets	June 30, 1937	May 31, 1938	June 20, 1938	June 30, 1938
Gold	442·9	440·8	445·9	446·2
For. exch. and balances	31·6	20·3	13·3	12·4
Bills discounted	521·5	647·1	634·2	679·8
Loans against securities	41·7	31·9	22·7	33·2
Treas. bills discnted.	34·6	40·1	28·7	28·4
Securities	134·6	127·6	127·8	127·6
Liabilities				
Notes in circulation	989·5	1123·3	1077·6	1137·4
Sight liabilities:				
(*a*) Government	5·0	61·6	30·9	37·4
(*b*) Others	251·1	216·4	260·8	221·8

BANK OF PORTUGAL

Million escudos

Assets	May 5, 1937	Apr. 20, 1938	Apr. 27, 1938	May 4, 1938
Gold	914·3	917·3	917·3	917·3
Balances abroad	615·7	566·5	572·4	575·5
Discounts	319·1	340·0	349·2	349·4
Securities	124·4	116·5	116·5	120·6
Government loans	1042·9	1040·3	1040·3	1040·3
Liabilities				
Notes in circulation	2049·6	2001·0	2004·5	2054·2
Deposits: Government	533·1	540·7	498·1	526·2
Bankers'	537·7	634·6	651·3	593·4
Other	109·6	59·9	91·6	87·9
Foreign commitments	43·1	62·2	64·5	62·9

SWISS NATIONAL BANK

Million francs

Assets	July 7, 1937	June 7, 1938	June 30, 1938	July 7, 1938
Gold	2624·4	2835·6	2805·6	2801·7
Foreign exchange	66·2	382·3	377·0	390·0
Discounts, etc.	11·2	23·0	24·9	5·1
Advances	30·3	21·5	22·0	21·7
Securities	14·8	95·1	95·1	95·1
Liabilities				
Notes in circulation	1379·2	1501·8	1541·3	1511·0
Deposits	1340·4	1847·5	1778·2	1778·2

N.B.—Exchange Equalisation Fund and assets included in returns December 31, 1936, onwards at 538,583,653 frs.

CLEARING BANKS

LONDON

(£ thousands)

	Month of June			Week ended Wednesday		Aggregate from January 1 to	
	1937	1938	*Change* †	July 14, 1937	July 13, 1938	July 14, 1937	July 13, 1938
Number of wkg. days:	26	25	%	6	6	162	163
Town	3,251,533	2,738,543	*−12·4*	777,621	742,430	20,691,361	18,258,180
Metropolitan	180,485	163,422	*− 5·8*	42,444	41,899	1,195,133	1,146,421
Country	317,374	287,214	*− 5·9*	71,716	71,899	2,068,514	2,021,039
Total	3,749,392	3,189,179	*−11·6*	891,781	856,228	23,955,008	21,425,640

† Based on average working day.

PROVINCIAL

(£ thousands)

	Month of June			Week ended Saturday		Aggregate January 1 to	
	1937	1938	*Change* †	July 10, 1937	July 9, 1938	July 10, 1937	July 9, 1938
No. of working days:—	26	25	%	6	6	160	161
BIRMINGHAM	10,853	9,866	*− 5·5*	2,737	2,673	74,648	66,408
BRADFORD	4,280	3,169	*−23·0*	960	793	29,573	22,224
BRISTOL	5,896	5,174	*− 8·8*	1,202	1,265	35,431	34,651
HULL	3,770	3,202	*−11·7*	933	787	25,376	23,243
LEEDS	4,191	3,538	*−12·2*	879	839	28,857	27,283
LEICESTER	3,282	2,753	*−13·1*	718	711	21,073	19,379
LIVERPOOL	27,683	22,434	*−15·7*	6,539	5,425	197,967	145,772
MANCHESTER	48,340	35,423	*−23·8*	10,654	9,438	308,923	260,389
NEWCASTLE	6,165	5,945	*− 0·3*	1,340	1,367	39,991	42,428
NOTTINGHAM	2,175	1,916	*− 8·4*	537	516	14,639	13,943
SHEFFIELD	4,622	4,271	*− 3·9*	927	1,030	30,614	31,121
Total: 11 Towns	121,257	97,691	*−16·2*	27,426	24,844	807,092	686,841
DUBLIN	...	...	...	5,430	6,114	‡165,428	‡177,597

† Based on average working day. ‡ 28 calendar weeks.

MONEY RATES

LONDON

	July 7, 1938	July 8, 1938	July 9, 1938	July 11, 1938	July 12, 1938	July 13, 1938	July 14, 1938
	%	%	%	%	%	%	%
Bank rate (changed from 2½% June 30, 1932)	2	2	2	2	2	2	2
Market rates of discount 60 days' bnkrs.' drafts	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16
3 months' do.	9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16
4 months' do.	9/16	9/16	9/16	9/16	9/16	9/16	9/16
6 months' do.	9/16–⅝	9/16–⅝	9/16–⅝	9/16–⅝	9/16–⅝	9/16–⅝	9/16–⅝
Discount Treasury Bills 2 months'	17/32	17/32	17/32	17/32	17/32	17/32	17/32
3 months'	7/32–9/16	7/32–9/16	7/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16
Loans—Day-to-day	½–1	½–1	½–1	½–1	½–1	½–1	½–1
Short	½–1	½–1	½–1	½–1	½–1¼	½–1	½–1
Deposit allwncs.: Bk.	½	½	½	½	½	½	½
Discount houses at call	½	½	½	½	½	½	½
At notice	¾	¾	¾	¾	¾	¾	¾

Comparison with previous weeks

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1938	%	%	%	%	%	%	%
June 16	½–1	⅝	⅝	⅝	2–2½	2¼–2½	2½–3
„ 23	½–1	9/16–19/32	9/16–⅝	9/16–⅝	2–2½	2¼–2½	2½–3
„ 30	½–1	9/16	9/16	9/16	2–2½	2¼–2½	2½–3
July 7	½–1	9/16	9/16	9/16–⅝	2–2½	2¼–2½	2½–3
„ 14	½–1	17/32–9/16	9/16	9/16–⅝	2–2½	2¼–2½	2½–3

NEW YORK

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

	July 14, 1937	June 15, 1938	June 22, 1938	June 29, 1938	July 6, 1938	July 13, 1938
	%	%	%	%	%	%
Call money	1	1	1	1	1	1
Time money (90 days' mixed coll.)	1¼	1¼	1¼	1¼	1¼	1¼
Bank acceptances:— (Selling Rates)						
Members—eligible, 90 dys.	½	½	½	½	½	½
Non-mem.—eligible, 90 dys.	½	½	½	½	½	½
Commercial accept., 90 dys.	1	1	1	1	1	1

EXCHANGE RATES

LONDON—SPOT

(*a*) Active Exchanges

(Range of the day's business)

London on	Par of Exch. per £	July 8, 1938	July 9, 1938	July 11, 1938	July 12, 1938	July 13, 1938	July 14, 1938
New York, $	‡4·86⅔	4·93⅛–94⅜	4·93⅞–94⅜	4·92½–93¾	4·92⅛–93⅛	4·92⅝–93½	4·92⅞–93⅜
Montreal, $	4·86⅔	4·96¾–98	4·97¼–97¾	4·96¼–97½	4·96–96¾	4·96¼–97	4·96¼–¾
Paris, Fr.	124·21	177 13/16–178⅝	178¼–⅝	178¼–⅝	178½–13/16	178¼–¾	178¼–⅜
Brussels, Bel.	35·00*a*	29·12–23	29·18–22	29·10–20	29·09–15	29·12–15	29·12–14
Milan, L.	92·46	93⅝–94	93¾–94	93½–94	93½–¾	93⅝–¾	93⅝–¾
Zurich, Fr.	25·22½	21·59–62	21·60–62	21·57–61	21·54–57	21·55–58	21·55½–57½
Athens, Dr.	375	540–555	540–555	540–555	540–555	540–555	540–555
Amst'd'm, Fl.	12·107	8·95–96	8·95¼–96	8·95¼–96	8·95¼–96	8·95½–96	8·95½–96½
Berlin, Mk.	20·43	12·27–29	12·27–29	12·26–29	12·25–28	12·25–28	12·26–28
Registered Marks	(*c*)	51½–56½	51½–56½	51½–56½	51½–56½	51½–56½	51½–56½
Br. India Rup.	†18d.	17⅞–15/16	17⅞–15/16	17⅞–15/16	17⅞–15/16	17⅞–15/16	17⅞–15/16
Hong Kong, $	† ...	14⅞–15⅛	14⅞–15⅛	14⅞–15⅛	14¾–15⅛	14 13/16–15⅛	14 13/16–15⅛
Shanghai, $	† ...	8½–9¼*l*	8½–9¼*l*	8½–9¼*l*	8½–9¼*l*	8½–9¼*l*	8½–9¼*l*
Rio. Mil.	†5·899d.	2 13/16**m*	2 13/16**m*	2 13/16**m*	2 13/16**m*	2 17/32**m*	2 27/32**m*
B. Aires, $	11·45	18·96–19·02*g* / 16·12*h*	18·96–19·01*g* / 16·12*h*	18·95–19·00*g* / 16·12*h*	18·96–19·02*g* / 16·12*h*	18·97–19·02*g* / 16·12*h*	18·97–19·02*g* / 16·12*h*
Valparaiso, $	40	124(*e*) *l*	124(*e*) *l*	124(*e*) *l*	124(*e*) *l*	124(*e*)*l*	124(*e*)*l*
M'video, $	†51d.	19¾–20¾	19¾–20¾	19¾–20¾	19¾–20¾	19¾–20¾	19¾–20¾
Lima, Sol.	17·38	20½–21½*l*	20½–21½*l*	20½–21½*l*	20½–21½*l*	20½–21½*l*	20½–21½*l*
Mexico, Pes.	9·76	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq'td'
Manila, Pes.	†24·66d.	24–24¼	24–24¼	24–24¼	24–24¼	24–24¼	24·24¼
Moscow, Rbls.	...	26·14¼–14⅞	26·18¼–18⅞	26·15⅞–16½	26·10¼–10⅞	26·12¼–⅞	26·13½–14¼

Usance: T.T., Rio de Janeiro, Lima, Valparaiso (90 days). *Sellers. †Pence per unit of local currency. ‡ Par 8·23 31/32 since dollar devaluation on February 1, 1934. (*a*) Prior to devaluation on April 2, 1935. (*c*) Per cent. discount. (*e*) Latest "export" rate. (*g*) Official rate is $15 sellers. (*h*) Average remittance rate for importers. (*i*) Rate for payments to the Bank of England, for account Controller of Anglo-Italian debts. (*l*) Nominal. (*m*) Official.

(*b*) Other Exchanges

London on	Par of Exch. per £	July 8, 1938	July 13, 1938	July 14, 1938
Helsingfors, M.	193·23	226½–227	226½–227	226¼–227
Madrid, Pt.	25·22½	80–150(*l*) / 77(*j*)	80–150(*l*) / 77(*j*)	80–150(*l*) / 77(*j*)
Lisbon, Esc.	110	110–110⅜	110–110⅜	110–110⅜
Budapest, Pen.	27·82	24¾–25¼	24½–25	24½–25
Prague, Kc.	§164½§	142⅛–142¾	142⅛–¾	142⅜–⅞
Danzig, Gul.	25·00	26–26½	26–26⅜	26–26⅜
Warsaw, Zl.	48·38	26–26½	26–26⅜	26–26⅜
Riga, Lat.	25·22½	24¾–25¾	24¾–25¾	24¾–25¾
Bucharest, Lei	813·8	660–685	660–685	660–685
Constantinople, Pst.	110	618* / 623*k*	618* / 623*k*	618* / 623*k*
Belgrade, Din.	276·32	212–222	212–222	212–222
Kovno, Lit.	48·66	29–30	28¾–29½	28¾–29½
Sofia, Lev	673·66	390–420	390–420	390–420
Tallinn, E. Kr.	18·159	17¾–18¾	17¾–18¾	17¾–18¾
Oslo, Kr.	18·159	19·85–95	19·85–95	19·85–95
Stockholm, Kr.	18·159	19·35–45	19·35–45	19·35–45
Copenhagen, Kr.	18·159	22·35–45	22·35–45	22·35–45
Alexandria, Pst.	97½	97⅜–⅝	97⅜–⅝	97⅜–⅝
Kobe, Yen	†24·58d.	13 15/16–14 1/16	13 15/16–14 1/16	13 15/16–14 1/16
Singapore, $	† 28d.	27⅞–28⅛	27⅞–28⅛	27⅞–28⅛
Batavia, F.	12·11	8·92½–95½	8·92½–95½	8·93–96
Bangkok, Baht	†21·82d.	22–22¼	22–22¼	22–22¼

Usance: T.T., except Alexandria (Sight). * Sellers. † Pence per unit of local currency. § Par, 197·10 5/16 since koruna devaluation on February 17, 1934. Rate for payments to the Bank of England:—(*j*) Under Anglo-Spanish Agreement. (*k*) Under Anglo-Turkish Agreement. (*l*) Nominal.

LONDON—FORWARD

(Closing quotations)

London on		July 8, 1938 Per £	July 9, 1938 Per £	July 11, 1938 Per £	July 12, 1938 Per £	July 13, 1938 Per £	July 14, 1938 Per £
New York cent.		(*p*)	(*p*)	(*p*)	(*p*)	(*p*)	(*p*)
	1 Month	¼–3/16	7/32–5/32	¼–3/16	¼–3/16	¼–3/16	¼–3/16
	2 „	⅜–5/16	⅜–5/16	7/16–5/16	7/16–⅜	7/16–⅜	7/16–⅜
	3 „	9/16–½	⅝–½	⅝–½	⅝–9/16	⅝–9/16	11/16–9/16
Paris, francs		(*d*)	(*d*)	(*d*)	(*d*)	(*d*)	(*d*)
	1 Month	½–⅝	½–⅝	¾–1	⅝–¾	½–⅝	½–⅝
	2 „	1 3/16–1 5/16	1⅜–1⅝	1⅞–2⅛	1½–1¾	1⅜–1⅝	1⅜–1⅝
	3 „	1⅞–2	2⅛–2¼	3⅛–3⅜	2¾–2⅞	2⅜–2½	2½–2¾
Amsterdam, cent.		(*p*)	(*p*)	(*p*)	(*p*)	(*p*)	(*p*)
	1 Month	⅞–⅜	¾–⅜	⅞–⅜	⅞–⅜	⅞–⅜	⅞–⅜
	2 „	1⅜–⅞	1½–1	1½–1	1⅜–⅞	1⅜–⅞	1⅜–⅞
	3 „	2–1½	2–1½	2–1½	2–1½	2–1½	2–1½
Brussels, cent.		(*d*)	(*d*)	(*d*)	(*d*)	(*d*)	(*d*)
	1 Month	10–13	9–11	8–11	10–13	8–10	7–9
	2 „	22–25	22–25	19–24	20–24	20–24	21–23
	3 „	35–38	35–39	35–40	40–45	35–40	31–35
Geneva, cent.		(*p*)	(*p*)	(*p*)	(*p*)	(*p*)	(*p*)
	1 Month	2–1	1¾–¾	2–1	2–1	2–1	2–1
	2 „	3¾–2¾	3½–2½	3½–2½	3½–2½	3½–2½	3½–2½
	3 „	4¾–3¾	4¾–2¼	4¾–3¾	5–4	5–4	5–4

(*p*) Premium. (*d*) Discount.

EXCHANGE RATES—*cont.*

NEW YORK

New York on	Par of Exch. per cent.	July 7, 1938	July 8, 1938	July 9, 1938	July 11, 1938	July 12, 1938	July 13, 1938
London:—*	Old Par						
60 days ...	4·8666	4·92$^{25}/_{32}$	4·93$^{1}/_{32}$	4·93$^{1}/_{32}$	4·92$^{25}/_{32}$	4·93$^{1}/_{32}$	4·92$^{25}/_{32}$
Cables ...	New Par	4·93$^{7}/_{16}$	4·93$^{1}/_{4}$	4·93$^{11}/_{32}$	4·92$^{25}/_{32}$	4·92$^{3}/_{4}$	4·93$^{1}/_{4}$
Demand...	8·2397	4·93$^{7}/_{16}$	4·94$^{1}/_{8}$	4·93$^{7}/_{16}$	4·92$^{11}/_{16}$	4·92$^{5}/_{8}$	4·93$^{1}/_{4}$
Paris, Fr.....	6·63	2·77$^{7}/_{16}$	2·77	2·76$^{11}/_{16}$	2·76	2·75$^{3}/_{4}$	2·76$^{5}/_{8}$
Brussels, Bel.	23·54	16·93$^{1}/_{2}$	16·93	16·92	16·93	16·92	16·93$^{1}/_{2}$
Switz'l'd. Fr.	32·67	22·85	22·87	22·85$^{1}/_{2}$	22·84$^{1}/_{2}$	22·85	22·86$^{1}/_{2}$
Italy, Lira.....	8·91	5·26$^{1}/_{4}$	5·26$^{1}/_{4}$	5·26$^{1}/_{4}$	5·26$^{1}/_{4}$	5·26$^{1}/_{4}$	5·26$^{1}/_{4}$
Berlin, Mk. ...	40·33	40·19$^{1}/_{2}$	40·20$^{1}/_{2}$	40·22	4·20	4·18	40·20
Vienna, Sch ...	23·82	...	...	...	...	...	...
Madrid, Pt....	32·67	...	...	...	...	...	...
Amst'd'm Gldr	68·06	55·10	55·16	55·12	55·02	55·00	55·06$^{1}/_{2}$
Cop'h'gn, Kr.	145·37	22·03	22·07$^{1}/_{2}$	22·04	22·00	22·00	22·02
Oslo, Kr. ...		24·80	24·84	24·81	24·77	24·76$^{1}/_{2}$	24·76
St'h'lm, Kr.		25·45	25·48	25·45	25·41	25·41	25·43$^{1}/_{2}$
Athens, Dr....	1·29$^{1}/_{2}$	0·90$^{5}/_{8}$	0·90$^{5}/_{8}$	0·90$^{5}/_{8}$	0·90$^{5}/_{8}$	0·90$^{1}/_{2}$	0·90$^{5}/_{8}$
M'treal, Can. $	169·31	99·250	99·295	99·280	99·225	99·250	99·310
Yo'hama, Yen	84·40	28·78	28·81	28·82	28·75	28·75	28·78
Shanghai, $ ...	...	18·50	18·62	18·50	18·50	18·50	18·50
B. Aires, Peso	...	30·61	30·66	30·62	30·57	30·56	30·61
Rio, Ms. †...	11·96	5·90	5·90	5·90	5·90	5·90	5·90

Usance: T.T. * Dollars per £1. † Official.

IMPORTS AND EXPORTS OF GOLD AND SILVER

Week ended July 14, 1938

Imports From	Bullion	Coin	Exports To	Bullion	Coin
	£	£		£	£
GOLD			GOLD		
British S. Africa	803,685	664,472	Finland	22,708	...
British India	100,531	...	Netherlands	28,550	143,071
Canada	...	34,117	Belgium	84,713	81
Netherlands.....	...	37,948	France.....	40,381	228,764
Belgium	2,374,608	...	Syria	...	10,150
Switzerland	22,603	12,330	Switzerland	849,177	8,690
British E. Africa	17,915	...	United States ...	1,101,368	...
Total*.....	3,350,439	752,254	Total*	2,131,098	395,856
SILVER			SILVER		
Gibraltar	...	4,175	Aden and Dep. ...	...	10,126
Burma	16,000	...	Denmark.....	1,280	... 5
Australia	16,496	164	Netherlands	...	
New Zealand	3,655	...	Belgium	92,600	...
Germany	16,297	34	France	13,950	...
Belgium	6,500	13,286	Syria	430	...
Japan	2,715	...	United States ...	24,990	...
Total*.....	64,915	18,606	Total*.....	137,075	11,644

* Including other countries.

INDUSTRIAL PROFITS
SUPPLEMENTARY TABLES
(See Leading Article on page 108)

TABLE (A).—RATES OF INTEREST AND DIVIDEND

(Quarter ended June 30, 1938)

Group	Debenture Capital	Rate of Int.	Preference Capital	Rate of Int.	Ordinary Capital	Rate of Div.*	Rate of Div. a year ago†
	£	%	£	%	£	%	%
Breweries	13,752,256	4·0	13,475,964	5·1	15,123,660	17·5	16·3
Canals and docks ...	559,485	4·0	329,500	5·1	303,783	2·0	3·3
Electric lighting and power	4,660,110	3·7	4,158,673	5·9	8,668,919	8·0	9·2
Financial, land and investment	26,341,204	4·5	16,033,246	6·8	51,720,687	4·3	4·1
Gas	2,667,814	3·8	5,659,066	2·9	11,364,609	6·0	5·2
Hotels and restaurants	4,494,941	4·5	9,765,660	5·9	5,019,062	10·9	10·7
Iron, coal and steel...	20,830,622	4·4	34,671,852	4·7	89,383,276	8·8	7·0
Motor cycle & aviation	15,000	4·0	3,554,141	6·9	13,813,383	11·1	11·6
Oil	50,000	6·0	29,492,695	7·7	67,110,613	22·3	20·5
Rubber.....	948,151	7·0	447,162	14·5	30,281,605	7·9	5·9
Shipping	7,577,948	4·7	11,026,523	5·3	30,350,211	3·2	1·6
Shops and stores.....	5,127,053	4·3	10,904,839	5·7	11,765,419	18·9	16·5
Tea	835,715	5·1	5,382,014	6·3	14,502,666	10·9	8·3
Telegraphs and telephones	Nil	...	17,205,382	5·6	42,739,953	4·8	2·3
Textiles	9,003,915	4·6	17,725,386	3·1	33,737,321	6·0	5·8
Tramway & omnibus	3,087,779	4·8	4,060,268	6·1	6,428,841	9·2	9·3
Trusts	40,280,403	4·3	35,081,708	4·1	35,858,519	5·4	5·7
Waterworks	1,393,643	5·0	569,034	3·8	3,382,241	3·1	4·8
Building materials ...	998,900	4·6	3,305,695	5·1	4,948,195	12·6	10·3
Food, confectionery & drink.....	1,735,799	4·1	10,788,643	6·4	22,406,061	9·7	12·0
Electrical equipment	972,780	4·7	6,845,914	5·9	13,663,932	13·2	14·0
Newspapers, printing, etc.	11,941,235	5·2	18,884,533	5·9	15,443,546	11·9	12·1
Tobacco	Nil	...	595,000	4·3	1,269,920	6·9	7·6
Warehouse & trading	295,402	4·1	1,146,675	2·5	1,703,002	2·4	10·6
Miscellaneous	4,662,039	5·1	47,565,220	6·3	102,414,476	9·8	8·9
Total	**162,232,194**	**4·5**	**308,674,793**	**5·5**	**633,403,900**	**9·4**	**8·5**

* 805 companies. † 765 companies.

TABLE (B).—PROFITS BY INDIVIDUAL GROUPS

(Quarter ended June 30, 1938)

Group	No. of Cos.	Total Profits (after Debenture interest)	Change since preceding year (same Companies)	Division of Total Profits (=100) Pref. Div.	Ord. Div.	To Res., etc.
		£	%	%	%	%
Breweries	17	4,445,711	+ 3·1	15·5	59·5	25·0
Canals and docks.....	1	27,341	− 1·1	62·2	22·3	15·5
Electric lighting, etc.	7	1,484,041	+ 3·9	16·7	46·9	36·4
Financial, land, etc.	63	4,023,932	+ 3·6	27·1	54·7	18·2
Gas	8	960,255	+ 18·4	17·3	71·3	11·4
Hotels and restaurants	7	1,110,176	+ 0·1	41·5	41·8	13·7
Iron, coal and steel	55	14,269,402	+ 30·3	9·8	42·5	47·7
Motor, cycle and aviation ...	10	3,623,937	− 9·8	6·8	42·5	50·7
Oil	10	21,356,275	+ 18·1	10·7	70·0	19·3
Rubber	167	3,652,571	+ 57·2	1·8	65·9	32·3
Shipping	18	5,522,992	+ 51·6	10·7	18·0	71·3
Shops and stores	22	3,673,703	+ 0·3	16·9	54·4	28·7
Tea	95	2,886,321	+ 52·0	11·7	54·9	33·4
Telegraphs and telephones...	7	3,387,663	+ 31·4	28·0	61·3	10·7
Textiles	19	3,655,052	− 5·8	15·3	55·7	29·0
Tramway and omnibus	11	1,592,806	+ 5·9	15·6	37·2	47·2
Trusts	69	4,155,512	+ 2·5	34·3	46·0	19·7
Waterworks	6	233,248	+ 17·6	8·8	44·9	46·3
Building materials	19	1,310,671	+ 6·1	13·0	47·4	39·6
Food, confectionery & drink	22	3,790,888	− 7·8	18·4	57·5	24·1
Electrical equipment	12	3,718,535	+ 17·3	10·9	48·4	40·7
Newspapers, printing, etc....	21	4,332,149	− 5·8	25·7	42·3	32·0
Tobacco	5	123,590	− 15·9	20·8	70·4	8·8
Warehouse and trading	4	76,604	− 17·8	37·6	54·5	7·9
Miscellaneous	130	18,859,593	+ 5·6	15·9	53·5	30·6
Total	**805**	**112,472,971**	**+12·8**	**15·1**	**53·8**	**31·1**

BANK BALANCE SHEETS

WILLIAMS DEACON'S BANK, LIMITED

LIABILITIES (£000's)	June 30, 1937	June 30, 1938
Capital issued	1,875	1,875
Reserve fund	800	800
Current, deposit and other accounts	36,485	37,905
Acceptances	709	277
Endorsements	660	1,359
Total	40,530	42,216

ASSETS (£000's)	June 30, 1937	June 30, 1938
Coin, etc.	3,931	4,332
With other banks ...	2,316	2,057
Money at call	5,366	6,013
Bills discounted	306	878
British Govt. Stks.	11,621	10,470
Other investments ...	1,148	1,141
Advances	13,390	14,620
Premises	1,083	1,070
Acceptances	709	276
Endorsements	660	1,359
Total	40,530	42,216

GLYN, MILLS & CO.

LIABILITIES (£000's)	June 30, 1937	June 30, 1938
Capital	1,060	1,060
Reserve fund	530	530
Bank premises account	285	295
Current, deposit and other accounts	41,439	35,094
Acceptances, etc. ...	3,232	3,144
Total	46,546	40,123

ASSETS (£000's)	June 30, 1937	June 30, 1938
Coin, etc., at Bank of England	5,517	5,490
With other banks...	2,416	2,186
Money at call, etc. ...	12,929	8,588
Bills discounted	913	433
Investments	13,401	10,483
Advances	7,398	9,059
Acceptances, etc.....	3,232	3,144
Premises	740	740
Total	46,546	40,123

LLOYDS BANK LIMITED

LIABILITIES (£000's)	June 30, 1937	June 30, 1938
Paid-up capital	15,810	15,810
Reserve fund	9,000	9,500
Current, deposit and other accounts	413,073	401,652
Notes in circulation (Isle of Man)	6	6
Acceptances	4,165	3,819
Endorsements	33,285	32,832
Total	475,339	463,619

ASSETS (£000's)	June 30, 1937	June 30, 1938
Cash	43,355	45,100
Balances with other banks in British Isles	14,882	14,880
Money at call, etc.....	27,373	24,786
Balances abroad	3,375	1,659
Treasury bills	48,735	42,105
British bills of exchange	2,748	4,211
Colonial and foreign bills	1,543	1,575
Treasury bds., etc. ...	34,688	34,768
Other British Govt. stocks	60,623	53,722
Indian and Colonial Govt. stks., etc. ...	12,142	12,183
Investments in other banks	3,201	3,510
Other investments...	2,049	2,081
Nt. Bk. of Scotland	2,725	2,925
Indian premises	55	55
Lloyds Nat. Prov. Foreign	600	600
Loans and advances...	164,476	165,916
Items in transit	6,067	7,327
Other assets	1,633	2,059
Bank premises	7,619	7,506
Acceptances	4,165	3,819
Endorsements	33,285	32,832
Total	475,339	463,619

Investment

TRANSPORT RECEIPTS

BRITISH RAILWAY TRAFFICS

	Gross Receipts, week ended July 10 (£'000)					Aggregate Gross Receipts, 27 weeks (£'000)				
	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts
L. M. & S.—										
1937	*626*	*498*	*219*	*717*	*1,343*	*12,787*	*13274*	*7,118*	*20,392*	*33,179*
1938	633	435	213	648	1,281	12,806	12580	6,951	19,531	32,337
L. & N. E. (*a*)—			–							
1937	*424*	*331*	*230*	*561*	*985*	*8,388*	*9,162*	*6,780*	*15,942*	*24,330*
1938	419	286	204	490	909	8,284	8,740	6,592	15,332	23,616
Great Western—										
1937	*281*	*199*	*106*	*305*	*586*	*5,361*	*5,326*	*3,055*	*8,381*	*13,742*
1938	283	171	96	267	550	5,305	5,094	2,989	8,083	13,388
Southern—										
1937	*393*	*65*	*24*	*89*	*482*	*8,220*	*1,672*	*852*	*2,524*	*10,744*
1938	389	59	21	80	469	8,177	1,627	822	2,449	10,626
Total—										
1937	*1724*	*1093*	*579*	*1672*	*3,396*	*34,706*	*29434*	*17,805*	*47,239*	*81,995*
1938	1724	951	534	1485	3,209	34,572	28041	17,354	45,395	79,967

(*a*) Week ended July 9.

CUMULATIVE AND WEEKLY COMPARISONS

(000's omitted)

	L.M.S.	L.N.E.R.	Great Western	Southern
Cumulative Figures				
Gross increase, first half 1937, over first half 1936	+1,329	+1,187	+ 670	+ 359
Gross increase, second half 1937, over second half 1936	+1,443	+1,099	+ 647	+ 372
Gross decrease, first half 1938, over first half 1937	− 780	− 638	− 318	− 105
Gross decrease, second half 1938, over second half 1937 :—				
1 week to July 10, 1938.....	− 62	− 76	− 36	− 13
Weekly Figures				
Av. weekly decrease, 1st half 1938	−30·0	−24·5	−12·2	− 4·4
Latest week compared with 1937 ...	*− 62*	*− 76*	*− 36*	*− 13*
Latest week compared with average 1937–30	*− 180*	*− 150*	*− 82*	*− 11*

IRISH RAILWAY TRAFFICS

Company	Gross Receipts, week ended July 8 (£'000)			Aggregate Gross Receipts 27 weeks (£'000)		
	Pass.	Goods	Total	Pass.	Goods	Total
Belfast & Co. Down—						
1937	*3·2*	*0·5*	*3·7*	*58·5*	*13·5*	*72·0*
1938	3·4	0·4	3·8	55·8	11·6	67·4
Great Northern—						
1937	*13·3*	*9·3*	*22·6*	*253·0*	*256·4*	*509·4*
1938	13·8	7·6	21·4	252·3	235·4	487·7
Great Southern—						
1937	*46·3*	*35·6*	*81·9*	*859·2*	*1115·6*	*1974·8*
1938	45·7	37·2	82·9	867·6	1051·6	1919·2

SUEZ CANAL RECEIPTS

(For headings, see Overseas Traffics table.)

		1938	£	£	£	£
Transit Receipts‡ ...	25	June 30	24,400	− 31,500	4,834,500	− 870,900

‡ 10 days.

OVERSEAS WEEKLY TRAFFIC RECEIPTS

INDIAN

Name	Weeks	Ending	Gross Receipts for Week 1938	+ or −	Aggregate Gross Receipts 1938	+ or −
		1938	Rs.	Rs.	Rs.	Rs.
Bengal & N.Western	11	June 20	‡10,49,364	− 30,739	95,10,315	− 4,04,576
Bengal-Nagpur	11	20	‡25,75,000	− 30,617	2,19,71,565	− 2,53,944
Bombay, Bar. & C.I.	11	30	‡30,81,000	− 39,000	3,22,48,000	− 8,98,000
Madras & S. Mah....	11	20	‡21,00,000	+ 1,47,974	1,78,73,288	+ 7,43,114
S. Indian	10	20	‡15,90,847	+ 1,13,139	1,28,37,100	+ 2,06,343

‡ 10 days.

CANADIAN

		1938	$	$	$	$
Canadian National*	27	July 7	2,959,360	− 547,751	85,718,919	− 12784506
Canadian Pacific*...	27		2,382,000	− 255,000	63,670,000	− 5,757,000

* 9 days.

SOUTH & CENTRAL AMERICAN

		1938				
Anglo-Arg. Trams.	27	July 8	$692,632	+ 9,643	17,868,621	+ 571,807
Antofagasta	26	10	£10,530	− 3,600	436,630	− 17,890
Argentine N.E.	1	9	‡£169,500	+ 12,600	224,500§	+ 5,700§
			*£10,515	+ 782	13,927§	+ 354§
B.A. and Pacific.....	1	9	‡$1,181,000	− 169,000	1,491,000§	− 404,000§
			*£73,263	− 10,484	92,494§	− 25,062§
B.A. Central	52	June 25	$13,000	− 51,800	5,904,000	− 1,435,800
B.A. Gt. Southern...	1	July 9	‡£2,050,000	+ 301,000	2,633,000§	+ 60,000§
			*£127,171	+ 18,672	163,337§	+ 3,722§
B.A. Western	1	9	£674,000	− 22,000	809,000§	− 144,000§
			*£41,811	− 1,365	50,185§	− 8,933§
Central Argentine....	1	9	‡$1,774,750	− 778,600	2,164,050§	− 1396900§
			*£110,096	+ 48,300	134,246§	− 86,656§
Central Uruguayan	52	2	d159,677	+ 31,229	8,292,397	− 194,890
			£18,608	+ 4,090	946,698	+ 30,763
Leopoldina	27	9	M1701000	− 92,000	44,149,000	− 3,699,000
			£19,562	− 4,345	503,358	− 107,946
Mexican Railway§ ...	26	7	$255,100	− 7,550	7,845,900	− 238,100
Nitrate	51	June 30	e†£2,146	− 4,280	80,833	− 6,012
United of Havana ...	1	July 9	£14,177	− 4,205	17,533§	− 8,549§

* Converted at average official rate 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." § 9 days.

LONDON TRANSPORT BOARD

	Receipts	Compared with prev. Year
	£	£
Week ending July 2, 1938, before pooling	569,800	+ 7,900
Total, 2 weeks to date	1,153,300	+ 9,000
L.P.T.B. receipts 52 weeks to June 25, 1938	29,388,200	+ 657,100
L.P.T.B. receipts, 52 weeks to June 26, 1937	28,732,000	+ 255,000
L.P.T.B. receipts, year to June, 1937, after pooling	30,247,378	+ 522,655
London Transport Pool receipts, year to June 30, 1937...	41,377,929	+ 771,590

AMERICAN RAILROADS

Company		Month of May 1938	Compared with May, 1937	5 Months 1938	Compared with 5 Months 1937
		$	$	$	$
Baltimore and Ohio	Gross	10,254,000	− 9,411,000	50,810,000	− 22,697,000
	Net†	841,000	− 1,414,000	1,133,000	− 10,611,000
New York Central	Gross	22,898,000	− 8,229,000	115,903,000	+ 74,000
	Net†	902,000	− 3,054,000	*Dr. 815,000*	− 22,161,000
Pennsylvania Railroad	Gross	27,684,000	− 12,960,000	138,507,000	− 56,328,000
	Net†	3,239,000	− 3,352,000	13,888,000	− 17,173,000
Southern Pacific	Gross	15,950,000	− 2,104,000	75,737,000	− 16,666,000
	Net†	418,000	− 1,024,000	*Dr.1,411,000*	− 10,887,000
Union Pacific ...	Gross	10,520,000	− 1,901,000	51,165,000	− 11,300,000
	Net†	373,000	− 196,000	3,028,000	− 1,113,000

† Net operating income.

BANK BALANCE SHEETS—*continued.*

DISTRICT BANK LIMITED

LIABILITIES (£000's)	June 30, 1937	June 30, 1938
"A" shares	1,896	1,896
"B" shares	316	316
"C" shares	764	764
Reserve fund	2,976	2,976
Deposits	76,814	79,316
Acceptances	1,838	403
Endorsements	8,036	6,341
Total	92,640	92,012

ASSETS (£000's)	June 30, 1937	June 30, 1938
Cash	8,081	8,176
With other banks.....	2,435	2,592
Money at call, etc. ...	7,759	6,624
Bills of exchange	3,074	4,533
British Govt. Stks. ...	27,372	27,095
Dominion, Colonial Stks., etc.	2,283	2,323
Other investments ...	300	262
Advances	29,909	32,083
Acceptances	9,873	6,744
Bank property	1,554	1,580
Total	92,640	92,012

BARCLAYS BANK LIMITED

LIABILITIES (£000's)	June 30, 1937	June 30, 1938
Deposits	415,545	421,733
Balances with Subsidiary Banks	14,039	14,297
Acceptances and endorsements	8,796	13,750
"A" shares, £4	3,430	3,430
"B" shares, £1	11,761	11,761
"C" shares, £1	667	667
Reserve fund	10,250	10,750
Total	464,488	476,388

ASSETS (£000's)	June 30, 1937	June 30, 1938
Cash	50,593	53,379
Balances with other British Banks	14,603	13,510
Money at Call, etc. ...	26,024	28,581
Bills Discounted	43,604	54,564
Brit. Gov. Stks. ...	100,098	88,133
Brit. Dom. and Col. Gov. Stks.	7,206	6,952
Other investments ...	467	367
British Linen Bank	3,720	3,720
U. B. of Manchester...	750	750
Other sub. Banks.....	2,498	2,519
Advances	198,593	202,669
Acceptances, etc.	8,796	13,750
Bank premises	7,536	7,494
Total	464,488	476,388

THE WEEK'S COMPANY RESULTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation: Dividend: Prefce. Amount	Appropriation: Dividend: Ordinary: Amount	Appropriation: Dividend: Ordinary: Rate	Carried to Reserve, Depreciation, etc.	Balance Forward	Corresponding Period Last Year: Net Profit	Corresponding Period Last Year: Dividend
Banks		£	£	£	£	£	%	£	£	£	%
The National Bank	June 30*	38,814	111,795	150,609	...	90,000	12	20,000	40,609	110,604	12
Standard of South Africa	Mar. 31	149,292	621,633	770,925	...	375,000	15	225,000	170,925	556,587	14
Breweries											
Groves (John) and Sons	May 31	1,017	25,748	26,765	10,000	10,500	7	500	5,765	16,487	5
Kinloch (Charles)	Mar. 31	13,346	11,477	24,823	...	10,000	10	...	14,823	16,364	10
Tamplin and Sons	Apr. 30	34,802	106,107	140,909	38,400	17,060	10	50,487	34,962	105,321	10
Wells' Watford Brewery	Apl. 30	6,735	6,108	12,843	4,194	...	...	3,000	5,649	7,947	Nil
Canals and Docks											
Prince of Wales Dock	Apl. 30	9,416	13,228	22,644	5,000	2,000	6¼	3,500	12,144	10,743	1¼
Electric Lighting, etc.											
Victoria Falls Power	Dec. 31	135,831	612,629	748,460	169,750	281,175	13½	100,000	197,535	586,365	12
Financial Land, etc.											
Alliance Property	Mar. 25	2,813	8,841	11,654	9,075	...	...	2,197	382	9,852	3
Australian Estates, etc.	Dec. 31	19,536	31,536	51,072	32,500	...	...	...	18,572	48,633	Nil
City of S. Paulo Impts.	Feb. 28	277,501	97,360	374,861	...	...	...	...	374,861	38,923	Nil
Murrayfield Real Estate	May 31	3,207	1,006	4,213	...	1,087	5	...	3,126	1,270	5
United Dominions Trust	June 30	10,064	145,911	155,975	16,594	72,525	17½	38,085	28,771	157,481	17½
White House (Regent's Park)	Jan. 31	...	16,914	16,914	5,639	2,719	7½	7,986	570	(a)	(a)
Iron, Coal and Steel											
Darlington, etc., Rolling Mills	Mar. 31	8,652	66,679	75,331	15,600	27,000	9	20,000	12,731	63,035	7
Roberts (Charles) & Co.	Mar. 31	24,159	153,670	177,829	14,980	26,115	10	107,818	28,916	135,010	10
Motor, Cycle and Aviation											
Aircraft Components	Mar. 31	5,802	23,124	28,926	...	10,875	7½	12,000	6,051	13,302	5
Blackburn Aircraft	Mar. 31	19,095	137,957	157,052	12,187	43,500	15	70,000	31,365	120,480	12½
Bristol Aeroplane	Dec. 31	8,426	344,579	353,005	22,500	219,750	25	100,000	10,755	295,089	22½
Rubber											
Ankola	Apl. 30	432	4,435	4,867	...	2,312	5	...	2,555	(a)	(a)
Bertam Consolidated	Mar. 31	24,333	55,015	79,348	...	44,230	12½	9,600	25,518	54,474	14
Central Perak	Dec. 31	7,297	42,084	49,381	...	27,900	7½	9,500	11,981	25,599	10
Eaglehurst	Mar. 31	1,835	*Dr. 706*	1,129	...	...	...	...	1,129	4,383	4
Merah	Mar. 31	1,715	1,466	3,181	...	...	...	...	3,181	4,256	3½
Merlimau Pegoh	Mar. 31	15,496	90,438	105,934	...	81,816	12½	8,000	16,118	105,106	15
New Columbia	Dec. 31	20,311	13,292	33,603	...	8,291	16	3,750	21,562	7,334	12½
Sandac	Mar. 31	976	7,371	8,347	...	4,437	4	500	3,410	5,507	4
Sungei Bahru	Mar. 31	526	11,660	12,186	...	5,404	6½	5,000	1,782	10,178	6½
Sungei Gettah	Mar. 31	8,116	7,205	15,321	...	4,500	5	...	10,821	7,780	8
Travancore	Dec. 31	9,080	13,658	22,738	...	7,631	12	4,000	11,107	10,212	11
Yam Seng	Mar. 31	2,474	6,656	9,130	...	4,877	7½	2,000	2,253	8,457	10
Oil											
Phœnix Oil & Transport	Dec. 31	365,325	108,824	474,149	...	...	...	100,000	374,149	174,232	3½
United Brit. of Trinidad	Dec. 31	14,896	185,815	200,711	36,370	34,820	7d. p.s.	116,390	13,131	177,245	7d. p.s.
Other Companies											
Aeroplane, etc., Castings	Mar. 31	1,926	8,846	10,772	...	4,350	7½	2,449	3,973	5,526	6
Allied Bakeries	June 30	7,152	154,186	161,338	35,219	68,996	10	16,936	40,187	60,445	8
Aveling-Barford	Mar. 31	25,392	44,176	69,568	4,950	12,800	8	20,000	31,818	(a)	(a)
Bolton (Thomas) and Sons	Mar. 31	24,915	184,847	209,762	6,250	50,000	10	100,000	53,512	154,094	10
British Plaster Board	Apr. 30	4,134	367,795	371,929	7,747	276,479	50	66,740	20,963	411,331	50
Gaumont-British Picture	Mar. 31	31,953	337,275	369,228	178,750	...	...	131,680	58,798	280,096	Nil
Lyon and Lyon	June 30	1,150	16,137	17,287	4,462	10,106	12½	500	2,219	(a)	(a)
Roads Reconstruction	Mar. 31	10,078	32,014	42,092	16,166	...	...	15,000	10,926	31,004	Nil
Scribbans & Co.	Apr. 30	31,713	68,075	99,788	...	...	...	25,306	74,482	105,781	5d.
Selecta Gramophones	Mar. 31	1,180	2,861	4,041	...	2,750	5	...	1,291	3,524	5
United Gas Industries	Mar. 31	12,164	152,497	164,661	38,443	88,706	11¼	25,000	12,512	171,908	12½
United Kingdom Tobacco	Mar. 31	2,956	29,966	32,922	10,000	19,200	8	...	3,722	30,160	8
Total Profits, 1938, in £'000's:											
To July 9		*1,515*	*59,407*	*219,710*	*279,117*	*36,191*	*116,948*	...	*61,493*	*64,485*	*195,979*	...
To July 16		*1,554*	*60,588*	*223,377*	*283,965*	*36,871*	*118,404*	...	*62,643*	*66,047*	*199,454*	...

* For half year. (a) No comparable figure. (b) Absorbed £24,800. (c) Also 37½ per cent. on deferred, against 62½ per cent. (d) Also 14·167 on deferred shares.

DIVIDEND ANNOUNCEMENTS

Rates are actual, unless stated per annum or shown in cash per share. Rate for previous year refers to total dividend, unless marked by asterisk to indicate interim dividend.

Company	*Int. or †Final	Total	Payable	Prev. Year
BANKS	%	%		%
Chase National	70c.ps	...	Aug. 1	70c.ps
Com. of Australia	*b* 7½pa†	*b* 7½	Aug. 19	*b* 6⅔
Bank of Ireland	6*	...	...	6*
District Bank A. & C.	18⅓	...	Aug. 2	16⅔
	p.a.*			p.a.*
Do. B shares	10 p.a.*	...	Aug. 2	10 p.a.*
Hibernian Bank	6	...	...	6
Hong Kong and Shgi	£2½*	...	Aug. 8	£2½*
Munster and Leinster	‡12 pa*	...	...	‡12pa*
Provincial of Ireland	12½pa*	...	July 2	12½pa*
Queensland Nat. Bk.	‡4½pa†	‡4½	...	4½‡
Royal of Canada	2*	...	Sept. 1	2*
Royal of Ireland	8 pa*	...	...	8 pa*
Union Discount	35/*	...	July 23	35/*
Williams Deacon's	12½pa*	...	... *	12½pa
INSURANCE				
Pearl Assurance	‡25*	...	Aug. 18	‡25*
Reinsurance Corp.	...	4	...	3
Victory Insurance	...	6	...	6
MINING				
Cons. Tin Smelters	...	5	...	6
Gold Fields Rhodesian	...	5	...	10
Hongkong Tin	5*	...	Aug. 12	30*
Kampong Lanjut Tin	2½*	...	July 27	10*
Killinghall Tin	5*	...	Aug. 10	20*
INDUSTRIALS				
American Trust	2½*	...	...	2½*
Airscrew Co.	10†	20	...	30
Barratt (W.) and Co.	7†	11	July 31	11
Blackwell Colliery	2/9*	...	Aug. 1	2/9*
Bristol Aeroplane	17½†	25	...	22½
Brit. Investment Trust	5*	...	Aug. 2	5*
Brit. Sim. Inv. (Def.)	4†	6½	July 29	6
City Lond. Brew (Def.)	...	8	...	20(c)
City Prop. Inv. Tst.	5*	...	Aug. 1	5*
Courtaulds, Ltd.	11*	...	Aug. 16	3½*
Davy Engineering	...	a 7½	...	7½
Dundee Shipping	6†	10	July 22	10
Elec. Distbn. Yorkshire	4½*	...	...	4½*
Hancock (Wm.) & Co.	7½†	10	...	8
Hecht Levis and Kahn	(t) 15†	(t) 20	July 28	35
Head Wrightson & Co.	...	(d) 10	July 28	5
Law Deb. Corpn.	4*	...	Aug. 2	4*
Lon. Ass. Electricity	3*	...	Aug. 12	3*
Lon. Electrical Trust	3†	5½	July 25	5½
Lon. Scot. Invst. Tst.	11/*	...	July 30	11/8*
McDougalls Trust	6†	10	...	10
Nth. Mt. Elec. Pwr.	a4*	...	...	4*
Samnuggar Jute	3*	...	Aug. 2	3*
Teleg. Construction	5*	...	July 26	5*
Timpson (William)	5*	...	...	5*
Titaghur Jute	3*	...	Aug. 2	5*
Un. Brit. Oil Trinidad	...	7d.ps	...	7d. ps
U.S. Debenture	4*	...	July 30	4*
Victoria Jute	3*	...	Aug. 2	5*
Wilkinson and Riddell	5*	...	July 30	5*

‡ Free of income tax. (a) Paid on a larger capital. (b) Payable in Australian currency. (t) Also bonus of preference shares equal to an amount of 10 per cent. on their ordinary capital. (c) Capitalised cash bonus.

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Pageantry of Peace

FOR the first time since May of 1914—and only for the fourth time in a century—the King and Queen of England are on a State visit to Paris. Queen Victoria and the Prince Consort marked Anglo-French collaboration in the Crimean War by making a State visit to Paris in the year 1855. King Edward VII made the second in 1903 and founded the Entente Cordiale. And finally, King George V and Queen Mary in 1914 strengthened the superstructure of that Entente in time for it to meet the catastrophic stress and strain of the Great War. The importance of the present occasion can be gauged by the presence of the Foreign Secretary at their side, by the discussions he will have with M. Bonnet, and by the intense interest which the State visit has aroused in other capitals. Is it a portent? Does it presage peace? Or does it mean that four years of war and twenty years of suspicion and ferment have led us back to the position we all occupied in Europe in that gay summer of 1914?

On the face of things, there is a disturbing resemblance in the setting of the two latest State visits to France. Now, as then, Europe is engaged in so hectic an arms race that, as Colonel House reported back to President Wilson, if nothing halts its mad career "the guns will go off of themselves." Now, as then, feverish attempts are made, as crisis after crisis racks the Continent, to improvise a rudimentary Concert of the Powers in Europe to keep the peace. Now, as then, material progress and urgent social reforms are alike being postponed under the increasing burden of arms expenditure, which weighs on the nations' backs like an Old Man of the Sea. Now, as then, while Ministers frown and General Staffs look grave, a London Season is almost preternaturally brilliant—with its charming *débutantes* and their escorts, who, like their ancestors at the ball in Brussels on the eve of Waterloo, look out on the world with the carefree myopia of youth. Must we assume that history will repeat itself?

The King himself, however, replying to President Lebrun's toast at the State banquet in the Elysée on Tuesday evening, struck the true note. Though both speeches referred to the healing of past animosities and the sharing of past sacrifices—and for that matter to the present identity of ideals and outlook between the two countries—the King, emphasising that Anglo-French friendship was aimed at no other Power, defined the simple basis on which that friendship necessarily reposes. "In spite of the strip of sea which separates us, our two countries have seen their destinies inevitably drawn together with the passage of the centuries; and it would now be impossible to recall a period in which our relations were more intimate."

It is, indeed, this inevitable coupling of French and British destinies—and for "destinies" we can read "interests"—that alone explains why two such utterly dissimilar peoples should ever have consorted in amity and mutual endeavour.

There is also another explanation, which every generous Englishman, mindful of his share in that legacy of European culture and civilisation which is first Roman and then French, readily admits. It is an explanation which reveals the common foundations of British, American and French democracy: the refusal to esteem such elements of

civilisation as government, law, rights, progress, welfare and freedom, except as these things touch the individual citizen, who is the irreducible constituent of the State. It is not for nothing that between the French, American and British peoples to-day subsist links which have stood many tests since the French political scientists from Rousseau onwards released the forces of the American and French Revolutions. The citizens of two Republics and a Monarchy in the world of to-day draw their faith in democracy from a common source; and we do well to remember that, if the French Revolution let loose a Napoleon on Europe, the principles on which that revolution occurred came to prevail not only in the American Republic, but also in that very England whose rulers first took up arms against the new French Republic.

Thus, when we look out on the world of to-day, we can discern more durable foundations beneath the three superficially dissimilar Anglo-Saxon and French Commonwealths than beneath the four superficially similar remaining Great Powers: the authoritarian States of Russia, Germany, Italy and Japan. Such historic consonances as exist between the British, American and French Constitutions cannot fail to bring their citizens' minds to a common focus, as generation succeeds generation and they live at peace with one another.

The common outlook shared by the great democracies of the world implies, however, something more than the purely negative philosophy of "live and let live." If we have attained to a large measure of unity and individual freedom, we must never forget that this happy condition is the fortunate inheritance of our long history. Britain and France achieved their national unity, out of an amalgam of tribes and races, long before any other European nation. It was not a national unity founded on racialism. Indeed, how could it have been, when both countries contained Celts, Belgic or Frankish tribes, Romans Norsemen and Teutons? It was a political fusion that took centuries to achieve. Other great powers are imposing heavy strains and stresses upon themselves in order to achieve by an iron discipline not merely solidarity, but a position of high prestige and power. In this twentieth century world, the democracies have not merely privileges to enjoy but duties to perform.

In Europe, for example, the responsibility rests upon them to preserve standards of mutual respect and toleration between the nations analogous to those on which the social structure is built up in a democratic community. This means that their policy must not be concerned merely with mutual defence or with fostering an exclusive friendship, but must seek by active diplomacy to stimulate trade and revive political confidence throughout the Continent. The main responsibility is upon them to pursue a constructive peace.

And, looking farther ahead, they have to consider how the genuine needs of other races can be met. In this connection it is significant that, while the King was being entertained in Paris on Wednesday, the House of Lords were debating at Westminster the problem of how to people the Empire. We and France are among those who have great possessions. We have no right to adopt a dog-in-the-manger policy in regard to the great territories. Both we and France are at the point where our population is ceasing to grow—which fact, as the Duke of Devonshire pointed out, makes it the more urgent that we should seek in co-operation with the Dominion Governments to increase the population of the Empire while there is still time. The Overseas Settlement Board itself has hinted that the Dominions might consider the encouragement of a regulated supply of suitable foreign migrants.

It is only by forward-looking policies on this and many other problems of a very far-reaching kind that the democracies can hope to honour the obligations thrust upon them by their history, and prove to all the nations that there is a more excellent way of achieving national ambitions than the way of mutual destruction.

Policy for Recession

WITHIN the last few months suspicion of a trade recession has deepened into certainty. A year ago, those who warned of the possibility of a decline from the very high levels of activity then prevailing were cast—and outcast—as alarmists. Even in the late autumn, when the signs were unmistakable, those who read them were officially stigmatised as "dismal jimmies." But such self-deception, whether by Minister or by layman, is no longer possible. Indeed, the danger now is the contrary one: lest the public over-emphasise the decline that has occurred or is in prospect. In the last few weeks, it is true, there has been a diminished risk of excessive pessimism; for, with Wall Street bounding upwards and the other markets of the world firm, spirits have been buoyant. But the news from industry does not entirely reflect this changed mood; though there have been few drastic setbacks in June and July, there have been even fewer signs of a return to last year's levels. The Chancellor of the Exchequer was undoubtedly right in his belief, expressed in the House of Commons last week, that there is no reason to anticipate another slump such as that of 1931-32. But the recession of 1938 must nevertheless be taken seriously. Neither wishing nor waiting can be expected to change the present downward course of British trade.

In these circumstances it is the plain duty of public policy to take the field against the recession. The record of policy in this struggle is, it is true, not a brilliant one, and it may be that the forces of the trade cycle are more powerful than any counter-measures that have yet been applied. But even if that is so, skilfully contrived policy may nevertheless serve to diminish the amplitude and shorten the duration of the swings of the pendulum. The fact that pneumonia inexorably follows its course is no argument against skilled doctoring. We must have a policy for the recession.

It is not, however, the necessity for the policy so much as its nature that causes difficulty. The present recession—like all recessions—is an unusual one. It is accompanied by a shortage of labour in some industries and high activity in many others that are usually the first to be left dry by the ebbing tide. Many of the other conditions of the day—the huge re-armament programme, the unbalanced Budget, the extreme cheapness of money—are highly unusual accompaniments to the beginning of a depression. Hardly one of the chief forms of remedy for economic anæmia that have from time to time been advocated can now be applied without modification or proviso.

The most controversial of these suggested remedies is the policy—or, more accurately, the group of policies—that can, for brevity's sake, be described as the Public Works policy. Even the ardent partisan of public works must admit that the existence, and the urgent priority, of the re-armament programme impede the whole-hearted advocacy of large-scale public works at the present time. It would be difficult, as a matter of practical administration, to devise any large scheme of capital construction that would not encroach at many points on resources of men or materials needed for the defence programme. But if these practical difficulties are admitted, it must also be recognised that the re-armament programme is proving to

be a most powerful reinforcement to the general argument for public works as a remedy, or at the least as a palliative, for depression. There would be very few to be found, in the face of present facts, denying that State expenditure can sustain the volume of employment; and even fewer would argue that concentration upon the means of slaughter and destruction has economic virtues denied to more peaceful and productive expenditure. Furthermore, the fact that unemployment is increasing alongside the re-armament programme is not, upon examination, nearly as impressive a counter-argument as might appear on the surface. It is of the essence of the public works policy, as usually propounded, that the sums spent in a depression upon works of capital development shall not be currently raised in taxation, but shall be borrowed from the funds of idle capital that always accumulate in such times. But in this sense the re-armament programme is by no means as large as its total volume of expenditure would indicate; for out of a total prospective expenditure this year of £366 millions, only some £113 millions is to be borrowed—a considerably smaller sum than those customarily mentioned in connection with the public works policy.

Public works as a policy for recession must, therefore, be regarded as being, not in disgrace, but in temporary abeyance. The unemployment returns must be carefully watched month by month to determine whether there is a sufficient field of usefulness for a programme of capital works in addition to, and not in distraction from, the progress of re-armament. And it is the merest wisdom to have the plans fully prepared for the time when they will be needed, which will certainly come, if not earlier, when re-armament itself begins to decline.

Public works, however, are hardly an adequate answer to our search for an immediate policy for recession. There may be more immediate prospects of success in encouraging private works. The chief means lying to the hand of the financial authorities for promoting private works is a reduction in the long-term rate of interest payable by borrowers in the open market. The analysis of the half-year's banking figures contained in an article on page 175 of this issue suggests that the Bank of England has in fact been trying in the past twelve months to support the gilt-edged market—the keystone of the arch of the interest-rate structure—by supplying the joint-stock banks with additional cash. But the analysis also suggests that, if this was the intention of the Bank, it has been frustrated, since the banks have absorbed the additional cash by an increase in their reserve ratios. In these circumstances, the ordinary man would suggest that the Bank of England should try again, and go on trying until it succeeds.

In our correspondence columns in the last three weeks Mr R. F. Harrod and Mr J. M. Keynes have been advocating precisely that—namely, a concerted effort to reduce interest rates. It is difficult to resist the force of their argument that such an experiment could, in present circumstances, at the worst do no harm, and at the best might do much good. It is considerably harder, however, to feel confident that still cheaper money would be a complete cure. How can lower interest rates—or public works, for that matter—provide more orders for the textile works of Lancashire and Yorkshire, or for the coal mines and tin-plate mills of South Wales—save perhaps in the long run when, as Mr Keynes himself tells us, we are all dead?

The analysis of Britain's economic needs thus comes back in the end, as it always must, to our dependence upon foreign trade. It is the export trades that have contributed most to the current recession, and it is through the export trades that policy can most usefully attack the problem of growing unemployment. During the past week a memorandum has been issued by the Federation of British Industries which arrives at the same conclusion from an entirely different approach. The F.B.I. is most concerned with the growth in the adverse balance of visible trade. It is possible to take a much less alarmist view than the Federation does of the position in this individual year of 1938 and still agree with the contention of the memorandum that "no nation can continue indefinitely to face adverse payment balances of magnitude without permanently weakening its financial structure." The memorandum sets out the three ways by which the situation could be met, namely, by living on capital, by restricting imports and by expanding exports. The first course has only to be mentioned to be condemned. It is pleasant to find the representatives of British industry also rejecting the second. The expansion of exports remains; and the method by which the F.B.I. proposes to achieve it is "that we should use the great lever given us by the large purchasing power of our market to secure more favourable treatment for our export trade, which is vital to the industrial prosperity of the country." More specifically, the Federation proposes that the British tariff should be of the "three-decker" variety, the lowest rates applying to the Empire, the middle classification to those countries who treat British goods favourably, and the highest rates to those countries whose treatment of our imports we regard as unfair.

This proposal bears a strong family resemblance to one which has consistently been urged in *The Economist*. Subject to the very large practical difficulty of defining, by agreement, what is and what is not favourable treatment, we believe that such an amendment of our tariff structure would be the means of expanding both British export trade in particular and international commerce in general. But as with many other proposals that are advocated in general terms, everything would depend upon the method of application. The F.B.I., for example, would initiate its policy by "retaliating" (its own word) against those countries whose balance of trade with Britain is most "unfavourable" to us, and a list of eleven specified countries includes such important trading nations as the United States, Germany, Holland, Sweden and Belgium. It can be said at once that an attempt by Great Britain to "retaliate," or to negotiate with a threat of retaliation, against a list of countries including these five would lead at once to a world-wide economic war, in which the hope of reviving international trade would disappear, perhaps for ever. It is true that the F.B.I. memorandum claims that "there is no desire to see greater restrictions on international trade," but a proposal must be judged by its probable effects rather than by its intentions; and the almost certain effect of "retaliation" would be a net increase in the hindrances to trade.

The truth is that the F.B.I., with its talk of retaliation, has grasped the wrong end of its excellent proposal. A three-decker British tariff will do good to us and the world, only if the third schedule of duties is drawn between the two existing ones and provides concessions which we can offer to countries that agree to facilitate our export trade. It is only by rewarding the virtuous, and not by punishing the wicked, that we can hope in a world of sovereign States to advance the cause of freer intercourse and trade.

Subject to this far-reaching amendment, however, the proposal to use the enormous buying power of the British market as a lever to increase international commerce, and thereby reduce British unemployment in precisely those industries where it is now growing most rapidly, offers the best opportunity of applying "purposive direction" to the course of British trade and industry in the immediate future. That there must be some "purposive direction" needs no further argument. The British public cannot be expected to accept the position that no effort need be made to exert any influence on the trade cycle save as the accidental by-product of a programme of piling up works of destruction, whose nature and necessity the common man equally detests.

Italy's Economic Position—II

Italy's Exchange Weakness

THE continuing high level of industrial activity in Italy has had its direct origin in the expenditures of the State. It has been kept going for some years past by consistent deficit financing. In the year ended June 30, 1935, the ordinary Budget closed with a deficit of 2,030 million lire. The year 1935-36, which saw the beginning of the Abyssinian war, produced a deficit of 12,686 million lire. In 1936-37 the ordinary Budget had a surplus of 1,289 million lire, but the expenses of the so-called extraordinary Budget were 17,519 millions, so that the combined deficit of the year was 16,230 millions. Over these three years as a whole, therefore, the excess of expenditure over revenue was 30,946 million lire. At the current official rate of exchange the sum is equivalent to about £327 millions, which would be a very large deficit even for Great Britain. But, in comparison with the fact that the total expenditure of the ordinary Budget in 1936-37 amounted to only 23,413 million lire, the Italian deficit of the last three years assumes enormous proportions. Most of the sum required has, nevertheless, been raised by loans, including such expedients as advances from the Cassa di Depositi e Prestiti, the exchange of bonds for foreign exchange holdings appropriated from the public and sold by the State, and the issue of 1,350 million lire of additional notes placed in circulation. The sums raised by these means in 1936-37 apparently amounted to 28,597 millions, leaving 2,349 millions to be met by short-term borrowing. The Bank of Italy is authorised to lend up to 3,000 million lire to the State, and had done so by the end of 1936. It is worthy of notice that the expenditure in these three years on the Abyssinian and Spanish wars amounted to 29,621 million lire, or almost the full amount of the deficit.

The Budget for the year 1937-38 was estimated to close with a deficit of 3,173 millions on the ordinary Budget. Additional expenditures have been decided upon in the meantime (e.g. 500 millions for salary increases consequent upon the devaluation and 3,000 millions as the first instalment of a six-year plan to develop East Africa). The Minister of Finance stated recently, however, that these additional expenditures could be met out of the increased yields of taxation. The amount of the extraordinary expenses had not been made known by the end of the Budget year; but from a speech by the Minister of Finance on May 18 it appears that about 6,400 million lire had been spent in nine months, and the Minister estimated that the total for the year would not exceed 9 milliard lire. There are some indications that expenditure in East Africa has been reduced. The surplus of Italian exports in trade with East Africa has shown a steady fall ever since 1936, after making allowance for the devaluation. The net emigration of workmen to East Africa in the first five months of 1938 was less than one-third of the figure for the same period of 1937. And, finally, the amount of space devoted in the newspapers to activities in Abyssinia—a reliable index in a censored land—has been much reduced. On the other hand, it is unlikely that there has been any perceptible drop in the expense of non-intervention in Spain. It hardly seems probable that the total deficit for the year, taking the ordinary and extraordinary Budgets together, will be less than 10,000 million lire. To cover this deficit, the Treasury will have at its disposal a further amount of about 2,600 million lire of bonds guaranteed by the real estate tax. It is believed that 800 millions more might be raised by selling expropriated foreign securities and replacing them by Government bonds. There is a deficit of 390 millions on the clearing accounts with other countries, of which the Treasury might make use. The State social insurance is at present yielding about 200 million lire a year more in premiums than it pays out, and the deposits of the Postal Savings banks are increasing by about 2,400 million lire a year. Thus the task of financing the deficit is not entirely impossible if it can be kept below 10,000 million lire.

The period of adjustment to the devaluation of the lira has not yet finished, and the yield of taxes is still rising. For some years before the devaluation the normal Budget balanced at about 20,000 million lire; the equivalent figure in new lire would be 34,000 million lire. But while total expenditure is already not far short of this figure (it was considerably in excess of it in 1936-37), it is unlikely that the national income, and hence the yield of taxation, will quickly and automatically adjust themselves in the precise arithmetical proportion by which the lira was devalued. For some years to come a revenue of 30 milliard lire should represent about the maximum limit of Italy's financial capacity. Until this can be reached, the Treasury will be under the continuous necessity of financing a large deficit without resorting to outright currency inflation.

Italy has certain advantages in facing deficits as compared with democratic France. In both countries the saving habit is a rooted instinct. But the Italian peasant is allowed neither to entertain any distrust of his Government's solvency nor, if he did, to buy gold. His only choice is between hoarding notes and buying Government bonds; and the only difference is that the latter carry interest. So long as confidence in the regime is maintained, State borrowing can continue. The burden of the debt is, however, already heavy. After allowance is made for the capital value of deferred payments (annuities), the total of the State debt by the middle of this year cannot be less than 200,000 million lire, or, say, seven times the maximum level at which the Budget can be expected to balance. In these circumstances, large-scale borrowing cannot be long continued without either a heavy increase in the general level of taxation or else a further devaluation of the lira. In view of the past history of the Italian currency and of the further falls in the value of the French franc that have taken place since October, 1936, a new devaluation at some time in the next few years is not inherently improbable.

The last few years have produced deficits in the balance of trade as well as in the Budget. The figures are given in the following table, together with the changes in the reserve of the Bank of Italy. These figures do not include, for the last three years, the special secret reserves derived from the expropriation of gold and foreign securities, out of which the deficit in the balance of payments has actually been financed:—

	Excess of Imports (Million lire)	Change in Reserve of Bank of Italy (Million lire)
1928	7,314	− 1,035
1929	6,429	− 730
1930	5,210	− 717
1931	1,434	− 1,827
1932	1,639	− 653
1933	1,575	+ 253
1934	2,617	− 1,514
1935	3,174	− 2,488*
1936	2,053	− 1,030*†
1937	5,640§	+ 7*§

* Excluding change in secret reserves. † In old lire, taking no account of change in value due to devaluation. § In new lire.

Last year's deficit on trade account was almost up to the pre-depression level. But of the items which, before 1931, helped to close the gap in the balance of payments—tourist traffic, shipping earnings, foreign loans and emigrants' remittances—all are now seriously reduced, and the latter two have nearly disappeared. The improvement in 1938—the import surplus in the first five months was 700 million lire less than in the same period of 1937—can be almost entirely attributed to the unusually low imports of wheat, owing to last year's big harvest. Imports of wheat will again be necessary in the next twelve months, and the odds are on a considerably larger deficit in the balance of trade in 1938 and in 1939 than in 1937.

The most interesting feature of Italy's foreign trade is the change in its distribution brought about by sanctions. The share of Germany (the former Reich) in Italy's exports rose from 19.0 per cent. in 1935 to 22.9 per cent. in the first quarter of 1938. This change, together with the *Anschluss*, has made Italy very largely dependent on Greater Germany both for imports and for exports. In the first five months of 1938, for instance, Greater Germany provided 27 per cent. of Italy's imports and took 25 per cent. of her exports. Italian dependence on Germany, however, is not quite so great as would appear from the figures. For one thing, the balance of trade is heavily in Germany's favour (omitting invisibles), which gives Italy some bargaining leverage. And in the second place, it is to a surprisingly large extent a barter of coal for lemons. Half Italy's exports to Germany (the old Reich) are of food and a little under one-third of fruit. On the other side, out of a total export from Germany of 2,572 million lire in 1937, 1,032 millions was for coal and coke. It follows that Germany could dislocate Italy's foreign trade only at the cost of losing a valuable market for coal and starving herself of fresh fruit and vegetables.

It can be seen from the table on page 160 that the Bank of Italy has been a consistent loser of gold for many years—the average loss for the seven years 1928-34 was 691 million lire. But the drain is probably more severe now, and it will be greater still later in the year unless there is a radical change in the situation. The published reserve of the Bank of Italy at the end of 1937 was 4,028 million lire. But these were devalued lire, equivalent to only about 2,370 million old lire. It is not known how much in gold and foreign exchange was brought in by the Government's campaign during the sanctions period, nor how much of it has already been spent. As for gold, the Budgets of 1935-36 and 1936-37 provided 512 million lire for compensation. This may not be the full amount of gold procured, but it is unlikely to have been more than 1,000 millions of old lire, which would be 1,700 million new lire. Estimation of the value of foreign securities obtained is further complicated by the unknown factor of the prices at which they could be sold in outside markets. To judge by Budget entries and other indications, however, the unutilised balance at the end of April, 1937, may have been as high as 4,000 million lire, making a total of all reserves, published and secret, of from 8,000 to 10,000 million "new" lire as a maximum. It is probable, however, that at least 2,000 million lire has had to be used in the past twelve months. Italy's total reserves at the present moment can, therefore, hardly be more than 8,000 million lire, and are more likely to be in the neighbourhood of 6,000 million lire—a very small sum with which to face a trade deficit of over 5,000 million lire a year.

This, then, is beyond question the weakest joint in Italy's armour. It is a joint, moreover, which will be weakened precisely in the degree that other portions of the armour are strengthened; for an intensification of re-armament necessarily implies an increase of imports and enhanced difficulties for the export industries. In a democratic country both the gradual lowering of the standard of consumption to provide resources for capital works and also the unbalanced Budget by which alone the process could be financed would lead to criticism and to lack of confidence. Not so in a Fascist economy. Neither the standard of living nor the state of the National Debt is likely to be Signor Mussolini's Waterloo. But the problem of buying from abroad is of the utmost intractability. Dr Schacht can manage with a minuscule reserve, because his credits and debits have been made to balance and because Germany can provide at least some of the essential raw materials for herself. But Italy must have foreign exchange to buy raw materials if she is to keep her place in the arms race. And the fact that Germany can give her neither is obviously an important factor in the diplomatic poker game.

Anglo-American Aircraft

THE rapidity with which the colossal total of £126,401,000 for our Air Votes has been reached, together with the recent transatlantic records and the size of the orders placed with Lord Nuffield and with the American manufacturers (upon which we comment in a Note on p. 164) has focussed public attention upon the rôle of the United States in the drama of Europe's aerial re-armament.

We have learned during the last three months of Boeing "flying fortresses" which went to Buenos Aires and back in formation, and from California to Virginia on a new transcontinental record of 10¾ hours for the 2,285 miles. They are aerial monsters with four engines of 1,050 h.p. each, cannon, a bomb load of 2½ tons, and a speed of 230 m.p.h.; and already a "super fortress" has been built with four motors of 1,500 h.p. each, and an even greater capacity and performance. The 200 Lockheed reconnaissance machines ordered by the R.A.F. are in production and will begin to be delivered early in October. They are identical (save for military equipment) with that used by Mr Howard Hughes and his four companions for the round-world trip last week; but the U.S. Government has now given permission for the fitment of the latest Wright motors, which have been hitherto restricted to use by the War and Navy Departments. Finally, at the beginning of this month the Canadian Prime Minister announced that the Canadian Royal Air Force's facilities for training pilots would be placed at the disposal of the United Kingdom R.A.F., and another Air Mission is now going to Canada to organise this system and to arrange for the manufacture of heavy bombers by Canadian and Canadian-American concerns.

How far, then, can we in this country call in the New World to redress the balance of aerial re-armament in the Old?

In the first place, the manufacture of aircraft in Britain differs fundamentally from that in the United States. Here, owing to long dependence on private manufacturers for complete aircraft and to the paucity of demand for commercial aircraft, the R.A.F. contracts have been awarded for prototype machines almost wholly produced in any given factory. The only exceptions have been for engines—mainly Rolls-Royce and Bristol, since the Napier, Bentley and Siddeley motors lapsed from production after

the war—and for instruments, pumps, carburetters, magnetos, etc. Accordingly, rapid expansion in our construction programme has encountered "bottle-necks" in both the aircraft factories and the factories making equipment. In America, on the other hand, owing to a large and steady demand for commercial civil and military aircraft, manufacture has tended to proceed by way of specialisation on *all* parts of an aeroplane. The manufacturers of aircraft have, in effect, been assemblers of parts, from the engines to the propellers; and the entire range of the engineering industry and precision trades of the United States has consistently been at the disposal of aircraft manufacturers. The importance of America's extensive machine-tool industry in this context can scarcely be overestimated.

Big aircraft-engine manufacturers—e.g. Wright, or Pratt and Whitney (United Aircraft)—designed their engines, then had the parts and incidental equipment (carburetters, superchargers, magnetos) made by specialised firms all over the States. Testing and assembling was done at the factory; and then the aeroplane manufacturer bought the complete motor. Thus, the five biggest air transport lines in the United States agreed to pool their knowledge and requirements to produce the famous Douglas transports; and the best of everything went to their assembly by the Douglas Corporation in California. In this way, expansion can take place gradually in every ancillary firm, as well as in the concern finally assembling the machine.

Secondly, however, the American industry itself has not as large an existing surplus capacity as many people imagine. If we include the 400 machines now on order for our R.A.F., it is doubtful if it could turn out more than another 300-500 machines, and then they would need to be mainly of one, or at the most of two, types— because otherwise there would arise disorganisation of details in all the American ancillary factories. It must be remembered that the American commercial air fleet numbers about 400 big transports, constantly being overhauled or replaced; and the American military demand on manufacturers is rapidly being increased. The American industry employs only 40,000 men at the outside—**but the value of its output has been rising steadily throughout the recovery period. The following figures are approximate, and take account of military aircraft for the U.S. Government.**

In $ millions

1929	...	68	1936	...	76
1933	...	27	1937	...	110
1935	...	42			

Industrial capacity has been expanding; and the value of monthly deliveries of aircraft and parts, both civil and military, in the first four months of this year stood at $46.1 millions, compared with $30.5 millions in the first third of 1937 and $18.9 millions in the first four months of 1936. Of deliveries in the first four months of this year, over 30 per cent. were for export, the bulk either to China or Japan. Thus, normal American and non-British demand is already taking perhaps as much of current capacity as can be immediately allocated. Therefore, new British orders would have to be supplied by additional capacity. By itself, the American industry will scarcely expand to a greater extent than is necessary to meet domestic, commercial and military demand.

It is at this point that Canada becomes important. **First,** Canadian firms, even if owned by American shareholders, are not subject to the American neutrality legislation or embargoes, as long as Canada herself is not at war. **Secondly,** assembly plants rather than complete factories can quickly be set up in Canada; for they are scarcely farther from the factories making components than are, say, United Aircraft at East Hartford, Connecticut. They need encounter no tariff obstacles, for collaboration cannot take place between American and Canadian firms until supplies are made available for Canada at a mutually satisfactory level of costs. Then the Canadian amalgamations and new factories will be organised on the basis of Canadian and American participation. Already, the British Bristol engine concern and the American Wright engine concern have founded Canadian companies with some common directors; and Pacific coast aircraft manufacturers are reported to be in negotiation for sites in British Columbia. Clearly, the difficulty is not going to be financial; it will be to expand production of engines and ancillary equipment in the States or Canada; and the latter country for this purpose will need engine factories, or at least assembly plants. Thus, Canada will be driven back on the American industry for components. The American industry delivered 289 military aeroplanes and 679 military motors, valued at $12.2 millions and $4.8 millions respectively, in the first quarter of this year, compared with 106 aeroplanes and 488 engines of the same description, valued at $5.7 millions and $3.4 millions, respectively, in the corresponding quarter of 1937. This is a remarkable advance; but the quantities concerned are not large, even by comparison with our own re-armament programme.

In the light of all the foregoing, it seems that the best way to accelerate our own aerial re-armament would be to set up assembly concerns, both for air frames and motors, in Canada, in which British, Canadian and American concerns could participate. This system would admit of the closest collaboration *in situ*—on the secure soil of Canada—between suppliers and training bases. These assembly firms must count on the same governmental financial guarantees as are already being given to similar firms in Britain and Australia; but can they count on a parallel rapid expansion in the American firms supplying their equipment and components? The problem is crucial. We do not want repetitions across the Atlantic of what has already dogged the footsteps of Lord Swinton and Sir Thomas Inskip here. With that experience behind us, however, we may hope that those now engaged on these highly important negotiations will take steps to prevent the emergence of "bottle-necks." It will, of course, be necessary, indirectly, to ensure to the Canadian and American firms concerned contracts long enough to warrant expansion of their capacity and its current amortisation; but that is being done here and in Australia, and is a necessary concomitant of re-armament by private firms at a pace many times as great as that of a few years ago when their factories were first equipped.

That these considerations are being taken into account, at least to some extent, is obvious from the announcement on Thursday that the Canadian Air Transport and Manufacturers' Association has agreed on the desirability of creating a company to co-ordinate the British Government's requirements from Canada with the potentialities of present and future Canadian aircraft factories. At present, among others, the British Bristol, De Havilland and Vickers concerns are operating in Canada; but their capacity has hitherto been extremely limited. In this connection, the American aircraft and equipment factories could be an immediate and increasing source of supply; and time is the essence of the matter.

If all these problems are solved, as they can be, we may yet see deliveries of large military aeroplanes across the Atlantic under their own power. More important even than this, however, is the sudden emergence of the North American Continent, immune from aerial attack, as the safest and greatest potential aeroplane factory and air base in the world.

Topics of the Week

A Truce to Madness.—If the gods first drive mad those whom they wish to destroy, the Western nations are heading for destruction. Such was the tenor of Sir John Simon's peroration in his final speech on the Finance Bill on Friday of last week. He was not alone in condemning the insensate folly which is taxing and overtaxing each nation's current resources in order to convert the proceeds into armaments yielding neither revenue nor quota of consumable amenities. The day before Sir John spoke, President Roosevelt—from Treasure Island in the Bay of San Francisco, whence he sailed to review the combined naval strength of the United States—talked of an "inevitable disaster" to which this arms race was tending, and offered American co-operation and encouragement to halt it. At almost the same time Signor Virginio Gayda, of the *Giornale d'Italia*, was expressing his, and therefore his chief's, misgivings at the pace which the arms race had attained, and his hope that it could be reduced or halted. This latter expression of opinion must be read in conjunction with Signor Mussolini's recent declarations that Italy must be a nation of militarists; but the contrast is striking. Nothing, however, can be achieved at this late hour to halt the Gadarene progress of re-arming nations unless parallel guarantees for security from aggression are devised alongside arrangements to arrest the arms race itself. In this respect, none of us has progressed beyond the stage reached in 1932 at the Disarmament Conference. Germany and Italy have greatly re-armed; but they have driven the rest to re-arm out of fear; and the rest, combined, can still make Germany and Italy feel insecure. So the madness goes on, destroying the vital forces, the prosperity—and, in the end, the peoples—of the nations upon which it battens. So, too, were the voices of another Roosevelt, a Haldane, a Colonel House, a Walter H. Page, a Prince Lichnowsky, raised on the eve of the last Great War. But the plague was not stayed.

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The Finance Bill and the Future.—Involving as it does the expenditure of close upon £1,000 millions in a single year, the Finance Bill, which was read a third time in the Commons on July 15th, represents an arduous effort on the part of this country to pay for both guns and butter at the same time. Taxes in the current year 1938-39 will amount to something approaching a fifth of the national income. True, this proportion is small compared with, say, the very tentatively estimated 40 per cent. of France's national income now required of the French taxpayer, but it is none the less a grave and menacing burden. Expenditure is unlikely to fall appreciably below its present level in future years. The national income, on the other hand, can only be deleteriously affected by the present recession in trade; nor, taking a longer view, can we take it for granted that national productivity will leap ahead in the future as it has done in the past. In the final debate on the third reading on Friday last week, Members were more anxious to examine the possibly unpleasant outlook for future years than to quibble over the details of present policy. The Chancellor of the Exchequer himself expressed surprise and gratification at the generally good reception given to his austere proposals. For the most part Members were disposed to agree that things might have been very much worse. They welcomed the concessions made to small taxpayers, insurance companies and students in technical training, and were content to express the view that 5s. 6d. in the £ was very nearly, if not quite, the limit to which income tax could fairly and expediently be raised. Many, however, were unhappy about the future. In the short run, expenditure on the present scale must be met out of a diminished national income. And the long term Budget problem was regarded as even more serious. As the authors of a Memorandum published in *The Economist* on June 11th pointed out, any appreciable reduction in expenditure must be politically difficult, and any increase in the share of the national income taken in taxes economically dangerous. The only solution is to increase the national income more rapidly than seems likely from an examination of present trends. There is no sovereign remedy; but an economic policy consciously contrived to cut down to a minimum prevailing restrictions on trade and enterprise at home and abroad must be wholly beneficial.

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Parliamentary Privileges.—The so-called Sandys case has had a double significance from the outset. It raised the major question of the application of the Official Secrets Act to Members of Parliament and the minor question of the treatment accorded to Mr Duncan Sandys, M.P., by the Secretary of State for War and the military court set up to inquire into the matter. Unfortunately, the minor aspect has received by far the larger share of attention hitherto. Not only has Parliamentary time been wasted, but the major issue has been obscured by the mood of bored indifference with which the public now contemplates the question who has behaved most correctly. When the House once more debated Mr Sandys' summons on Tuesday last, most Members seemed fully conscious that a mountain had been made out of a molehill, though Mr Churchill and certain Opposition speakers seemed anxious to prolong the controversy. Meanwhile, the gravity of the questions which are being considered by the Select Committee has not lessened. How far is a Member of Parliament entitled to inquire into military secrets *in the discharge of his Parliamentary duties? To what* extent is he protected by his status against action under the Official Secrets Acts? These are questions of moment, because the net of official secrets jurisdiction has been cast very widely in recent months. Journalists, for instance, have been hampered in the execution of their ordinary work by the extended application of the Acts, and it is of first-class importance that we should know where Members of Parliament stand in this matter.

* * *

The B.B.C.'s New Head.—The Director-Generalship of the British Broadcasting Corporation is one of the half-dozen most important posts in the country. Others perhaps are more in the public eye, but none so completely monopolise the public ear. Ever since Sir John Reith's translation to the chairmanship of Imperial Airways, speculation has been busy with the gap he left behind him. This week's announcement that his successor is to be Mr F. W. Ogilvie, President and Vice-Chancellor of the Queen's University, Belfast, has been received with surprise—not because Mr Ogilvie is considered unfitted for the post but because he is not widely known. To readers of this journal, the most interesting and gratifying feature of the appointment is that Mr Ogilvie is an economist, who has lectured for seven years at Oxford, and for eight years occupied the chair of Political Economy at Edinburgh. It is a very good thing in these days of rampant fallacy that the head of the most pervasive and persuasive educational organisation in the country should be a student of "Man in the Ordinary Business of Life" and should appreciate the intricate complexity of the system by which we all live and pay our licence fees to the B.B.C. Mr Ogilvie's administration will rightly be subject to the most searching and widespread scrutiny. The public will hope that he will always be able to convince his critics that the British system of broadcasting is inferior to none in the world.

Germans, Sudetes and Czechs.—On Tuesday the Sudeten German Party published the fourteen-point memorandum which they sent to the Czechoslovak Government on June 7th last as a basis for negotiations with the Prime Minister, M. Hodza. It turns out to be even more exigent than Herr Henlein's eight-point speech at Carlsbad on April 24th. It demands for every national group in the State "an equal share in the conduct of State business"—a vague phrase. Local government boundaries are to be redrawn; all nationalities should have the right "to foster common national interests"—which could mean "common" with foreigners outside Czechoslovakia; legislative powers should be divided between the central Government and the nationalities' Diets; and pre-military training is to be the province of each nationality. The other points follow the Carlsbad speech of Herr Henlein, but nothing is said in the published version about alteration of Czechoslovak foreign policy. The Nationalities Statute is still being discussed between M. Hodza and the various leaders of the Coalition Parties and Ministers. The Government have not adopted any official attitude to the Sudeten German Party's memorandum, and it is not expected that the Nationalities Statute will reach Parliament this month.

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The flying visit to London last Sunday of Captain Wiedemann, Herr Hitler's confidential agent, his talk with Lord Halifax, and the latter's talks in Paris with M. Bonnet and M. Daladier on Wednesday are all said to be connected with the negotiations in Prague. The Germans have been anxious, ever since "the Czech week-end" of May 20th, lest the semblance of Anglo-French support for Prague should arouse Czechoslovak nationalism to the pitch of obstinacy; and they are most anxious now. This reorientation of Germany towards London has increased the embarrassment of the Henlein Party, whose extreme Nazi wing is disappointed by the continued absence of *mots d'ordre* from Germany, and whose moderates are gravely perturbed by the fate of Austria and their Austrian cousins at the German Nazis' hands. It is becoming increasingly difficulty for M. Hodza to satisfy both Germany and the Sudetes—to say nothing of Czechs, Slovaks, Hungarians and Poles.

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Diplomatic Post.—Europe's statesmen and diplomats during the last fortnight have been playing general post. As if to inaugurate the second lap of the diplomatic caucus-race—whose first lap we noted last week—Herr Hitler's confidential *aide*, Captain Wiedemann, flew to London on Sunday, bringing to Lord Halifax, so it is said, a warning about German requirements from Czechoslovakia, and an offer. The latter is reported to have been a refurbished version of the German offer of March 7, 1936, after the military occupation of the Rhineland. Briefly, this was to give a clear run to Germany in Eastern, Central and South-Eastern Europe in return for a German promise not to attack the two democratic Western Great Powers or their possessions for twenty-five years; or, as the inimitable "Low" put it: "How much will you give me not to kick your pants for 25 years?" Lord Halifax is known to have discussed this offer, the Czechoslovak problem, and Spain when in Paris this week; but it is reported that, while the French have agreed to support Mr Chamberlain's policy of "appeasement," the British have recognised the validity for France of the Czecho-French alliance. Meanwhile, however, M. Bela Imrédy and M. de Kánya, respectively Prime Minister and Foreign Minister of Hungary, have been buttressing the Rome Protocols in the city of their origin after the collapse of the Austrian pillar, under the urgent gaze of Signor Mussolini. Viewing Italy's and Jugoslavia's increasing economic dependence on German trade, considering Trieste's obscure future as a transit centre, and observing the German drive—with the benevolent concurrence of M. Stoyadinovitch at Belgrade—to the Adriatic, the Duce seems to have written-off Britain and France completely, to have become indifferent to Mr Chamberlain's dearly purchased Anglo-Italian pact, and to have thrown in his hand with Germany, Hungary and Jugoslavia. Both the Duce and M. Imrédy sanctioned a joint *communiqué* on Wednesday which restricts their own policies to "harmony with the Rome-Berlin axis." Meanwhile, the Finnish Foreign Minister has been in London; and the Egyptian Prime Minister has arrived to discuss Egypt's defences and Britain's share of their cost. All this intense diplomatic activity bodes no good, unless it be related to a common European policy for peace and security from aggression.

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Gold and Games.—The Japanese Government have withdrawn their invitation to the Olympic Games at Tokyo in 1940, and postponed the international exhibition which was to have taken place there at the same time to celebrate the 2,600th anniversary of the foundation of Japan's empire. So much was announced on Friday of last week. It is a reasonable assumption that these decisions were taken on grounds of economy; for the China war is plunging Japan's economy deeper into the mire. The Government have just had to announce that most of the gold in the Bank of Japan is to be transferred to a special fund for financing necessary imports over and above the level of current exports. As the total gold holdings of the Bank amount to less than £60 millions, such an announcement can only be taken to indicate acute stringency in the financing of Japan's imports. Her import trade has been increased by the need of more raw materials for conversion into war materials, and also by the need to increase exports in payment therefor. On the other hand, Japanese exports have been rendered less and less profitable by reason of the fall in world prices, the rise in domestic costs following expansionist monetary manœuvres, the increasing war strain, and the great extent to which administrative organs of the State have superseded private enterprise, both large and small. When Japanese Ministers and Generals tell us the China war will last perhaps for ten years, we are not so surprised that these same authorities consider Tokyo an inappropriate venue for international athletic exercises in 1940. The sword is mightier than the Finance Minister's pen, and gold than games.

* * *

Aerial Re-armament.—A deep depression has long been centred over Britain's aerial re-armament programme. From November of 1934, when Earl (then plain Mr) Baldwin first announced an expanded programme of construction, until April of this year—three and a-half years—the depression deepened. In the third week of April it burst into a storm; and the detonation was due to Lord Winterton's announcement that the Government had decided to send an Air Mission to the United States to investigate the possibility of recruiting British air strength from the aeronautical industry of America. It proved to be the swan-song not only of Lord Winterton but also of his chief, Lord Swinton. On May 16th Sir Kingsley Wood and Captain Harold Balfour took over at the Air Ministry. On May 25th the Opposition and Mr Winston Churchill harried the Government in the Commons over delays—indeed, more and more irretrievable delays in comparison with other countries' programmes—in our aerial re-armament. Finally, at the beginning of last month it was announced that, as a result of the returned Air Mission's tour of inquiry in the United States, orders had been placed there for 200 Lockheed reconnaissance machines and 200 North American Aviation trainers, at a total cost of over £7,000,000. Since then, progress at home has been recorded by Sir Kingsley Wood; for at the beginning of last May our aerial re-armament programme was doubled and accelerated, in order to achieve a first-line strength of 3,500 machines by 1940. On Friday of last week Sir Kingsley himself cut the first sod on the new 135-acre site of the Castle Bromwich factory which, after many vicissitudes, Lord Nuffield has agreed to erect and manage; and the Air Minister announced that the Air Ministry had placed with Lord Nuffield an immediate initial order for 1,000 Supermarine Spitfire single-seater fighters. These are our fastest military aircraft, designed from experience gained in the Schneider Trophy races. They are all-metal and are fitted with the latest Rolls-Royce single high-power engine—the Merlin, of 1,050 h.p. This, the largest single order for aircraft in this country's peacetime history, caps the tale of expansion in a programme which, last week, called for another £22,901,000, making this year's total expenditure under the Air Votes £126,401,000. It remains to be seen whether the expanded programme will, in default of a Ministry of Supply, proceed rapidly and without the delays and hitches which have by now become painfully familiar.

* * *

Trade Union Policy.—This is the season of conferences, usually at the seaside. In the last week the Mineworkers' Federation have been in session at Whitley Bay, and the Amalgamated Union of Building Trade Workers have foregathered at Morecambe. Both bodies occupy powerful positions in the trade union movement, and in the course of their latest deliberations two statements of principle have been made which are of the utmost importance at a time when the representatives of organised labour are being faced on the one hand with trade recession, striking at such export trades as that in coal, and on the other with the rising claims of re-armament upon men and materials. Opening the Miners' Conference, Mr Joseph Jones pronounced the strike weapon out of date. The present outlook for coal was gloomy; distribution costs were too high; and declining trade would mean a struggle to defend wages. But success in preserving miners' standards could best be achieved, short of the nationalisation of the industry, not by a series of district strikes, but by reorganising the structure of the miners' unions to give their leaders more strength in negotiation than their traditionally sectional organisation at present afforded. Mr Jones might have remembered the opposition conducted by Labour Members of the House of Commons against any revision of the coal-selling schemes sustaining the relatively high prices of coal which he regarded as liable to be detrimental to the industry and its workers. He might also have given more credit than he did to the Government's successful nationalisation of coal royalties. But his plea for peaceful methods, addressed to organisations which still bear the scars of militant action in the not very distant past, was significant.

* * *

So, too, was Sir Walter Citrine's forthright condemnation of industrial action to secure political ends, in a speech to the builders at Morecambe. The trade union movement is whole-heartedly on the side of the Republicans in Spain; both the engineers and the miners are raising large sums to mitigate the distress occasioned by the long drawn-out struggle against the forces of General Franco. The unions distrust the foreign policy of Mr Chamberlain and his colleagues. But Sir Walter believes that the right course is to appeal to the electorate and not to seek to intimidate the Government by threatening strikes or refusing to co-operate with employers in re-armament. Any decision about the role of labour in accelerating the defence programme is complicated by the deepening of depression. A few days ago leaders of 39 engineering unions (excluding only the Amalgamated Engineering Union, whose views are now well known, and the Foundry Workers) refused to consider relaxing their rules to speed up the output of arms. A chief cause of their refusal was the fact that unemployment among their members was appreciably growing. There are restless elements among union members, but their leaders are facing recession and re-armament with a determination to curb any extreme tendencies. Sir Walter Citrine and the other union chiefs are as resolved as Mr Chamberlain to have their way with their followers.

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Abortion and the Law.—The case of Rex *v.* Bourne, which was tried at the Old Bailey this week, has served to clarify the present state of the law on abortion. The governing statute is that of 1861 which forbids the unlawful use of an instrument for the purpose of procuring abortion. The exact circumstances of this particular case are, fortunately, rare, for the operation to which the prosecution related was performed on a girl of fifteen who had become pregnant as the result of rape for which her assailants have already been sentenced. But the importance of the case is that it established legal principles that will have a much wider application. The crucial word is "unlawful" as applied to the use of instruments. An Act of 1929 has already laid down that an operation performed to save the immediate life of the mother, even if it sacrifices that of the unborn child, is lawful. In the present case, the Judge advised the jury, who accepted his advice, that it was impossible to draw a distinction between immediate danger to the life of an expectant mother and danger to her general health. This decision, coupled with the general rule of English law that the onus of proof is on the prosecution, appears to mean that convictions will not be obtained in future unless the Crown can prove that the operation was not necessary to preserve the general health, and thereby the life, of the mother. This brings the law more into line with the view held by the great majority of people. But that it is a step forward is shown by the mere fact that the Attorney-General sought to obtain a different verdict, which would have implied a more restricted version of the law. It is the duty of the medical profession to see that the high responsibility placed upon them by the law as now declared is not abused.



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Doctors and the Public.—The doctors have also been before the public this week in a somewhat less altruistic guise than that of Dr Bourne. The discussions of the British Medical Association at Plymouth have touched upon two topics of particular public interest. One is the question of admitting qualified Austrian refugees to practise in this country. It has been stated that the Home Secretary asked the B.M.A. to agree to the admission of 500 doctors. Whether this is so or not, the B.M.A. has consented only to 50. It is, of course, easy to understand the preoccupation of a professional organisation with the security of its members. But that only increases the misfortune of entrusting Britain's reputation for generosity to such interested bodies. The Government would have done far better to have made the decision on their own responsibility. An unfortunate impression is also likely to be left by the discussion at the Conference on the relations between the medical profession and the rapidly developing system of contributory schemes, by which the less well-to-do can secure hospital benefits for themselves by regular contributions in times of good health. These schemes were attacked as likely to diminish the private practices, and the incomes, of doctors. But they can be defended as powerful aids in the general development of health services. There is at all times a latent antagonism between the professional duty and desire of the doctor to serve the public without regard to anything but the demands of health, and his need to make an income from the practice of his profession. It is very greatly to the credit of the doctors that this antagonism so rarely emerges. But whenever the general public is confronted with a conflict between the system of private practice and the health of the nation, it is likely to conclude that the health of the nation must take precedence. The doctors will enjoy the respect of the public to precisely the same degree that they do not behave like a commercial vested interest.

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An Anglo-Australian Agreement to Differ.—The Australian Ministerial delegation has not secured the new trade agreement that it came over here to negotiate. Instead, H.M. Governments in the United Kingdom and Australia have issued a joint statement which affirms a number of generalities about the inter-dependence of the two countries in political ideals, in defence, in commerce and finance, qualified by a reference to the more specific practical difficulties that hinder them in translating that inter-dependence into freer trading relations. The gist of the remainder of the statement is that, until each side has been able to think out its own position more clearly (to some extent in the light of new factors that are not yet realised), it is best to leave the present Ottawa Agreement in force. Beneath its outward ingenuousness the statement is unusually frank about the main reason for the failure to reach concrete agreement. Certain immediate difficulties arise, it says, when an attempt is made to reconcile the admitted desirability for Australia to expand her secondary industries with that of the United Kingdom to maintain her exports. An effort was made to meet these difficulties through the general clauses of the Ottawa Agreement, under which Australia undertook not to afford tariff protection in excess of a level that would give United Kingdom producers "full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production."

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The Ottawa clauses, it is acknowledged, have been attacked from opposite points of view in Australia and the United Kingdom. The negotiations in London have turned, in fact, mainly on the future of these general undertakings, which the Australian Government wanted to abolish altogether. The United Kingdom Government was ready to agree to this, provided that a schedule of maximum rates of preferential duty was substituted, as in the Anglo-Canadian trade agreement replacing Ottawa. It is this project which Mr Lyons and his colleagues require time to examine, recognising that they must first decide what broad lines of development they intend Australian secondary industry to follow during the next few years. Meanwhile, the United Kingdom Government agrees to turn a blind eye to the somewhat loose interpretation placed by the Tariff Board on the general undertaking, while the Australian Government promises that it will make every effort to ensure that Tariff Board recommendations are in fact carried out The joint statement also alludes, rather cryptically, to another cause of difficulty, namely, the unfinished condition of the Anglo-American trade negotiations The signatories agree that they need to contribute to an expansion of world trade, and that they will assist each other in arriving at trade agreements with foreign countries. Finally, the statement gives a blessing to the project of commodity councils, organised by the producers themselves for regulating the volume of international trade in their products.

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Mr Nash's Third Budget.—The formal orthodoxy of New Zealand's budget for 1938–39 contrasts sharply with the fears of inflation, default and extreme socialism that have recently agitated investors in New Zealand bonds. These fears, and the reasons or lack of reasons for them, are discussed in an article in the "Business World" section of this issue of *The Economist*. Mr Walter Nash, the Finance Minister, continues his policy of financing increased expenditure out of the buoyancy of revenue without additional taxation. This year, indeed, while estimated expenditure is up by £438,000, total revenue is expected to fall by £214,000, a further improvement in income tax being offset by a decline in receipts from customs. Last year's accounts, however, realised a surplus of £810,000, so Mr Nash is still able to balance his budget. Cautious observers will seek reassurance on three main points. First, they will ask whether the estimates of revenue may not prove over-sanguine in view of the lower incomes of exporters and the curtailment of dutiable imports. Secondly, they will be anxious about the possibility of a deficit on the account through which the guaranteed price for dairy produce is financed. Finally, they will wonder how, with anything like the present budgetary structure, Mr Nash proposes to meet the enormously increased cost of social services, if and when the Government's health and pensions measure passes into law.

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The Pope on "Racists."—On Thursday of last week the *Giornale d'Italia* published, for the first time in Italy, a semi-official avowal of those racial hypotheses on which the rickety edifice of Nazi bio-politics is dubiously founded. This work of Italian university professors says that race is a "material and necessarily biological concept"; that the bulk of the Italian people has been Aryan and unmixed by immigration since the Lombard invasions of the eighth century A.D.; that Italians should keep a Nordic-Aryan racial ideal before their eyes; that Italians should now recognise themselves as racists; and that the idea of race has nothing to do with considerations of history, language or religion. Perhaps this last point stung the Vatican to reply; for on Saturday, addressing a group of French missionary nuns, the Pope roundly condemned "the exaggerated and misunderstood nationalism which was causing such agitation in the world," and which he termed "a direct negation of the Apostolic injunction." The contrast between the "Catholic," i.e., universal, church and that form of nationalism was evident. The Holy Father informed his hearers that he had convened all the procurators-general of the religious Orders and missionary Congregations then in Rome and bidden them admonish those in their care to beware of "this curse of exaggerated nationalism which hinders the saving of souls, which raises barriers between people and people, which is contrary not only to the Law of God, but to the Faith itself, and to the Creed which is said and sung in all churches throughout the world." After the Concordat between the Vatican and the Fascist Party-State, what are we to think of Fascist Party leaders who ordered, the day before the Pope spoke, all provincial Party secretaries to note the article in the *Giornale d'Italia?* It would seem as if, on the Rome-Berlin axis, the driving force was applied at the Berlin end and the Roman wheel simply follows. For the Roman people and cult, especially after the annexation of Austria and the behaviour of the Austrian (but Sudetic) Cardinal-Archbishop Innitzer, this development in Italy looks inauspicious.

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The Palestinian Chronicle.—The melancholy tale of bloodshed in Palestine has to be continued over yet another week. July 11th brought twelve deaths. At Haifa that day, marines had to assist the police to keep order. Simultaneously, fifty Jewish Revisionists were arrested, and three Jewish newspapers suspended, on account of the previous disturbances. On the 12th, the First Battalion of the Essex Regiment arrived in Haifa from Egypt to find the city in an uproar, as a result of three bomb outrages. In Jerusalem on the same day one of the Imams of the mosque of the Dome of the Rock was mortally wounded. During the next two days there was a lull, on the strength of which the curfew regulations in Jerusalem were relaxed. On the 15th, however, at Jerusalem, in the Arab vegetable market in the Old City, ten Arabs, including three women, were killed, one mortally wounded, and twenty-eight others more or less seriously injured, by a bomb which was said to have been thrown by a Jewess in Arab disguise. At Sefed on the same day, one Arab was wounded by the explosion of a bomb in the Arab quarter, and thereafter the troops had to fire in order to repel a consequent Arab assault upon Jews. Against the background of these tragic events in Palestine, that country was referred to on the 15th at the closing session of the Conference on Refugees at Evian by the British representative, Lord Winterton. He emphatically took issue with the suggestion that the whole Jewish question in Europe might be solved by a removal of all restrictions on the immigration of European Jews into Palestine. In his reference to the present restrictions, Lord Winterton was extremely guarded. The positive point in his speech was an announcement that a scheme was already on foot for the settlement of Jews on a small scale in Kenya, and on this occasion he referred for the second time to the possibility of Jewish settlement in East Africa at large.

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British and World Shipping.—The new edition of *Lloyd's Register Book* has made a timely appearance this week, and from its pages it is possible to measure the difference between Britain's shipping strength to-day and in 1914. The number of all the world's ships has only risen from 30,758 in 1914 to 30,990 in 1938; but their total tonnage (steam, motor and sail) has increased from 49,073,545 gross tons to 67,846,511, and was as high as 70,131,040 in 1931. The gross tonnage (steam and motor) possessed by Great Britain and Ireland to-day is 17,675,404, a decline of 1,216,685 tons, or 6.4 per cent., since 1914. It is true that the mercantile marine of the British Dominions has risen by 1,412,069 gross tons, or 86·5 per cent. in the same period; and that modern ships are on the average much speedier than those of a generation ago, and can therefore carry out more voyages in a given time. But they are also larger than their predecessors, which increases the merchant fleet's liability to loss in the event of hostile attack. And, while the total tonnage (steam and motor) of the British Empire has risen 1 per cent. since 1914, world tonnage has risen over 47 per cent.

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British tonnage is still by far the largest afloat, but the United States with 8,936,465 sea-going tons (steam and motor) shows an increase of nearly 341 per cent. since 1914, though the U.S. mercantile fleet is now much smaller than it was in 1922, when a tonnage of over 14 millions was recorded. Japan's shipping has increased 193 per cent. in steam and motor tonnage since 1914, Norway's 136 per cent. and Italy's 130 per cent. Britain's share of the world's steam and motor tonnage is now only 26.4 per cent.; in 1914 it was 41.6 per cent., and in 1901 just over 50 per cent. Only Germany's share, which has been reduced from 11·3 per cent. in 1914 to 6.3 per cent. to-day, has also fallen. These figures may cause some perturbation among those who believe rightly that the source of Britain's wealth and strength is upon the sea. But, for the most part, they are no more than a further sign that other countries have grown up to a stature of mercantile independence. And by subsidies and fiscal devices they are determined to hold the ground they have gained.

* * *

State Aid to Industry.—A fundamental feature of economic policy in recent years has been the growing measure of State assistance accorded to British industries. Last week the Chancellor of the Exchequer gave the House of Commons particulars of subsidies from public funds payable to industry since October 1, 1931, up to and including estimated expenditure during the current year. The total was £55,062,060, and the details were as follows:—

	£
Beet sugar	21,164,399
Cattle: payments to producers	18,218,859
Milk	5,764,297
Land fertility improvement	1,889,205
Oats and barley	203,000
Tramp shipping	4,002,183
Herring industry	130,157
Light horse breeding	49,000
Mechanical transport	13,360
Civil aviation	3,627,600

Direct subsidies form only a fraction of a total which to be complete should also include, not only direct aid in such forms as revenue rebates and rating reliefs, but also the value of tariffs, preferences, quotas, special assessments for income tax and the grant of statutory monopoly powers to the beneficiary industries. Sir John Simon's total of £55 millions for some seven years represents only a small portion of the total benefits derived. A writer in the June number of *The Round Table* estimated the total of special assistance being given at the present time to agriculture alone, including rating relief, reduced transport rates, smallholding grants and revenue rebates on sugar, to be in the neighbourhood of £37 millions a year. And the less direct assistance accruing from tariffs and quotas would make a considerable addition to this sum. Large parts of our industry are, directly or indirectly, on the dole. Many of the present subsidies are being used to bolster up forms of production which are clearly uneconomic. The State's responsibility under modern conditions to render assistance in deserving cases is indisputable. But the bill is footed by the taxpayer, the ratepayer and the consumer, and it is becoming urgently necessary to determine the limits of this policy, to lay down the guiding principles it should follow and to ensure adequate returns.

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Overseas Correspondence

From Our Special Correspondents

United States

Wall Street and the Economic Outlook

New York, July 12.—The recent sharp advances in stock prices during the rally which began on June 20th have brought persistent inquiries about what had happened or was happening in business to warrant such a rise. Because business figures are reported only after the passage of some time, the question could not at the outset be answered statistically. By now, however, a variety of business figures are available, covering more or less the period of market recovery, even though the complete reports of the Federal Reserve Board have not yet been made public.

In the week ended June 4th, steel, which is a cornerstone of modern business, was being introduced at a rate which employed 26.2 per cent. of the industry's capacity. This gradually advanced to 28.7 per cent. in the week ended June 25th, and in the following week (partly owing to closing on Independence Day) fell to 22.4. The total output of steel and the production of pig iron in the month of June were the lowest for any month of 1938. And June witnessed a decline in the number of blast furnaces in production.

The movement of traffic on the railways showed no significant change during June, although there was a markedly better showing in the week ended July 2nd *after* the market has advanced somewhat. Carloadings (in less than car-load lots) totalled 148,525 in the week ended May 28th, and 145,461 in the week ended June 25th; all other carloadings totalled 413,536 during the last week in May, and were the same as in the last week of June.

The output of motor cars showed no significant movement. Production was 45,000 in the week ended May 28th; it fell to 27,000 in the following week; and then remained steady at about 41,000 per week until July 2nd, after which output fell back to 25,000 in the week ended July 9th. Production did not fall to the negligible figures which the pessimists had prophesied, but it did not rise.

The output of electric power showed some uptrend during the period, rising from 1,879 million k.w.h., in the week ended June 4th, to 2,019 million k.w.h. in the week ended June 25th. During the following week, however, it declined slightly. Retail trade, measured by department store sales, declined further in June, but the decline was not as great as that which normally occurs between May and June, and the index published by the Federal Reserve Board rose from 78 to 81.

Building, which is generally regarded as likely to make headway, declined a little in May, according to indices adjusted for seasonal variations; residential contracts showed no change, after such adjustment, compared with April, and the non-residential index fell. During the first nineteen days of June, the daily rate of residential contracts was slightly below that of the same period in May, whereas in 1937 there was an advance in June compared with May. Non-residential contracts for the period, however, rose appreciably, so that the total of building contracts for the nineteen days just preceding the stock market advance was higher than in the preceding month.

Business Unchanged

Two weekly business indices, which combine a number of factors and move quite similarly to the Federal Reserve Board's comprehensive monthly figures, advanced by tiny fractions in the three weeks ended June 11th, 18th and 25th. During the following week ended July 2nd, however, both declined, and virtually all the gains of the preceding weeks were lost.

Nor did commodity prices show any marked change prior to the Stock Exchange rally, Moody's index of the prices of sensitive commodities had risen slightly from its low point early in the month, but the increase was only about 4 per cent. Other commodity indices were even less convincing in their movements. Prices of the more sensitive and speculative commodities have, of course, advanced with, or following, the upward movement in stock prices, but not prior to it.

The high grade bond market had been displaying an upward trend for some time, and both the long- and short-term rates of interest were at, or below, the levels of any previous period. Bonds of poorer quality were, of course, still depressed in price, and rallied only *with* stock prices. The high grade bond market has been an excellent forecaster of business in this country in periods of major change; but this time the advance was fairly short-lived and occurred under the abnormal influence of the April reduction in reserve requirements and gold desterilisation.

Credit Factors

Bank credit showed divergent trends. During early June there was an abrupt rise in both deposits and assets, but this was clearly associated with the forthcoming governmental financing operations of June 15th. The trend is more clearly visible for a longer period. During the ten weeks from April 27th to July 6th, the net total of loans and investments of the weekly reporting member banks fell by $368 millions, and most comments on banking during the period referred to this as "deflation." However, gold was in process of being sterilised, and the reserves of these banks rose during the period by $517 millions, more than offsetting the decline in other assets, and causing a rise of $203 millions in deposits.

Finally, the volume of new securities issued during June showed a marked improvement on preceding months. Total issues, excluding refunding and Federal Government issues, amounted to $345 millions for June, which was the largest total for any month this year. The rise was explained by the $100 millions issue of United States Steel and the $72 millions issue of Commonwealth Edison.

To summarise the showing of these miscellaneous data, the actual volume of business done has not yet advanced appreciably. For several weeks it has fluctuated with little net change. Commodity prices have risen to some extent with stock prices, but very little advance was shown prior to the Stock Exchange recovery.

The sensational rise in stock prices seems, therefore, definitely to have been anticipating a business recovery, rather than reflecting one. It still remains to be seen whether this anticipation is correct.

This episode will be yet another case to add to the evidence in the inquiry whether the stock market reflects or anticipates business. The events of 1937 suggested that its rôle was one of anticipation; the long period of market decline and business stability is still fresh in our minds. Many commentators tentatively concluded then that stock market regulation had become so extensive and stringent as to have caused stock prices to have lost all touch with business.

France

Hopes and Fears

Paris, July 20.—Intensive re-armament is the order of the day. But the aim of French policy is to support respect for international law and to revive the spirit and practice of international co-operation. This is the purpose of Anglo-French collaboration, upon which this week's visit of the British sovereigns to Paris has set the seal. The visit has aroused enthusiasm in France, and the French people, realising the significance of their Majesties' coming, are deeply grateful. The occasion may be a memorable event in history as a milestone to peace and security.

Despite these hopes, however, fears of foreign conflict still weigh heavily upon the French public. Recent events in Czechoslovakia have not been calculated to allay their alarm, especially when the crisis earlier this summer is remembered. This fear of events abroad explains why the country has so readily accepted the halt which the Daladier Government has imposed upon social and economic reform. If M. Jouhaux, leader of the trade-

reform in the autumn, he will find little support so long as the nation's anxiety remains as acute as it is now.

Improved Financial Position

The visit of the British sovereigns and the realisation that the new issue of National Defence Bonds will render a further long-term loan unnecessary has led to renewed firmness in the market for public funds. The Minister of Finance, in a recent broadcast speech, laid stress upon the improvement in the national finances during the past four months. The Government must still borrow, but new subscriptions are covering the Treasury's needs.

There is no inflation. The increase in the note issue is much smaller than the increase in the gold stock of the Equalisation Fund. The credit account of the Sinking Fund is at the highest level for 27 months. The public funds are rising.

The 1939 Budget will set out to cover ordinary expenditure from normal receipts, and only the cost of re-armament and special aid to industry will be defrayed by borrowing. Meanwhile, revenue in May was 57 million francs more than the estimated figure, or, if the proceeds of the 8 per cent. emergency tax are taken into account, 164 millions more.

Recession Arrested

The recent falling-away in industrial activity seems to have partially stopped, especially in the iron and steel trades. The following table shows comparative details for iron and steel output in May:—

(Metric tons)

	May, 1937	April, 1938	May, 1938
Steel	651,000	500,000	502,000
Semi-manufactured products	109,000	81,000	76,000
Pig iron	666,000	479,000	483,000
Iron ore extracted	2,861,000	2,576,000	2,628,000

In May, 83 blast furnaces were in operation, and 126 were idle.

There is further cause for optimism in the course of wholesale prices. The index stood at 657 last week, against 658 and 656 in the two previous weeks, which suggests that prices are now reasonably stable. A rise from 603 to 610 in the index of import prices was counterbalanced by a fall from 689 to 683 in the prices of home-produced commodities. Food prices have fallen from 662, on July 2nd, to 654, largely as a result of a sharp drop in vegetable prices. The index of the prices of industrial products, on the other hand, has risen from 657 to 660, owing to the effects of the recent increases in wages and taxes. Unemployment on July 9th was 353,676, against 357,915 on July 2nd and 316,482 a year ago.

A new commercial agreement will shortly be signed between France and Germany. The first effect will be a further decline in the trade between the two countries. Discussion of the problem of Austrian debts has been postponed, and a delegation will be sent to Berlin for this purpose.

Germany

Bourse Collapse

Berlin, July 20.—The share market, which declined very sharply in the week ended July 9th, last week suffered the greatest fall for any one week since the National Socialist Government took office. Prices fell by 4 or 5 points in a single day, and in a few cases by much more. The present week opened with a still more violent decline, followed yesterday by a moderate recovery.

Some stocks are now 30 or 40 points below their recent peaks, which were mostly recorded in April. This event has created a considerable stir. The share market has for years been relatively quiet, with a gradually rising tendency and no important setbacks. It seemed to be reverting to pre-war conditions, when quotations very seldom varied more than 25 per cent. in a single year. After the currency stabilisation of 1924, prices sometimes doubled or dropped to half in a few months. Later, the fluctuations became less sharp, the decline being relatively moderate, even during the collapse of 1927.

Since the National Socialist Government took office Bourse stability has been an ideal. It was considered to be a natural consequence of business stability, for Germany was now supposed to be emancipated from cyclical trade movements of all kinds, and there was a theory that "speculative" influences had been eliminated. Share prices have been rising since April, 1932, when the Bourse was reopened after being closed for six months. Between then and the end of 1937 the index for all shares quoted in Berlin rose from 45.6 to 137.3—a movement which, however, was partly due to the scaling down of companies' capital. At the recent high prices dividend-yields were low; but this year they have risen somewhat because dividends have increased, while quotations have shown little change.

The Drive Against the Jews

There were several reasons for this month's collapse. Minor causes were tightness of money and the belief that profits had nearly reached their peak. The principal one, however, was the drive against the Jews. On the one hand, Jews sold their securities, and on the other, the expulsion of Jewish brokers and traders seriously impaired the efficiency of the Bourse; this measure has thus proved a failure as a defence against "speculation." Some of the heaviest falls last week were in shares of companies in which Jews had substantial holdings; one such company's shares fell 11 points on a single day.

The semi-panic of Monday, July 18, was caused by a rumour, since officially denied, that the holding of securities by Jews would be entirely forbidden. But the Bourse could not absorb even small offers. Members complain that the banks withhold a great deal of business, which they prefer to conduct directly with one another. The inefficiency of the Bourse, however, is no new problem. The reintroduction of trading for future settlement (either monthly or fortnightly), which was suspended in 1931, has been officially discussed as a possible remedy. But insecurity of property, which is a proper description of the anti-Jewish measures, is incompatible with soundness in the security market.

In normal times a collapse of prices such as has been witnessed this month would have been taken to foreshadow a trade decline. But nobody now expects that. Some of the heaviest falls were experienced by shares of companies which have more orders than they can execute, and are considered likely to increase their dividends.

Shortage of Farm Labour

It has been necessary for farmers to borrow labour from industry, and in many cases industrial employers objected on the ground of urgent contracts; soldiers have also been employed. There is a shortage of domestic servants, and Austrian women have been brought to North Germany. It has been declared that, under the new regulations for the conscription of labour, private concerns will not be allowed to increase their profits by reason of the fact that conscripts are allotted to them owing to the political importance of their work. Undertakings of this kind will be expected to find labour in their own districts as far as possible, and also to economise labour by internal reorganisation. In general, the conscripts will not be kept longer than six months, after which period they will be replaced by new recruits.

Industrial Activity and the Transport System

Statements at the meeting of the Ruhr Coal Syndicate imply that the decline in the export of coal has come to an end, and that a fresh increase in home consumption is likely. Pig-iron production in June was 1,508,800 tons, the total for the first six months being 8,803,900 tons, against 7,710,300 in 1937. The average output per day worked rose from 42,598 to 48,640 tons.

The international iron and steel outlook is thought to have improved, but German exports have declined very considerably. In 1937 the average monthly export of rolling-mill products was 213,800 tons, with maximum in July, 1937, of 289,900; by contrast, the figure for April, 1938, was only 136,400 tons, and for May 152,300 tons. In December, 1937, there was an export surplus of 133,400 tons of iron, steel, and iron and steel goods (other than machinery), but this surplus fell in March to 39,500 tons, since when it has recovered to 65,700 in May.

The Netherlands, Scandinavia and Switzerland have

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reduced their purchases, and the market in Eastern Asia has almost lapsed. The chief markets which have not been affected are Great Britain and Italy.

The high level of industrial activity has imposed a considerable strain on the transport system. The Reich Railways have about 100,000 fewer goods wagons than at the time of the 1929 boom, but they are supplying 40,000 wagons a day more than during the depression. The demand is met by making the rolling stock do much more work, with the result that repair costs have risen considerably. The internal waterways are also transporting much more freight than during the last boom, with rather less tonnage. Their proportion of the total goods carried by rail and water has increased, reaching 21.6 per cent. in 1937.

Continued Surplus of Imports

The foreign trade balance of "Greater Germany" (i.e. including Austria) shows, for June, an import surplus of Rm. 49 millions, against Rm. 51 millions in May. The import surplus of the Old Reich alone was Rm. 26 millions, against Rm. 30 millions, imports having declined by 6 per cent., to Rm. 429 millions, and exports by 5½ per cent., to Rm. 403 millions. The figures for both imports and exports are the lowest recorded during the past twelve months. The following statistics for the first half-year show an import surplus for the Old Reich of Rm. 114 millions, against an export surplus of Rm. 176 millions in 1937:—

	May	June	Jan.–June
Imports	Millions of marks		
I. Foodstuffs	**166·9**	**160·3**	**1,011·0**
(*a*) Livestock	10·5	9·8	56·4
(*b*) Animal foodstuffs	32·9	36·6	226·3
(*c*) Vegetable foodstuffs	91·5	84·2	549·2
II. Industrial goods	**285·7**	**265·7**	**1,662·3**
(*a*) Raw materials	166·2	153·9	969·1
(*b*) Semi-manufactured	85·4	79·3	496·4
(*c*) Manufactured	34·1	31·8	196·8
Total	**456·8**	**429·4**	**2,696·9**
Exports			
I. Foodstuffs	**4·0**	**5·5**	**30·9**
(*a*) Livestock	0·1	0·1	0·8
(*b*) Animal foodstuffs	0·4	1·7	3·9
(*c*) Vegetable foodstuffs	1·5	2·1	13·7
II. Industrial goods	**422·9**	**397·1**	**2,551·2**
(*a*) Raw materials	44·0	45·3	265·1
(*b*) Semi-manufactured	31·1	28·9	166·2
(*c*) Manufactured	347·8	322·9	2,089·9
Total	**427·1**	**402·8**	**2,583·1**

In spite of the passive balance of trade, the import of gold continues. It is probably paid for with expropriated securities, and is not reflected in the Reichsbank's returns. The net total for June was Rm. 16 millions; for the first half-year imports were Rm. 97 millions and exports Rm. 6 millions.

Sweden

Resisting Recession

STOCKHOLM, July 13.—The economic situation shows little change. Although the outlook for the staple trades is still somewhat uncertain, Swedish industry shows signs of great resistance, and the majority of companies can report satisfactory business. Owing to reduced output, employment has fallen in the timber, pulp and paper industries. On the other hand, however, the building industry is extremely active and demand for labour is on the increase.

The number of registered unemployed fell in May from 16,000 to 12,000, compared with 16,000 in May, 1937. The general index of business activity showed a slight rise of 0.3 in April to 117. This compares with 116 at the beginning of 1937, 121 in April, 1937, and 117.5 at the beginning of the current year. Among the various components of the general index, employment in the building industry rose by 3 points to 118, imports of capital goods by 4 to 130, while the volume of staple exports declined by 6 points to 111. (In all cases the average of 1935 = 100.)

The timber market is still dull, and recent offers of Soviet timber in Great Britain at further reduced prices have not been calculated to improve the situation. On June 15th Swedish timber shipments reached only 360,000 standards, compared with 675,000 a year ago. On the pulp market, the situation is practically the same as it was a month ago, owing to the existence of large stocks in America. Paper exports, too, are dull; but there is a marked improvement in the iron and steel industry, chiefly owing to a brisker demand for home consumption.

As a result of the world position, pulp and paper exports are declining. In May exports were valued at Kr. 158.5 millions, compared with Kr. 171 millions in May, 1937; and of this total pulp exports accounted for only Kr. 41 millions, or Kr. 17 millions less than in May, 1937. Out of total pulp and paper exports in 1937, valued at Kr. 586 millions, the United States took about Kr. 173 millions, and the American situation is of paramount importance for Sweden. Foreign trade figures for the period from January to May were as follows:—

(In million kronor)

	January–May 1937	January–May 1938
Imports	819·4	813·6
Exports	671·6	728·1
Import surplus	*147·8*	*85·5*

Trade with Great Britain during the first four months of the year was valued as follows:—

(In million kronor)

	January–April 1937	January–April 1938
Exports to U.K.	108·7	141·1
Imports from U.K.	112·2	117·0
Export surplus	—	*24·1*
Import surplus	*3·5*	—

Falling Prices

Wholesale prices declined in June and the general index number fell 1 point to 129, chiefly as a result of lower coal and coke prices. At the same time the index of prices of consumption goods fell to 105.6.

The money market remains easy, though deposits in the joint-stock banks in May fell slightly owing to the payment of income tax. Advances, on the other hand, increased, particularly against mortgages, a form of lending lately adopted by the joint-stock banks because of the increased difficulty of finding more remunerative business.

The Bank of Sweden continued to buy gold in May, and gold held abroad increased during the month from Kr. 54.4 millions to Kr. 76 millions. Owing to a reduction in the foreign assets of the joint-stock banks, and in the foreign bill holdings of the Bank of Sweden, the aggregate foreign assets of the Bank of Sweden and of the joint-stock banks fell in May by Kr. 28 millions to Kr. 799 millions.

The Stock Exchange in May was entirely under the influence of Wall Street, and the general index of share prices declined during the month from 165 to 158. In June, when the outlook in the United States seemed brighter, stocks recovered, and the general index rose to 164. There is still a noticeable shortage of bonds, and a 3 per cent. loan issued by a Norwegian private bank (with a State guarantee), offered at 99, was immediately covered. On June 30th, which is the close of the financial year 1937-38, the National Debt stood at Kr. 2,430 millions, compared with Kr. 2,237 millions a year ago.

Estonia

Better Seasonal Conditions

REVAL, July 4.—In the first half of the current year business activity has continued to increase, albeit at a slower *tempo* than last year. At the same time, several slight indications of recession have become apparent; these are associated with similar indications in world markets.

In agriculture, crop prospects have somewhat improved. The yield of summer grain promises to be somewhat higher than the average, and the condition of the potato crop is thoroughly satisfactory. The clover fields suffered owing to the drought, but the position in this respect improved at the end of June owing to heavy falls of rain. Although there has been some recovery, the outlook for winter wheat and winter rye is still unsatisfactory. The condition of pastures is good, and the production of butter has risen.

In the first half of 1938 116,475 fifty-kilo casks of butter were exported, compared with 106,878 casks in the same period of 1937, an increase of 9 per cent. The average price realised was 1.64 Kr. per kilo, compared with 1.38 Kr., and the receipts therefore rose from 9.5 to 12.5 million Kr. The export of eggs in this period increased from 15.5 to 18.8 millions.

Increased Foreign Trade

The rise in exports has kept pace with that in imports. In the first five months imports amounted in value to 46.4 million Kr., compared with 43.2 million Kr. in the same period last year, while the value of exports rose correspondingly from 32.5 to 36.9 million Kr. After the increase in agricultural exports, the most notable features were the higher figures for shale-oil and benzine. Exports were 19,300 tons of oil and 2,400 of benzine in five months of this year, compared with 11,200 and 1,100 last year; total value was 2 million Kr., against 1 million Kr. The export of flax shows a heavy reduction, the price having fallen by about 40 per cent., compared with that of June, 1937.

The increase in imports was found principally in various materials required for production and in vehicles, as may be seen from the following items (in millions of Kroner)—the figures in brackets being those for the first five months of 1937: artificial fertilisers, 2.5 (1.7); agricultural implements, 2.5 (1.7); industrial machinery, 3.3 (2.1); metal goods, 3.6 (2.3); vehicles, 4.0 (2.9); chemicals, 3.8 (3.2). A slight decline was registered in imports of certain raw materials (such as cotton and iron). The prospects of preserving equilibrium in the balance of trade are considered favourable, because exports of oil will be larger and import requirements in the immediate future will probably show a reduction.

Industrial Developments

The level of industrial activity continues to be very satisfactory, except in the textile industry, where a slight depression has developed as a result of the saturation of the market. In manufacturing industries 49,957 workers were employed on May 1st, compared with 47,376 on April 1st and 45,923 on May 1st, 1937.

A noteworthy increase in activity is recorded in the shale industry, where a large new distillation plant came into operation in June. The yearly production of existing works amounts to about 170,000 tons of crude oil. Through the construction of new plant, capacity is to be raised to 500,000 tons of oil by 1946. The market has deteriorated in the timber and cellulose industries, where prices have fallen and difficulties are being encountered in foreign business. The building of the State cellulose factory, with a production of 35,000 tons, has been completed, and operations should start in August.

The reconstruction of the Government has led to the appointment of a new Minister of Public Economy, Mr Leo Sepp, who carried through the financial and monetary reforms in 1927, and is regarded as a thorough expert. It has been officially intimated by the Government that henceforth economic policy will be directed more particularly to the development of agriculture, whilst, in industry, greater importance will be attached to the rationalisation of existing undertakings than to the building of fresh factories. The new Minister of Public Economy will pay particular attention to the problem of placing loanable capital at the disposal of business through a reorganisation of the securities market. The Government has passed a decree whereby credit institutions and mortgage banks may henceforward only make new issues with the consent of the Minister of Public Economy and on the conditions sanctioned by him.

Hongkong

Traders Depressed

HONGKONG, June 29.—After a period of buoyant trade lasting for seven or eight months, Hongkong is now suffering from an acute attack of pessimism. The intensive bombardment of Canton and the serious depreciation of the Chinese national currency were the main factors in bringing home to Chinese dealers that they had been living in a state of false prosperity. During the early part of the year a big demand sprang up for Hankow and other markets in the Yangtze valley. Dealers from that area, unable to obtain goods from Shanghai, came down to Hongkong by rail and made extensive purchases, being confident that with the low state of stocks in the interior they could resell at high profits. Hongkong dealers anticipated the continuance of this demand and placed extensive orders for British and American goods.

With the collapse of the exchange and the uncertainty of rail communication with Hankow, they are now endeavouring to reduce their commitments by cancelling orders booked with local importers. The Chinese Piece Goods Guild has taken the lead in demanding cancellation on behalf of its members, and other guilds have followed suit. In the case of woollen piece goods, it is believed that the major portion of the orders for autumn shipment has been placed through German importers.

The guild's action may be partly due to their members' desire to sever German connections, now that the Hitler regime has given the cold shoulder to China. Be that as it may, the feeling among British importers is that undue anxiety is being displayed by their Chinese customers; as the market for piece goods is now cleared of accumulated stocks they expect future supplies to be absorbed without much difficulty.

Exchange Difficulties

The efforts of some of the foreign banks to support the Shanghai dollar seem to have been in vain. The exchange regulations imposed by the Chinese Government last March did nothing to restore confidence in an already depressed market, and bear speculation led to a virtual flight from the dollar. The market rate declined rapidly from 1s. 2d. to a bare fraction above 8d. One or two brief rallies have since raised the rate to 9¼d., but it has again weakened, and at the moment of writing is 8⅞d. There is now a wide gap between the Shanghai and the Hongkong dollar, which remains at 1s. 2⅛d., the cross rate being in the neighbourhood of 170.

With nearly all the ports of China under Japanese control, to increase exports, which would be the natural corrective to currency depreciation, is impracticable. An appreciable volume of Chinese produce, particularly wood-oil and tea, has found its way from the interior to Hongkong for shipment abroad, but the difficulties of transportation are diminishing this trade. Exports of South China produce from Canton, which should have followed their normal course in the absence of Japanese obstruction, have been hampered by the Central Government's requirement that shipments should be financed through the Chinese Government banks at restricted rates of exchange.

Refugees, Housing and Trade

The influx of refugees into Hongkong has gone on steadily for the past ten months and, despite a good many departures in the meantime, the population has probably risen from a million to a million and a quarter. This has brought some benefits to the colony, but it has also created various problems which are baffling the authorities. There has been a marked increase in retail purchases, and the revenues of public utility companies have been favourably affected. Whereas a year ago there were many empty tenements and houses let at uneconomic rents, there is now a serious shortage of housing accommodation. The change in this respect has caused much hardship to permanent residents, and legislation has had to be hurriedly passed to protect tenants from eviction in favour of wealthy refugees who were offering fantastic sums for accommodation. What may prove to be a permanent benefit to the colony is the transfer of several industrial undertakings from Shanghai to Hongkong. The revenue of the Government in the first four months of the year was over $1 million more than during the corresponding period of last year, and the surplus fund in the Treasury has risen from $14 millions at the end of 1937 to $15,525,000 at the end of April.

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Canada

Parliament and Tariff Policy

Ottawa, July 4.—The third session of the 18th Federal Parliament ended on July 5th with very few legislative or other achievements to its credit. For their omission to deal with a number of major problems, the King Ministry pleaded that they must first wait for the report of the Royal Commission on Dominion-provincial relations; and the Conservatives, in view of the fact that they were about to change their leader and evolve a new programme, were not disposed to raise many controversial issues.

Nevertheless, the Government obtained authority for its long-range programme of national development; this included a low-cost housing scheme, a variety of public works and subsidies for self-liquidating municipal projects. The nationalisation of the Bank of Canada was completed, and the present Board of Railway Commissioners replaced by a Transport Board to control air and water transport, as well as railways.

At the close of the session Mr Dunning submitted a Budget which, for the first time since 1912, contained not a single change in the tariff; this led the Western supporters of the Government to protest violently against what they regarded as a grave backsliding from Liberal pledges. A group of them threatened to vote against the Budget, but most were eventually placated by personal assurances from the Premier that substantial tariff reductions would be forthcoming in the next Budget.

In the closing speech from the Throne hopes were held out that a comprehensive enlargement of the existing trade agreement with the United States might yet be accomplished. But the latest news from Washington about the negotiations is not very encouraging. The suspicion now prevails in Ottawa that the Roosevelt Administration is fearful of antagonising farming, fishing and other interests by granting the tariff concessions which Canada is seeking, and therefore intends to prolong the negotiations until the Congressional elections are safely over in November. If this is correct, then no new treaty can be expected much before the end of the present year.

This year the Government found little opposition to their defence estimates. In the last days of the session, however, they had to face severe criticism from Mr Bennett for their unwillingness to co-operate with the British Government in Imperial defence by permitting the establishment of a British aviation school in Canada.

Favourable Crop Reports

Crop reports from the prairie provinces continue to be, on the whole, very encouraging. Hot weather in the last week of June brought the wheat along too rapidly and caused considerable deterioration in areas which were short of moisture reserves. In the opening days of July, however, an ample and widespread rainfall arrived to bring relief from the drought.

In North Central and North-Western Saskatchewan and in the Northern and extreme Eastern parts of Alberta the crop prospects are only 50 per cent. of normal; but elsewhere in the prairie country there is the prospect of the best wheat crop of the present decade, provided rains come at intervals in the next month. There has been some damage from hailstorms, and also from grasshoppers in certain areas, but control measures are proving effective. Most crops in Eastern Canada are above the average, and pastures are excellent.

Better Business Outlook

Canadian business continues to mark time. But a sudden boom in stocks seems to indicate that recovery is confidently expected during the second half of the year. The general economic index of the Bureau of Statistics, which stood at 107.1 for the week ended June 11th, fell to 106 for the week ended June 25th, or 2.3 points below the figure for the corresponding week of 1937. The three major components of the index show the following movements:—

Week Ended	Carloadings	Wholesale Prices	Bank Clearings	General Index
June 26, 1937	*77·45*	*84·8*	*92·4*	*108·3*
June 11, 1938	68·41	80·3	91·4	107·1
June 18, 1938.	66·33	80·2	95·8	107·0
June 25, 1938.	68·18	80·4	95·8	106·0

One encouraging sign is some evidence of rising prices; there has been a sharp advance in the prices of base metals, and recently livestock prices reached their highest level for some time past. The low-cost housing programme of the Government promises to give an impetus to new building. All building materials have been exempted from the 8 per cent. sales tax, and their manufacturers are planning to increase output in anticipation of a brisk demand. The outlook for the pulp and paper industry, which has been very depressed, has also improved with the gradual reduction of stocks in publishers' hands.

Letters to the Editor

Banking and Trade Recession

TO THE EDITOR OF THE ECONOMIST

Sir,—Although I am in favour of public works, Mr Ross is wrong in saying that I asserted that they "could do no possible harm." I used those words of my own scheme, which may be summarised concisely thus: (a) The Bank of England should provide such an increase in the cash basis of the joint stock banks, and the Treasury should maintain such a supply of Treasury bills on the market, as would enable the joint stock banks to purchase long-dated securities of the value of £100,000,000 or more, without seriously disturbing the proportions of their assets; and (b) the joint stock banks should purchase long-dated securities of the value of £100,000,000 or more. This has nothing to do with public works.

Mr Ross writes:—

> I should prefer to await the economic results of our own re-armament programme and President Roosevelt's pump-priming before encouraging further schemes in England.

The main point of my letter, which, although he has paid me the compliment of a comment, he appears to have read with scant attention, was that the favourable factors, which he mentions, make the case for public works less urgent and increase the chances of success of milder measures.

But I disagree with him in his view that we should do nothing. The position in the United States is uncertain. The depression has been gathering momentum despite re-armament, and it is not likely that a reversal of the movement may be expected to come from that source.

The output of guns and aeroplanes may be increased. But the demand for producers' equipment, required as a preliminary to the higher production of arms, is probably a more potent stimulus, and may well be already past its peak. The case against continued inaction appears overwhelming.

I am, etc.,

Christ Church, Oxford. R. F. Harrod.

TO THE EDITOR OF THE ECONOMIST

Sir,—May I respectfully suggest that a further reduction of the long-term rate of interest, as postulated by Mr Keynes, might be a source of very considerable danger?

It may be argued that a redistribution of the national income, through the curtailment of the yield of fixed-interest-bearing securities, may benefit labour in the first place, and enterprise in the second. On the other hand, the forcing of interest rates down to a level at which—considering taxation and the high cost of living—the capitalist simply cannot exist, must compel him to invest overmuch in higher yielding equities, without duly considering the risk arising from participation in all the vagaries of industrial prosperity.

If it is intended to turn the investor—*i.e.* all classes of investors—into an "entrepreneur," let us say so. Meanwhile, the Government should offer a minimum "subsistence level" of interest rates to those investors who cannot afford to take risks, and leave it to the tax collector to differentiate between "deserving" and "undeserving" cases.

Yours faithfully,
Banker.

Books and Publications

Feeding the Multitude

It is a welcome sign of the times that the Government of India, the various autonomous Provincial Governments, the State-aided research institutions and the Indian universities should address themselves more closely than hitherto to problems of agriculture, nutrition and population. Professor Radhakemal Mukerjee has for decades been a noted student of demography, and sponsored the first Indian Population Conference held at Lucknow in 1936. Here he has prepared a lucid survey* (based on the admittedly incomplete statistical data available) of the relation of India's food supplies to the size and likely increase of India's population. He makes an interesting attempt to lay down minimum levels of food requirements for the various geographical regions of the subcontinent; and draws particular attention (in the concluding chapter) to the dysgenic trend of population. The facts disclosed by the book are disquieting in the extreme.

India, including Burma, covers one-half of the area of the United States of America but has three times its population. Food more than shelter and clothing is the primary need of tropical and sub-tropical peoples. One acre of land is held indispensable for the proper nourishment of one person in regions subject to monsoon conditions. With an average of 4.2 persons per family the minimum size of a subsistence family holding is reckoned at 5 acres. According to Dr Mukerjee, some 2,800 calories would represent the daily gross per capita food requirement in India; and in 1931 food supplies from all sources contributed the equivalent of a daily ration of only 2,337 calories per "average man."

In 1935 the estimated food requirements of all India were 321,500,000 calories, whereas the actual food supply was equivalent to only 280,400,000 calories. Thus, in a normal agricultural year, there was a marked shortage of food. A deficiency of calories, and, still more disturbing, a shortage of fats, proteins and, generally, of protective foods is revealed. India's milk production is estimated at 113,000 million lbs. To give Indians a balanced diet the output of milk would need to be increased to at least twice this figure. Provided no epidemic, famine or war intervenes, India's total population is expected to reach 400 millions in 1941. The problem is how to feed this great multitude.

The author suggests for each rural area an improved crop rotation to ensure the most economic use of land, animals and human labour. The development of dairy-farming outside but adjoining the areas of human concentration is recommended. Approval is given to the destruction of one-third of the cattle population as being superfluous. Controlled breeding of general utility and dual purpose types of cattle is the only way to improve the quality of working animals and increase the yield of milk. The author agrees with Sir John Russell's proposal to raise food crops on a smaller acreage by employing improved farming methods, utilising the area so released for the cultivation of fodder for cattle.

The general standard of life in India has been depressed by the over-crowding of agriculture, the slow progress made by urban industries and the absence of opportunities for emigration. To the reviewer this book's significant silence about problems of tenancy and land tenure is ominous. At the moment when Denmark has celebrated the 150th anniversary of the emancipation of her peasants from serfdom, the Indian Zamindars and Taluqdars still see a red light in the mild legislative measures proposed by the various provincial legislatures to ameliorate the present pathetic lot of the Indian peasant and agricultural labourer. Professor Mukerjee's book cannot fail to give India's legislators further food for thought.

* Food Planning for Four Hundred Millions. By Radhakemal Mukerjee. Macmillan. 267 pages. 7s. 6d. net.

Books Received

Air Raid. By J. Langdon-Davies. (London) George Routledge. 142 pages. 2s. 6d. net.

Debt. By Sir Ernest J. P. Benn. (London) Ernest Benn, Limited. 150 pages. 5s. net.

New Money for New Men. By S. S. Metz. (London) Macmillan. 366 pages. 8s. 6d. net.

Italian Fascism. By G. Salvemini. (London) Gollancz. 94 pages. 1s. 6d. net.

The Class Conflict in Germany. By Karl Walter. (London) P. S. King. 137 pages. 5s. net.

Le Problème du Controle des Changes en France. By R. Verret. (Paris) Librairie du Recueil Sirey. 180 pages. 40 francs.

Die Englischen Building Societies. By W. Berning. (Bühl-Baden) Verlag Konkordia. 135 pages. No price stated.

What War Means: Japanese Terror in China. By H. J. Timperley. (London) Gollancz. 288 pages. 7s. 6d. net.

Struggle for Religious Freedom in Germany. By A. S. Duncan-Jones. (London) Gollancz. 319 pages. 8s. 6d. net.

Official Publications

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

Department of Overseas Trade. No. 698. Iran, 1937. 1s. net. *No. 700. Netherlands, March, 1938.* 1s. 6d. net. *No. 701. Honduras, March, 1938.* 9d. net.

Generation of Electricity in Great Britain, Year ending December 31, 1937. 1s. 6d. net.

Report of The Chief Registrar of Friendly Societies for the Year 1936. Part 2. Friendly Societies. 2s. 6d. net.

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Oxford University Press

THE BUSINESS WORLD

New Zealand's Credit

FOR several months past New Zealand securities have been in the trustee bargain basement. But bargain hunters have been few. British investors, interested to the extent of £130 millions sterling in the Dominion's debt, have become distinctly restive. And this uneasiness cannot fairly be ascribed in its entirety to a whispering campaign fostered by the opponents of the Savage Government. The doubts of the moment are based not on political melodrama, but on economic tests which every bondholder may—and should—properly apply.

New Zealand has an unblemished record, and the exercise of tact was sufficient to rectify the misunderstanding which arose two years ago regarding the Dominion Government's attitude towards its debt burden. There has been no suggestion, throughout the recent market weakness, that this record may be impaired. But there has been a sufficient disturbance of confidence to hasten the withdrawal of capital from the Dominion, and that, in turn, has further reduced her London balances. The investment consequences are evident from a comparison of redemption yields. Since the end of January last the yield on the 3 per cent. loan 1952-55 has jumped from 3.89 per cent. to 4.20 per cent., and on the 5 per cent. loan, due 1946, from 4.06 per cent. to 4.43 per cent. New Zealand formerly enjoyed a slightly higher credit status than Australia. In January, 1937, the New Zealand 3 per cent. loan of 1952-55 and Australian 3¼ per cent. stock, 1964-74, both gave a redemption yield of 3.30 per cent. To-day, the yield differential amounts to about one-third of 1 per cent. in Australia's favour.

Such movements reflect a fairly severe disturbance of the conventional calm of the trustee loan market. Investors have begun to inquire how far the symptoms of economic deterioration in the Dominion may be affected by the play of domestic politics, particularly in an election year. This, in turn, has raised, in some quarters, the question of the Dominion's willingness to pay, which is best answered from her record. It is more profitable—and more scientific—to examine recent economic trends in order to discover whether, and how far, they have affected New Zealand's ability to pay.

Ability to pay is governed by two main factors: the size of the Dominion's export surplus, and the extent of her sterling resources. In round figures, the service of the Government debt, including interest on the obligations of local bodies payable abroad, amounts to approximately £NZ10 millions per annum. During the years to March 31, 1936 and 1937, the active trade balance was sufficient to cover these obligations with a satisfactory margin. In the latest year, however, a short-fall of approximately £NZ3 millions is evident from the following figures: —

NEW ZEALAND TRADE AND STERLING ASSETS
(In £NZ 000's)

	Years to March 31,		
	1936	1937	1938
Exports	49,676	60,235	65,008
Imports	37,440	47,621	58,065
Active trade balance	12,236	12,614	6,943
London balances*	38,973	30,147	24,000†

* End of year. † Approximate.

Although a surplus was available in 1936-37, the Dominion's London funds, after allowing for interest payments and debt redemption, fell by £NZ8,826,000. And during the latest year it is estimated that a further fall of about £NZ6 millions has occurred, reducing the total London balances to some £NZ24 millions. Part, at least, of this reduction of £NZ14 millions during the past two years must be attributed to a flight of capital. Certainly the fall is much larger than can be explained by the current items of the balance of payments, or by the contention of the New Zealand Prime Minister that the reduction in sterling balances is due to the overtaking of arrears of capital equipment.

The potential significance of these movements in the trade balance and London funds has not been lost on investors, for they have occurred during a year in which trade conditions were extremely good. Exports for the year to March last exceeded those of the previous year by nearly £NZ5 millions, and were £NZ15 millions higher than in 1935-36. But the increase in imports has been much more rapid. Indeed, the total has increased by over £NZ20 millions during the past two years. On trading account alone, the trend must be reckoned adverse. It would be foolish to argue that it puts the debt service in jeopardy, but, on the other hand, 1937-38 (unlike good years in the past) has brought a reduction, and not an increase, in the reserve resources that are available to meet any setback in New Zealand's trade.

The flight of capital, evident during the past fifteen months, has recently become more acute. It has been reported, for example, that certain New Zealand banks are attempting to discourage exceptional movements of funds, without, of course, interfering in ordinary commercial transactions. The strain to which the confidence of the New Zealand stockholder has been subjected can undoubtedly be traced to political as well as to purely economic sources, but it has not been lessened by the Government's defence that the London funds were unnecessarily large. Nor has the Prime Minister's recognition that sufficient funds must be accumulated in London to meet the Dominion's commitments afforded much consolation. Indeed, if the present rate of decumulation continues during the next year or two, the safety margin may become inadequate. Can New Zealand assure herself that her dairy produce and wool business will ride any further setback in international trade conditions with reasonable comfort? And if not, what are the potential Budgetary consequences for the Dominion?

Since the present Government took office in November, 1935, it has taken four important steps in the realm of economic policy. It has nationalised the Reserve Bank, which now controls credit, currency, and foreign exchange. In August, 1936, it introduced the dairy produce marketing and guaranteed price scheme, on behalf of which advances have been made by the Reserve Bank. It has actively promoted labour and social legislation. And, finally, it has given encouragement to the establishment of secondary industries. These changes have been facilitated by active export trade. But they have also produced uncomfortable consequences. The whole cost structure in the Dominion, affected by the 40-hour week in certain industries and by regulation of wages and conditions for farm labour, has risen—so high, in fact, that the dairy producers have successfully pleaded reduced profit margins to obtain £NZ815,000 from the marketing scheme's surplus for 1937-38 to supplement their guaranteed prices. Thus, the scheme, which operated at a loss of [illegible] in its

first year, has an effective surplus of only £NZ114,000 (and not £NZ929,000) for 1937-38 to offset against its deficit. Since losses are, in fact, made good from public funds, the change in the character of the marketing scheme from a guaranteed price arrangement to a profit-sharing pool has incurred no little criticism.

The rise in costs owing to social legislation is already considerable. Its full force, however, may not have been felt. The proposed pensions and health insurance scheme, which caused considerable market disquiet earlier this year, has lately been considered by a Parliamentary Committee, and will play an important part in the October election. The cost of providing a weekly pension of 30s. to persons at the age of 60, whose other income does not exceed £1, has been estimated at £NZ17,850,000 in 1939-40, of which £NZ9,850,000 would fall on the Consolidated Fund. It has lately been reported, indeed, that maximum pension rights are to be accorded to contributors whose total private and pension income does not exceed £300 per annum. It is only necessary to relate these estimates of cost with the fiscal and farming incomes of recent years (given in the following table) to show that, however desirable their object, the burden on a Dominion, dependent upon export trade in primary foodstuffs, would be considerable, even in prosperous years: —

(£NZ 000's)

	Years ended March 31,				
	1932	1936	1937	1938	1939‡
Government revenue ...	22,720	26,172	31,147	36,059	35,845
Exp. on social services...	7,233*	7,756	9,913	11,872	12,774
Gross farming income †	38,900	58,200	71,900	...	...
of which—					
Dairying, bees, etc.	17,500	24,000	27,700	...	...
Pastoral produce ...	14,900	26,800	37,000	...	...
Farm produce, volume index (1928-29 = 100)	*110*	*128*	*130*	...	...

* Excluding £1,119,000 subsidy to unemployment fund.
† Production year ended in above years. ‡ Estimates.

The Budget for 1938-39, which has recently been introduced by Mr Nash and is discussed in a comment on page 166, is balanced with a revenue total of £35,845,000 and expenditure of £35,787,000. The magnitude of these figures can be seen by a rough comparison between New Zealand and the United Kingdom. The ratio of population is, in round figures, 1 : 30. The New Zealand revenue is thus equivalent to about £1,075 millions for Great Britain, while the expenditure on social services is equivalent to £356 millions a year. It is fair to add that expenditure on defence is little more than £1 per head per annum, but on the other hand the debt burden is higher than in Great Britain. And, finally, the estimated cost to the Consolidated Fund of the new pensions and health insurance scheme is equivalent to £295 millions in terms of the British budget. Figures such as these are quite sufficient, without any political bias against Mr Savage's or any other Labour Administration, to raise doubts in any investor's mind.

The precise consequences of social legislation—as reflected in increased taxation and costs—are difficult to assess, for these increases are felt immediately, whereas any subsequent improvement in productive efficiency is bound to be slower. But it is certain that the Government's social policy must result in some measure of Budgetary expansion, without any offsetting reduction in the cost of the external debt. Over half of the Dominion's debt is domiciled in the United Kingdom, and the next opportunity for conversion does not arise until 1940, when the 3½ per cent. loan, of which £17,172,191 is now outstanding, falls due for repayment. The 4 per cent. loan, of which about £10½ millions is now outstanding, is optionally redeemable from 1943, but it is now quoted three points below par. Not until the middle and late 'forties will New Zealand have an opportunity to effect any considerable saving, from the conversion of 4½ and 5 per cent. stocks. Already, however, an annual saving of some £NZ1½ millions has resulted from conversions effected since 1932. In March of that year, only 29 per cent. of the total debt carried interest at 4 per cent. or less, but by 1937 the proportion had risen to 66 per cent. Nor is there any likelihood of relief from the exchange burden. The New Zealand pound was depreciated by 25 per cent. against sterling in 1933 to assist the farmer. Mr Savage, on taking office, announced his intention of increasing its exchange value, but in view of the uncertain trend of primary produce prices—quite apart from the deterioration in the balance of trade and the possibility of increased budgetary burdens—any appreciation of the currency against sterling seems highly unlikely.

On present indications, therefore, the maintenance of New Zealand's debt service may involve a greater strain in the near future than hitherto. Even if butter and wool values are maintained—and they have been fairly steady over the past two months—the Government will still be faced with the difficult task of financing a larger Budget and strengthening its trade balance. The recent deterioration of confidence is due, not to the threat of immediate crisis, but to uncertainty regarding the Government's intention to correct trends which are already disturbing, and may become ominous. In an election year, voters are more vociferous than bondholders. But although the Government is now compelled to walk delicately at home, it must also foot a big bill abroad. That it will continue to do so, we have no doubt. And if, in future, it can convince the British investor that it is not cutting over-generously into its limited supply of cloth, the tarnish on New Zealand credit will quickly be removed. The investor, in short, will watch for proof, particularly after the election, that the Government, in pursuing its policy of economic development, is keeping a firm grip on financial reality. In the long run, the interests of the New Zealand elector and of the holder of New Zealand securities are identical, and the path of a reforming Government will itself be smoother if it spares no pains to keep its credit standing high.

Credit Policy and the Banks

THE balance sheets of the clearing banks for June 30, 1938, deserve a somewhat closer analysis than usual. The recession in trade, whose existence is now beyond doubt, had not begun twelve months ago, and the weakness in the security and commodity markets was only a few weeks old. If banking policy has been in any way responsible for the recession, the fact should be reflected in this year's figures when compared with last year's. Alternatively, any attempts that have been made to cure the recession by monetary means should have left their trace on the accounts. The salient figures are set out in the accompanying tables.

It will be noticed that during the twelve months to June 30th, the aggregate cash held by the eight banks included in the table increased by £16·6 millions, or by 6·7 per cent. of the June 30, 1937, total. This is a by no

DEPOSITS, ACCEPTANCES AND CASH ON JUNE 30TH

	Deposits		Acceptances and Engagements		Cash		Balances and Cheques	
	1937	1938	1937	1938	1937	1938	1937	1938
Barclays	429·6	436·0	8·8	13·7	50·6	53·4	14·6	13·5
Lloyds	413·1	401·7	37·4	36·6	49·4	52·4	14·9	14·9
Midland	487·6	498·6	21·8	17·5	50·9	59·4	16·0	16·0
Natnl. Provincial	312·5	323·8	8·6	8·4	31·5	33·4	10·5	10·1
Westminster	364·9	360·2	22·6	17·7	40·3	39·1	11·5	11·5
Total	2007·7	2020·3	99·2	93·9	222·7	237·7	67·5	66·0
District	76·8	79·3	9·9	6·7	8·1	8·2	2·4	2·6
Martins	90·2	97·5	8·0	7·3	10·6	11·7	3·4	3·7
Williams Deacon's	36·5	37·9	1·4	1·6	3·9	4·3	2·3	2·1
Grand Total	2211·2	2235·0	118·5	109·5	245·3	261·9	75·6	74·4

EARNING ASSETS ON JUNE 30TH

	Call Money		Discounts		Investments		Advances	
	1937	1938	1937	1938	1937	1938	1937	1938
Barclays	26·0	28·6	43·6	54·6	107·8	95·5	198·6	202·7
Lloyds	27·4	24·8	53·0	47·9	112·7	106·3	164·5	165·9
Midland	35·8	27·6	59·8	63·6	118·0	125·5	214·4	215·7
National Provincial	20·7	22·1	35·5	38·8	88·4	83·9	133·7	144·0
Westminster	26·5	25·7	44·2	48·8	112·8	112·3	140·1	133·4
Total	136·4	128·8	236·1	253·7	539·7	523·5	851·3	861·7
District	7·8	6·6	3·1	4·5	29·7	29·4	29·9	32·1
Martins	5·4	7·3	3·3	4·3	28·0	32·1	43·4	42·7
Williams Deacon's	5·4	6·0	0·3	0·9	12·8	11·6	13·4	14·6
Grand Total	155·0	147·7	242·8	263·4	610·2	596·6	938·0	951·1

means inconsiderable expansion. In order to see how it was brought about, it is only necessary to look at the contemporaneous returns of the Bank of England. Taking the return for June 22nd last and comparing it with the previous year, it appears that there was an expansion of £10.5 millions in bankers' deposits. During the year, there was no change in the Bank of England's gold, while the note circulation was also practically unaltered. The sole counterpart to this growth in bankers' deposits was an increase of £12·2 millions in Government securities held in the banking department. This suggests that the growth in bank cash was due to a definite, and presumably deliberate, enlargement of the credit base. It is clearly impossible to impute any blame for the recession to credit restriction.

Deposits at the clearing banks, however, have only risen by £23·8 millions, whereas on the 10 per cent. cash ratio basis a growth of £16·6 millions in cash could have supported an expansion of £166 millions in deposits. Nor is the growth in deposits shared by all the banks, for Lloyds and Westminster Banks record decreases. Before probing further into the reasons for the limited increase in deposits, it is simplest to examine the year's changes in the banks' principal assets. The expansion of £16·6 millions in cash is accompanied by an increase of £20·6 millions in discounts, but balances with other banks and cheques in course of collection are fractionally lower, while call and short loans have fallen by £7·3 millions. The combined ratio of these liquid assets—cash, discounts, balances, etc., and short loans—to deposits has risen from 32·6 to 33·4 per cent., while their total amount has increased by £28 millions. It has thus outstripped the year's increase of £24 millions in deposits. To interpret these movements, it may first be recalled that during the twelve months under consideration there was a net increase of £45 millions in the volume of Treasury bills issued by tender. This amply explains the growth in discounts. On the other hand, the decrease in Stock Exchange activity may account for the contraction in call and short loans, which are made to the Stock Exchange as well as to the bill market.

This expansion in the more liquid assets has naturally limited the possibility of increasing the combined total of investments and advances. In actual fact, however, this total has not increased at all, but has shown a small decline. Investments have fallen by £13·6 millions, while advances have risen by £13·1 millions. This last figure, however, requires some qualification. A year ago the French railways' sterling credit of £40 millions was outstanding, a large part of which had been taken up by certain of the clearing banks. This was repaid early last winter. If allowance be made for this, the year's increase in advances to British customers was probably a good deal greater than £13 millions. Thus the recession has not so far been accompanied by a contraction in short-term borrowing from the banks.

There is no inconsistency in this. A considerable amount of new finance must have been needed for re-armament, while the stagnation in the new capital issue market, in itself a consequence of the recession, means that so far much of this new money has had to be found by the banks. There is no need to look for any further explanation of the growth in advances, or to fear that the banks are getting loaded up with frozen loans. The increased liquidity of the banks, in contrast with the conditions of 1929–33, is one of the redeeming features of the present recession. There can be very little doubt that a further expansion in advances would be eagerly welcomed by the banks. On the other hand, however, they have refrained from buying the full volume of securities that their cash holdings would justify. If the object of the purchase of securities by the Bank of England was to provide a stimulus to the gilt-edged market, it has failed in its purpose, and the enlargement of the credit base of the banking system has been absorbed, partly in an expansion of discounts, partly in a rise of the cash ratio from 11·1 per cent. to 11·7 per cent. The changes in the cash ratios of each of the five largest banks are shown below :—

CASH RATIOS OF THE BIG FIVE

	June 30, 1937	June 30, 1938
	%	%
Barclays	11·8	12·2
Lloyds	11·9	13·0
Midland	10·4	11·9
National Provincial	10·1	10·3
Westminster	11·1	10·8
Five banks	11·0	11·7

There is some danger in arguing from cash ratios alone. As was mentioned above, the banks also try to maintain a "second-line reserve" of more liquid assets to the amount (including cash) of not less than 30 per cent. of their deposits. But in the past twelve months this ratio has also risen, from 32·6 per cent. to 33·4 per cent. If the banks had been content to leave the ratio at the former figure, they could have bought £44·1 millions of securities, instead of selling £13·6 millions. If they had allowed the ratio to fall to 30 per cent., they could have bought £242·5 millions. The ratio of cash alone in the two cases would have been 11·4 per cent. and 10·5 per cent. respectively. There was consequently nothing in the reserve position, as commonly understood, to impede a considerable increase in the banks' holdings of securities over the twelve months. The fact that the holdings nevertheless fell may possibly mean that the banks, like other investors, are taking a view on the future prospects of gilt-edged securities, or it may indicate a change in the accepted reserve ratios, which may be connected with the presence in London of large amounts of volatile foreign money on deposit. But whatever the reason, it is enough for the moment to point to the fact and to remark that it has inevitably had some bearing on the course of the gilt-edged market since June, 1937, and hence on the long-term rate of interest.

The history of the past twelve months thus has several useful lessons to teach for the immediate future. There is very little evidence that the recession is due to any restriction of credit. The banks are lending more than a year ago, and their latest statements suggest that they still have in hand a margin out of which to satisfy the needs of credit-worthy borrowers. But enlargement of the credit base has not led to purchases of investments. If it were thought desirable, now or in the future, to stimulate the banking system into buying securities as part of a programme to bring down the long-term rate of interest, it would be necessary to pay particular attention to the question of ratios. In particular, it would not have to be forgotten that additional cash is of little value without more of the other liquid assets; and since the total of balances with other banks and cheques in course of collection is not susceptible of much alteration, the provision of additional liquid assets involves the issue of additional Treasury bills by tender. In short, the upshot of the matter is that if the authorities desire to use the banking system as a lever for promoting recovery through bringing down the long-term interest rate, they must not be too zealous in funding the floating debt. And, whatever is the intention of the policy pursued, the events of the past twelve months suggest that it is likely to be effective in precisely the degree to which it enlists the conscious co-operation of the

Finance and Banking

June Clearing Bank Averages.—The June returns of the ten English clearing banks give evidence of the effects of the War Loan dividend payment. Cash, which had been reduced in May by the reactions of the French repatriations and the Exchange Account's gold purchases, has been restored to the April level. Deposits, which had also fallen in May, are increased by as much as £37 millions.

(In £ millions)

	June, 1937	Feb., 1938	March, 1938	April, 1938	May, 1938	June, 1938
Capital and reserves	132·5	136·0	136·0	136·0	136·0	136·0
Acceptances, etc.	124·1	108·9	111·7	111·7	115·8	115·8
Deposits (including undivided profits, etc.)	2,255·1	2,243·4	2,216·7	2,229·8	2,225·0	2,262·2
Total liabilities	2,511·7	2,488·3	2,464·4	2,477·5	2,476·8	2,514·0
Cash	237·7	239·3	240·8	242·8	227·9	243·2
Cheques, balances and items in transit	73·0	65·4	63·4	63·3	66·0	71·3
Money at call	166·2	139·9	146·2	145·2	141·2	149·6
Discounts	257·5	286·4	237·0	247·0	278·1	287·9
Investments	638·2	618·4	619·7	623·4	616·3	615·3
Loans and advances	947·4	962·6	978·1	976·6	963·8	963·3
Investments in affiliated banks	23·5	23·9	23·9	23·9	23·9	23·9
Cover for acceptances, premises, etc.	168·2	152·4	155·3	155·3	159·6	159·5
Total assets	2,511·7	2,488·3	2,464·4	2,477·5	2,476·8	2,514·0

The early June increase in tender issues of Treasury bills explains the expansion in discounts and call and short loans. Investments and advances are little changed from May. These returns are antecedent to the big Defence Loan call, paid on July 1st. Largely because of this, tender issues of Treasury bills have fallen by £15 millions since June 25th. This makes it natural to expect the July averages to show a decrease in discounts, and quite possibly in deposits. The June 30th statements of accounts are discussed in an article on page 175.

* * *

The French Outlook.—At the moment, the French franc has ceased to attract interest in the foreign exchange market. That is reassuring from the French point of view. The recent French gold losses appear to have been very limited, and there is no new definite flight of funds from France. Sales of francs have mostly been inspired by a desire to make jobbing profits out of the growing strength of the dollar. The rise in French internal prices since M. Daladier's May depreciation of the franc has not been excessive, and in consequence there has been a slight improvement in both home production and exports. This summer's tourist traffic is proving extremely good. France has now become a cheap holiday centre, while political doubts are deterring holiday-makers from visiting the totalitarian countries. All this is helping the exchange position. On the other hand, the improvement in home trade is not yet sufficient to make the tax revenue buoyant enough to solve all France's fiscal problems, even though a more favourable view of the immediate Treasury position is being taken since M. Marchandeau's reassuring broadcast at the week-end. Again, M. Daladier's failure to grapple with the 40-hour week and ancillary problems has created some misgivings, for it is thought that he has missed the opportunity provided by the general support which attended his accession to power. Early in the summer Rentes were allowed to rise too far and too fast, so that profit-taking has since caused an inevitable reaction. At the same time it is felt that borrowing still has to be conducted upon too costly a basis, instances being a recent railway 6 per cent. bond issue at 84, and City of Paris 6 per cent. loan at 90. Criticism also attaches to the recent Dutch credit, part of which was placed in France, for it implies that French investors are not ready to lend direct to their own Government. The whole system of issuing a continual series of small loans is also regarded as unsettling, and M. Marchandeau has himself implied that he is afraid of overloading the capital market. All this suggests that while the immediate outlook is in many respects reassuring, neither French industry nor French savings have yet recovered to the point where they can carry the full burden of national defence and other Government needs.

* * *

"Germany and the World's Insurance": A correction.—The Insurance Supplement contained in last week's issue of *The Economist* included an article by a Correspondent on "Germany and the World's Insurance." In the course of this article the statement was made that "the Assicurazioni Generali of Trieste, the Swiss Reinsurance Company of Zürich and the Svea Company of Göteborg are all subject to German control through a large majority of the ownership of their shares." We now learn that, owing to an unfortunate mistake in translation, this statement was incorrect in the case of all three companies. The Assicurazioni Generali of Trieste is entirely in Italian control, the Swiss Reinsurance Company of Zürich is entirely in Swiss control, and the Svea Company of Göteborg is wholly Swedish. We desire unreservedly to withdraw the statement that these companies are subject to German control and to express to them our profound regret for any annoyance or inconvenience to which they may have been subjected as a result of its publication.

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Japanese Gold Drain. — Nearly a year ago the Japanese authorities wrote up the Bank of Japan's gold reserves in the proportion of 133 to 350, thereby raising them from 446 to 1,170 million yen. Of this new amount 801 million yen were left with the Bank of Japan and the balance was used to constitute an Exchange Equalisation Account. Hitherto the Bank of Japan's gold has remained intact. This week, however, a new proposal is announced. A sum of 300 million yen is to be appropriated from the Bank of Japan's reserves and used to constitute a Foreign Exchange Fund Account. This gold will be used to finance imports of raw materials needed by the export industries, and within a limited period it is to be replaced by gold derived from the sale of the resulting exports. Meanwhile the Bank of Japan will retain 500 million yen, which, so the official statement runs, will be sufficient for the new proposal to have no effect upon confidence in Japan's currency. A former, if mythical, Japanese Minister, who in his time held several portfolios, once called attention to the advantages of corroborative detail to add an air of artistic verisimilitude to an otherwise bald and unconvincing narrative. Apparently this precedent has not been forgotten. At least the cynic is prevented from inquiring whether there is no longer any gold in the Exchange Fund which could be used for this purpose.

National Bank of Australasia.—The latest accounts of this bank, dated March 31, 1938, are in conformity with the general trend of those of the Australian trading banks. On the liabilities side deposits have risen slightly from £42.2 millions to £43.1 millions. Among the banks' assets, cash (including money at short call in London) is virtually unchanged at £5,979,000. Holdings of Commonwealth Treasury bills are reduced from £3,600,000 to £2,485,000, but investments have risen from £2,788,000 to £4,303,000. There has thus been a partial change-over from Treasury bills to longer-dated securities. Advances and other assets have risen from £33.1 millions to £34.8 millions, while their ratio to deposits has risen from 78.4 per cent. to 80.8 per cent. This last percentage compares with one of 88.5 per cent. for all the nine trading banks. The National Bank of Australasia therefore occupies a relatively liquid position, which may prove advantageous now that Australia's exports are being affected by the recession. Gross profits have risen from £1,240,000 to £1,357,000, but much of this increase has been absorbed by heavier expenses and taxation. Last year a final dividend of 6 per cent. was paid, compared with an interim dividend of 5½ per cent. This year a level 6 per cent. is paid, this being the highest dividend since 1932. During 1933-35 only 5 per cent. was paid.

MONEY MARKET NOTES

Foreign Exchanges

DOLLARS continued to appreciate this week, and by Wednesday sterling had fallen to $4.91⅛. The next day it was a little stronger at $4.91⅛. The demand for spot dollars has been mainly commercial in character. Forward dollars have also been more bid, and six months' dollars are quoted at 1¼ cents premium. French francs have been easily held at Frs. 178⅛, though the French Control has had to buy a few francs. Three months francs are quoted at Frs. 2½-⅝ discount, with no support from the Control, but six months' francs are at the ominously wide margin of Frs. 8¼ discount. Guilders have been steady, but Swiss francs have appreciated to Frs. 21.47½ in sympathy with the dollar. Belgas have similarly improved to Bel. 29.09. Six months' Belgas, however, stand at the relatively wide discount of 80 cents. Argentine free pesos have been rather more bid, and have improved from pes. 19.02 to pes. 18.94. The Canadian dollar is quoted this week at a narrower discount in New York. In view of the fact that all first-class mails will be carried by air, the Australian banks are ceasing to quote buying rates on Australia for sea-mail transfers.

*

The Money Market

THE clearing banks remain ready lenders at their usual rates, but bond money is still not very plentiful.

	July 22, 1937	July 14, 1938	July 21, 1938
	%	%	%
Bank Rate	2	2	2
London Deposit Rate	½	½	½
Short Loan Rates:			
Clearing Banks	½–1*	½–1*	½–1*
Others	½–⅝	⅝	⅝–¾
Discount Rates:			
Treasury bills	½	½	½
Three months' bank bills	17/32–9/16	17/32–9/16	17/32

* Viz. ½ per cent. for loans against Treasury bills and other approved bills and British Government securities within six months of maturity. ¾ per cent. for loans against 1 per cent. Treasury bonds and other gilt-edged stocks within six months of maturity. 1 per cent. for loans against other collateral.

September and October maturities are still in steady demand from the clearing banks, but the market is not eager to sell. The reason is that most of the bills now maturing are still held by the market, as the banks did not buy many bills maturing during July. Conversely the market has only had indifferent success at the July tenders, while during the past four weeks new tender issues of Treasury bills have fallen £15 millions short of maturities. Thus the market is now extremely well supplied with money, and so prefers to hold bills rather than to sell them.

*

The Bank Return

THERE has been a further slight drop in the note circulation, which is now at its lowest point prior to the summer holidays. In the banking department, the chief movement has been a transfer of funds from bankers' to public deposits. This is due to July income tax payments, to the usual excise duty payments made in the middle of each month, and to discrepancies between the dates of Treasury bill payments and maturities. The increase of £2½ millions in other securities is a temporary movement arising out of the transfer to the Exchequer of excise duty payments, and it will disappear next week.

	July 21, 1937 £ mill.	July 6, 1938 £ mill.	July 13, 1938 £ mill.	July 20, 1938 £ mill.
Issue Dept.:				
Gold	326·4	326·4	326·4	326·4
Notes in circulation	493·1	488·2	488·1	487·1
Banking Dept.:				
Reserve	34·2	39·2	39·3	40·3
Public Deps.	17·5	12·5	13·2	22·5
Bankers' Deps.	97·2	115·7	113·0	107·3
Other Deps.	38·1	36·0	35·5	34·7
Govt. Secs.	107·4	111·9	109·6	109·8
Discounts & Advances	5·8	10·7	10·3	9·3
Other Secs.	23·4	20·4	20·6	23·1
Proportion	22·4%	23·8%	24·2%	24·5%

*

The Bullion Market

THE demand for gold from many Continental centres has remained strong, buying having been noticeable from French, Swiss and Dutch sources. The authorities have met this demand fairly readily, for the premium has never risen to more than 2d. per fine ounce. The market price, however, rose on Wednesday to 141s. 6d. per fine ounce, this movement being due to the further appreciation of the dollar. Throughout the week the premium remained just high enough to prevent arbitrage. On Wednesday, when gold reached its highest price, a little re-selling became noticeable. Part of this was against spot purchases of belgas made to cover the maturity of forward sales made when the belga was weak three months ago. Some interests with surplus funds have been buying gold against sales of forward dollars. In this way they secure the premium at which forward dollars are now quoted, while as the gold can be sold in the United States to cover the exchange contract on its maturity, they run no risk of loss. There have also been purchases of forward gold against sales of forward dollars, but these operations are more speculative, for the premium on forward gold is greater than that on forward dollars.

Date	Gold: Price per fine oz.	Gold: Prem. or Discount *	Gold: Amt. dealt in	Silver, price per oz. standard: Cash	Silver, price per oz. standard: Two Mths.
1938	s. d.	d.	£'000	d.	d
July 15	141 2	2 pm	503	19⅜	19⅛
„ 16	141 2½	2 pm	525	19 5/16	19⅛
„ 18	141 3	1½pm	943	19 5/16	19⅛
„ 19	141 4½	1½pm	1,718	19⅛	19 5/16
„ 20	141 6	1 pm	952	19 5/16	19⅜
„ 21	141 5½	1½pm	937	19⅛	19⅜

* Above or below American shipping price.
The New York price of silver remained at 43 cents per ounce ·999 fine during the week.

In the silver market, the appreciation of the dollar stimulated further bear covering, which went so far as to drive the London price above the New York parity price. It is pointed out that even if sterling fell to $4.87, the equivalent New York "dead parity" would only be 19⅛d., and the London price is now nearly up to this level.

Investment

Market Trends.—British weather conditions, it is said, are determined by the ceaseless combat of cyclone and anti-cyclone as they proceed over the Atlantic. The same system of causation has linked stock markets in London and New York ever since the recovery movement started in mid-June. At the end of last week, more cautious observers, conscious of the fact that Wall Street's impressive recovery had so far received flimsy support from the trade indicators, were inclined to discount the prospect of a resumed advance, at least of any dramatic order. Increased selling on the intermediate declines suggested that the technical dash which had hitherto been characteristic of the market had received a check. But such forecasts under-estimated the resilience of the market. Wall Street has proceeded to show that its appetite is unimpaired. On Monday, the market penetrated the Dow Jones "resistance point" of 140, and provided the foretaste of a further wave of buying on Tuesday, in which nearly 3 million shares were traded, and the industrials average jumped 3¼ points to reach the highest point since October 9th last year. To the chart-reading fraternity, the "confirmation" of this achievement by the continued advance of rail stocks was especially gratifying. But profit-taking, which has succeeded every impressive rally since the market began to recover, checked the advance in mid-week, although turnover was lower. Wall Street, indeed, still appears to have the bit between its teeth. It is assuring itself that wage adjustments will be practical politics in the steel and railroad industries, and is ready to accept estimates that steel output will reach 60 per cent. of capacity in the course of a month of two. There is, of course, still the shadow of the Administration, which this week has fallen over the film industry, against which anti-trust proceedings have been instituted. Wall Street's further gain of ground has naturally been appreciated in London, where security values at first improved in all sections. But the Stock Exchange, ever keen to detect changes in the political wind, also interpreted the visit of Herr Hitler's personal envoy to London as a possible harbinger of pacification in the Central European problem, which has recently shown signs of increased acerbity. Each week, however, confirms London's ultimate dependence upon Wall Street. The cautious investor may have missed the best buying opportunities, but he can at least claim there is still no immediate sign of economic improvement on the scale which will eventually be necessary if present stock prices are to be sustained.

* * *

Share-pushing Bill.—Although the Government's intention to introduce a measure to combat share-pushing was announced in the King's Speech last October, pressure on Parliamentary time has prevented its appearance. This week's announcement that the Bill will be introduced before the recess comes opportunely, for the investing public has been reminded of the extent of the evil activities of the share-hawker by recent criminal proceedings at the Central Criminal Court, as a result of which six of the defendants in the "Wetnall, Jenkins" conspiracy case were sentenced to terms of penal servitude and imprisonment. The Bill will presumably be based largely on the findings of the Departmental Committee of the Board of Trade on Share-pushing, which issued its report in August last year. Its main findings concerned the re-drafting of the share-hawking provisions of the Companies Act, the establishment of a register of all dealers in stocks and shares (members of recognised Stock Exchanges being exempt), and the tightening-up of the provisions of the Larceny Act which define false pretences and inflict penalties. In a debate on the Companies Acts last December, the Parliamentary Secretary to the Board of Trade indicated that the measure would also cover what he described as "cognate activities," such as invitations to participate in share, commodity or metal pools. Remedies of abuses under the Industrial and Provident Societies Acts, although difficult to draft without interference with the large number of *bona fide* societies registered under the Acts, were also being considered. The introduction of the Bill at the end of the present Session will serve two objects. It will obtain advance publicity and discussion. And, secondly, it will presumably be well towards the top of the legislative timetable when the House re-assembles. All sections of the community, with the possible exception of the dwindling number of unscrupulous share dealers who remain at liberty, will welcome and assist its early enactment.

* * *

Unit Trust Formations.—Full details are now available of the British and American Securities Trust, formed by the British General group to provide a mixed interest in British and American industrial securities for the unit trust investor. The trust is a further example of the "limited flexibility" type, for its portfolio of permissible investments consists of fifty-two securities, equally divided between British and American stocks. Not less than 50 per cent. of the trust fund will be represented by British securities or cash, and the number of companies in the permitted list may be increased, "under appropriate safeguards," by not more than three companies in any half-year up to a total of twenty-six in all. It is also of some significance that the trust, like certain recent formations, is of the "Cash Fund" type, under which the whole of the amount subscribed by certificate holders is payable to the trustee for the benefit of the fund, subject only to the deduction of the service charge. This consists of 4½ per cent. of the inclusive price of the units, together with any adjustment of the price up to the nearest multiple of 3d. A half-yearly payment to managers and trustees will also be payable at the rate of one quarter of one per cent. on the average value of the trust property. The approach of the holiday season may be expected to reduce the number of new trust formations in the near future. But if active market conditions are maintained, and if the legislative programme for the autumn, as expected, contains no reference to unit trusts, further opportunities for unit trust activity may arise in the autumn.

* * *

Mr Richard Maguire.—The death of Mr Richard K. C. Maguire, at the early age of 47, robs the Stock Exchange community of a personality which it can ill afford to lose. Mr "Dick" Maguire was senior partner in the stockbroking firm of S. C. Maguire and Son, and had been a member of the "House" since 1919. His election to the Stock Exchange Committee in March, 1936, brought his great knowledge of Stock Exchange affairs, both in London and the Provinces, into the service of Stock Exchange government. His canons of business were impeccable to a degree. His independent mind and able judgment were fostered by the close contact which he maintained with industrial conditions and by his absorbing interest in political affairs. Sincere sympathy will be extended to his brother, Mr Thomas R. Maguire, who remains as the head of an esteemed firm which was established 200 years ago.

Company Notes

Callender's Cable and Crompton Parkinson.—For some days before the official announcement of merger negotiations this week, market rumour had been freely associating the names of Callender's Cable and Crompton Parkinson, to the accompaniment of spirited bidding for the shares. The initial suggestion, plausible though it seemed, that Callender's Cable might obtain an interest in the Derby Cables section of Crompton Parkinson's undertaking is short of the truth. This week's announcement shows that a complete pooling of interests is contemplated through the medium of a holding company, by means of which the identities of the two companies will be preserved. Each has its special characteristics. Callender's Cable is a mature industrial undertaking, with an expanding profits record in recent years. Until 1936, when the dividend was supplemented by a 5 per cent. cash bonus, it had maintained a stable 15 per cent. ordinary share distribution for a decade. It is largely interested in cable manufacture and, like Crompton Parkinson, is a member of the Cable Makers' Association. Its decision to seek a liaison may be due, at least in part, to increased competition in the cable trade, and to the advantages of greater diversification in future. It might be unwise to infer from the mere completion of the "Grid" transmission lines that any reduction in demand for cables is likely to be serious, although increased electrification in recent years does imply greater reliance upon replacement demand at home in future, and increased dependence upon export business. Crompton Parkinson, on the other hand, has been an essentially dynamic concern in recent years. It has set a hot competitive pace in the electrical equipment and lamp business. Its equity earnings have increased in spectacular fashion during the last five years from £58,530 to £355,206. Simultaneously, its equity capital has been progressively increased by regular capital bonuses and by occasional cash issues. That a concern so noted for its independent policy should be ready for alliance with one of the "Big Three" cable companies may suggest that, in the management's view, the first stage of dynamic progress has been completed, and that consolidation marks the next step. The link with Callender's Cable should extend its already wide trade connections.

* * *

Terms of Exchange.—The terms of the exchange of shares in the two undertakings for those of the holding company are now under consideration. Since the position, and the immediate prospects, of the two companies show certain dissimilarities, the calculation of a "fair" basis of exchange is somewhat difficult. In the following table we set out the earnings, dividend and capital positions of the two companies for 1933, 1936 and 1937:—

	Total Profits	Earned for Ord.	Earned	Paid	Ord. Cap. issued end-Year
	£	£	%	%	£
Callender's Cable—					
1933	522,311	169,885	15·1	15	1,123,916
1936	833,640	392,366	39·9	20	1,123,916
1937	924,990	391,989	40·5	20	1,123,916
Crompton Parkinson‡—					
1933	119,004	58,530	34·9	12½*	199,770†
1936	384,608	305,700	76·4	12½*	499,479†
1937	432,114	355,206	76·9	12½*	584,058†

* And capital bonuses. † Of which £150,000 ordinary and balance "A" ordinary. Present capital, £819,628. ‡ Years ended Sept. 30th.

Each company, in addition to its equity capital, has two issues of preference capital. So far as the ordinary shares are concerned, dividend distributions would scarcely provide a satisfactory basis for the exchange, for Crompton Parkinson has distributed a much smaller proportion of its earnings in cash, and has financed much of its extension in recent years from retained profits. On the company's present equity capitalisation, last year's earnings would be equivalent to 54.8 per cent., or 13.7 per cent. on a £1 share. This level of earnings is approximately one-third of the rate on Callender's Cable ordinary which stand at 99s., compared with 30s. 1½d. for Crompton Parkinson. On the latest earning basis, therefore, the two shares would appear to be somewhat out of line. It may further be noted that the merger arrangements will presumably take into account any fructification of Crompton Parkinson's recent expansion which has yet to accrue.

* * *

Southern Railway Dividend.—The first of the main line railway dividend statements make unpromising reading. A reduction in the interim distribution on the preferred ordinary stock from 2 per cent. to 1 per cent. had been generally anticipated. But the course of net revenue, as displayed in the announcement, was far from encouraging for the market, which marked down the preferred stock from 69½ to 65 nominal. For the half-year to June 30th, passenger receipts fell by £22,000 and goods receipts by £61,000—a total fall of £83,000, which is £22,000 less than the decline in traffics for the first 26 weeks. Railway working expenditure, however, increased by the unexpectedly large sum of £456,000, of which approximately £220,000 was attributable to the increase in wages granted last August, and the balance mainly due to higher costs of materials and maintenance expenses. Including a reduction of £35,000 in the net income from steamboats and other ancillaries, net revenue thus fell during the half-year by £574,000. In short, the deferred ordinary stock is completely uncovered, and even if the company were to "break even" during the second half of the year, earnings for the preferred stock would only amount to 4⅜ per cent. The estimate of the increased cost of wages during the current year in our article on home rail prospects last week was based on the company's own estimate, but it may prove too high. But our estimate that earnings may be of the order of 4¼ per cent. for the year may still be reasonably close if materials and maintenance costs continue to run at their present levels.

* * *

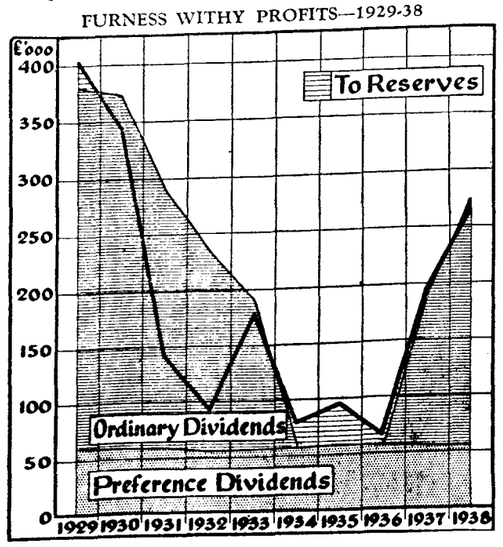
Furness Withy Report.—There are few shipping companies which rival the conservative financial policy of Furness Withy. There are also few shipping shares which have awaited the fruits of recovery with greater patience. During the year to April last the company's total profits, including dividends received, reached the highest total since 1929. But since recovery first began depreciation has had the larger claim on profits. In 1929 and 1930 the appropriation was £250,000. Since 1931, however, it has been raised from £150,000 to reach £350,000 in each of the past three years. The past year's recovery in net earnings has proved barely sufficient to meet the 5 per cent. ordinary dividend, after maintaining this depreciation provision. And it is evident from the directors' report that the latter part of the year failed to maintain the promise of the early months. This fact somewhat dims the satisfactory nature of the figures for the latest year, analysed below:—

	Years to April 30th 1936	1937	1938
Profits, including dividends received	415,310	544,744	620,681
Depreciation	350,000	350,000	350,000
Preference dividend	57,656	56,719	55,312
Ordinary stock:—			
Earned	*7,654*	*138,025*	*215,369*
Paid	Nil	135,000	217,500
Earned %	*0·2*	*3·1*	*5·0*
Paid	Nil	3	5
Carried forward	210,787	213,812	211,682

OVER ONE HUNDRED AND TEN YEARS OF SERVICE
SCOTTISH UNION & NATIONAL
INSURANCE COMPANY
ASSETS EXCEED £17,000,000
FIRE LIFE ACCIDENT MARINE
Edinburgh: 35 St. Andrew Square
London: 5 Walbrook, E.C.4, and 45 Pall Mall, S.W.1.

In the following chart we show the company's distributable profits during the past decade:—

FURNESS WITHY PROFITS—1929-38



Total profits are struck, as usual, after depreciation. It may be pointed out, however, that profits for 1931 and 1932 were supplemented by a transfer of £100,000 from tax reserve which is not included in the total. For the three subsequent years there was included in disclosed profits a transfer of approximately £100,000 from reserves in each year.

* * *

As interests in subsidiary companies comprise nearly half the assets totalling £11,984,752, the Furness Withy stockholder may well feel the lack of a consolidated assets and earnings statement. But the balance sheet as it stands is impressive, particularly for its liquid strength. In March, 1936, the company showed net current assets of no more than £54,000. Since that date, the liquid position has been greatly strengthened, and surplus liquid assets now amount to £1,040,000. General investments, including gilt-edged (at cost, less depreciation), total £2,439,873, compared with £1,621,936 two years ago. In the same period shipping property has been reduced from £2,992,818 to £2,288,171 (a figure which probably falls well short of net replacement cost), while interests in subsidiaries have declined from £5,969,109 to £5,687,261. Active depreciation policy, in short, has written the properties to conservative levels, and also provided the resources for replacement building when the time is opportune. The immediate prospects for the ordinary stockholder, however, are somewhat obscure. The further decline in shipping freight rates must sooner or later have some adverse effect upon conference rates (which determine the revenues of liner companies such as Furness Withy) unless there is a fairly vigorous revival of international trade. The £1 units yield £5 10s. 3d. per cent. at 18s. 1½d.

* * *

Distillers Prospects.—In the light of Lord Forteviot's survey of the past year's trading, the increase in profits obtained by the Distillers Company in 1937-38 appears quite satisfactory. Earnings for the equity were increased by £56,528 to £2,265,119, but the total distribution was maintained at 22½ per cent., including a cash bonus of 2½ per cent. (and not 5 per cent., as stated on page 80 of *The Economist* of July 9th). A number of extensions had not yet been in operation sufficiently long to bring appreciable benefit to profits for the year to May 15th last. The Booths Distilleries acquisition is a case in point—though progress is being made—and other developments include the new Cambus distillery and the Gyproc Plaster Board factory. It is the company's practice, moreover, to suspend profit on sales to subsidiaries until the goods are actually marketed, and Lord Forteviot disclosed that the sum reserved for spirit manufactured this year was larger than the sum withdrawn from reserve, although he remarked that costs had risen. The volume of business, however, had improved in almost every country, and home trade showed to particular advantage. Profit margins on industrial alcohol are still very narrow, and the chairman emphasised that the company had no share interest in any concern selling petrol mixed with alcohol. The Distillers undertaking is consolidating its position, and should continue to show a steady growth of profits in future years as the business extends. But Lord Forteviot's review suggests no ground for revising our previous opinion—that the market invests the ordinary stock with dynamic qualities to a degree which is not confirmed by history.

* * *

British Plaster Board.—Although the fall in British Plaster Board profits during the year to April 30th last is disappointing, the latest results appear more satisfactory when examined in close perspective. Lord Belper explained at this week's meeting that the setback was due, not to any decrease in the volume of trade, but to higher costs and reduced selling prices for plaster board. Consolidated net profits after depreciation amount to £576,888, against £600,216. The parent company's profits show a somewhat larger fall from £564,397 to £534,121 before charging £166,326 (against £150,597) for taxation and fees. A repetition of the excellent 1936-37 results, however, was scarcely to be expected. The growth of the company, since it became known to the investor in 1932, has been remarkable; the latest profits, indeed, are little short of ten times those earned in 1932-33. The undertaking makes over 100 different products, and is by no means dependent solely on the building trade. But it has naturally been affected by the decline in building activity,

SCRAMBLE FOR STOCKS

Recent Uprush in Stocks Gives Added Significance to Digest No. 15 of March 22, 1938, Entitled "The Coming Scramble For Stocks"

The function of an Investment Consultant (under a Managed Money economy) is not only to forecast the NATURAL swings of the business cycle, but also to forecast those ARTIFICIAL MONETARY measures which the government might take to counteract the "natural" deflationary (or inflationary) forces. One may be right on one count yet wrong on the other.

In early September 1937, Major Angas advised the Washington authorities that IF they did not take immediate steps to counteract the 6% bank credit deflation of net demand deposits, which had already occurred, they would have a *stock exchange panic followed by an unexpectedly violent cyclical slump. His forecasts proved all too true.*

In November 1937, in his pamphlet "*Remaking the Boom.*" Major Angas published the telegrams which he had sent to Washington; and enumerated the specific measures which would have to be taken to reverse the downward cyclical trend.

After a delay of eight months his advocated policy has been adopted, lock, stock and barrel. The result has been the recent "SCRAMBLE FOR STOCKS," as forecast in his April pamphlet, "*The Coming Rescue Inflation.*"

Major Angas

Money, and its "flow," governs trade. It was the 20% inflation of bank money which caused the 1926-29 boom. It was a 28% deflation of bank deposit money which caused the 1929 slump to reach the 1932 levels. It was a 40% reflation of bank deposits which caused the Roosevelt boom of 1936. And it was a 6% deflation of bank deposits which caused the 1937 slump. Finally, it is the recent 3% reflation of bank deposits, coupled with a prospective further 15% reflation, that has caused the recent revival. Furthermore, the future *speed* of the coming boom will depend on Monetary Policy.

Digests

Stock market and business forecasting depends primarily on a study of monetary factors, i.e. Managed Money. Investors and business executives, as well as speculators, should therefore study Major Angas's "DIGESTS" on "*Coming Medium-term Fluctuations in Trade and Securities under Managed Money.*"

They are read by leading statesmen, bankers and executives throughout the English-speaking world.

A twelve months subscription to these digests costs $25. Six months $15. An early Digest will be entitled "HOW TO RIDE THE COMING NEW BOOM."

L. L. B. Angas, Investment Consultant, 301 Park Avenue, New York

and possibly by the accelerated pace of competition. The results, in short, fulfil the chairman's warning last year against the expectation of an indefinite continuance of the company's high rate of progress. Shareholders, however, have the consolation that the 50 per cent. dividend is maintained, although net earnings are £45,808 lower at £360,047, and represent 65.1 per cent. on the ordinary capital, against 71.6 per cent. in the previous year. Reserve receives £66,740, and the balance carried forward is increased by £16,828. In recent years the company's progressive policy has served it well, and, in the chairman's words, the company's business "refutes rather than confirms" the trend shown by the building-plan figures. Both in turnover and profits no setback is discernible so far in the current year.

* * *

W. and T. Avery.—The holder of the ordinary shares of W. and T. Avery seeks security rather than excitement. He has been well served by the latest results of the company for the year to March 31st last. Trading profits again increased, though less vigorously than in recent years, from £209,195 to £212,745. The effects of N.D.C., coupled with those of rising costs (on which the chairman issued a warning last year) may well account for the moderate dimensions of last year's progress. The fact, however, remains that the 15 per cent. dividend, which has been maintained for more than a decade, and accompanied on two occasions by a capital bonus, is again covered by earnings exceeding 22 per cent. The reserve fund is raised to £275,000 by the transfer of £45,000 from revenue, and now approaches one-third of the issued ordinary capital. A further expansion of stocks, from £246,465 to £306,580, coupled with a relatively small increase in fixed assets, provides the main interest in an essentially sound balance sheet. Despite the movement in trade indicators, this increase is unlikely to reflect any substantial accumulation of stocks due to reduced demand. The stable character of the £1 ordinary stock units is well reflected in their yield of £4 0s. 9d. per cent. at a current price of 74s. 4½d.

* * *

United Dominions Trust.—Mr J. Gibson Jarvie's speech at the United Dominions Trust meeting this week was in characteristically vigorous style. The Trust was established to fill the "No Man's Land" between bank finance, and the facilities offered by the capital market. In particular, it has done much to foster the retail turnover of capital and semi-capital goods for industrial, agricultural, and domestic use. It has penetrated new fields, such as assisting the financial requirements of medical practitioners; it has developed a service for builders and contractors, by which property owners can spread the cost of improvements over a period. Mr Gibson Jarvie emphasised the benefits which this latter service might provide for the hotel and boarding house "industry"—a point which suggests that this type of finance will not duplicate the services offered by the building societies. And he stoutly denied that the Trust's agricultural department was guilty of imposing unduly high rates of interest or onerous terms. On the Hire-Purchase Bill, the chairman expressed the view that this measure was long overdue. There should, in fact, be little change in sound hire-purchase business as a result of its enactment. His conclusion that, short of a "major catastrophe," the Trust's business would continue to progress is well supported by its record during the past sixteen years.

* * *

Richardsons, Westgarth Results.—The reconstruction and amalgamation scheme put through earlier this year prevents any exact comparison of the latest profits of this marine and general engineering business with those of earlier years. It is, however, clear that the undertaking has achieved a more satisfactory earning basis, in contrast with the series of losses previously experienced. Total profits amount to £25,469 for the fifteen months to March 31st last. It was estimated the original Richardsons business would contribute not more than £10,000 to profits for the year ended on that date, and the year's profits for the combined companies were put at £82,000. Presumably only a small proportion of the earnings of the acquired businesses are brought into the latest accounts, for the scheme was not passed till February. Directors' fees and bank interest absorb £10,822; and debenture interest requires £1,375, which is only a fraction of the amount required for the £500,000 5½ per cent. debenture stock issue in future. The proceeds, however, have been partly applied to repaying the bank overdraft. The surplus of £13,272 represents 2.2 per cent. for the ordinary shares, from which is deducted the debit balance of £7,861 which remained after giving effect to the scheme. While the report refers to the decline in orders throughout the country in the last few months, especially in the marine engineering business, the immediate outlook is not discouraging. In the past year the value of the work turned out by the combined companies was £1,500,000; orders at present on the books are valued at £1,533,136, most of which are due for delivery in the current financial year. The amalgamation, moreover, should eventually provide economies. But while these orders may protect the 1938-39 profits to some extent, there is no clear indication of a substantial dividend distribution, and the 5s. shares stand no higher than 2s.

* * *

The Week's Company Profits.—Our usual analysis of profit and loss accounts on page 211 includes the results of 60 companies, apart from new concerns or those for which comparable figures for last year are not available. Net profits of these companies amount to £4,259,000 for the latest year and show an increase of 2 per cent. over the previous year's level of £4,170,000. The total profits of 1,614 companies analysed this year amount to £227,636,000, and show an increase of 12 per cent. over the previous year's total of £203,624,000. This week's results are discussed on page 187 under the heading "Shorter Comments."

* * *

Company Meetings of the Week. In this issue, reports of company meetings begin on page 194. At the *Standard Bank of South Africa* meeting, Mr Bertram Lowndes stressed the importance of the gold-mining industry as a stabilising factor in the Union. During 1937, new production records had been reached, and in the Transvaal nearly £27,500,000 had been disbursed in wages and salaries, while the value of stores consumed was about £28,500,000. Viscount Samuel explained to *Palestine Electric Corporation* shareholders that the increase of 4.9 per cent. in revenue was less than the 8.8 per cent. increase in units sold owing to the further reduction in rates that had been effected. In the last six years, the average charges per unit had been almost halved. Mr J. Gibson Jarvie's speech at the *United Dominions Trust* meeting is discussed on this page, and Lord Forteviot's survey at the *Distillers Company* meeting on page 181. At the *North Eastern Trading Estates* meeting, Colonel K. C. Appleyard expressed the hope that by the end of this year the civil engineering work on the Team Valley Estate would be finished, and that expenditure would subsequently be on factory buildings, which would, of course, produce revenue. At the *Allied Bakeries* meeting, Mr W. Garfield Weston said that net trading profits for the current year, if all the companies now brought into the group maintained their earnings, would be around £293,000. Mr P. E. Marmion reported to *Gold Mines of Kalgoorlie* shareholders that mining and treatment costs had been reduced by about 14s. a ton. The Rt. Hon. L. S. Amery pointed out to members of *Gold Exploration and Finance Company of Australia* that the balance sheet reflected the policy of

HOTEL WESTMINSTER
FULL BOARD From 27/6
Le Touquet

eliminating doubtful propositions and concentrating on properties that had been proved capable of profitable operation. At the *Anglo-Dutch Plantations of Java* meeting, Mr W. H. Daukes reported that the selling price of the tea crop had advanced during the year from 9.37d. to 10.79d. per lb net. Mr Gerald Kingsley pointed out to shareholders of *Merlimau Pegoh* that the company was well placed for selecting the best areas for tapping. At the *Sungei Gettah Rubber Estates* meeting, Mr P. J. Burgess said that the permitted new planting would cover 78 acres. At the *Bristol Aeroplane* meeting, Mr G. W. Verdon Smith referred to additional equipment and buildings which would require an expenditure of £1,500,000. Members of *Consolidated Tin Smelters* were informed by Mr Ernest V. Pearce at the annual meeting that the quota releases for the first half of the current accounting year would average about 50 per cent. of standard tonnages. At the *City of San Paulo Improvements and Freehold Land* meeting, Mr Herbert Guedalla said that shareholders must await with patience the conclusions of an economic committee set up by the President of Brazil to investigate the Exchange situation.

THE STOCK EXCHANGES

London

SETTLING DAYS

TICKET	ACCOUNT
AUGUST 9	AUGUST 11

THE London market opened with no great show of promise on its three-week holiday journey. Prices, however, were soon responding to Wall Street's further advance into new high ground, and made the most of the pacific implications of this week's discussion between Lord Halifax and Herr Hitler's personal envoy. The general appearance of the market, from gilt-edged to commodity shares, has been one of renewed confidence after an indifferent start. But Wall Street's behaviour still sets the tone from day to day.

Led by undated issues, the *gilt-edged market* staged an all-round advance. Business remained small, but the trend of prices was undoubtedly "right." War Loan, Old Consols, and Local Loans made the best progress in mid-week, but became irregular later. The recovery helped the further improvement in home corporation scrips.

European bonds were unsettled at first by week-end reports from Berlin of troop movements in Czechoslovakia, and dealers marked prices down to stem any resulting liquidation. On the reappearance of greater calm in mid-week, the recovery in Czech, German and Austrian bonds was prompt, although a certain amount of profit-taking prevented the maintenance of the best prices. Far Eastern issues were heavy, and South American bonds received no support.

*

Nervous conditions prevailed at first in the *home rail market*, but a decided improvement set in on Tuesday, and was partly maintained in the face of another depressing batch of traffics. Southern stocks attracted support on the latest receipts and in anticipation of Thursday's dividend announcement (discussed on page 180). The actual figures, however, proved disappointing and the preferred stock fell to 65 nominal. Slightly firmer conditions were also reported in the Argentine rail market, although business remained extremely small.

In the *industrial share market*, the week was unexciting, but on the whole satisfactory. Firmer prices succeeded a hesitant start, but business remained throughout on a small scale. Iron and steel shares improved during the first part of the week, and finally there was some general broadening of interest. Coal shares behaved similarly, Powell Duffryn being a particularly firm share in mid-week on news of orders for Welsh coal. Interest in motor issues revived after a quiet beginning, price changes, however, being quite small. As in previous weeks, aircraft shares displayed a somewhat better tendency than the rest of the market, and with a few exceptions made persistent small gains. The attention of the electrical equipment section was absorbed by Crompton Parkinson and Callenders, on statements concerning the merger (discussed on page 180). Electric supply shares continued firm. Textile shares were first inclined to weaken, and though quotations became steadier, little business passed. Celanese of America hardened on American news, and Courtaulds, after losing ground on the decision to close two mills during August, rallied well, mainly on bear covering. No definite trend emerged in brewery shares, price movements continuing within narrow limits. Distillers were unaffected by the meeting. Among provision and catering issues, Scribbans rose, but reacted in mid-week. Leaders in the miscellaneous group were firm on the whole, but without marked movements.

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Under the influence of Wall Street, *oil shares* opened cheerfully. The undertone continued firm, and the general trend of prices was upwards, but this satisfactory tendency was not accompanied by any expansion of business. While a few share prices responded to the firmness of the commodity early in the week, conditions in the *rubber market* were idle, quotations being hardly tested.

The *mining market* spent a quiet week on the whole, though there was some activity in individual issues, and business tended to broaden as the week went on. Dividend-paying Kaffirs were uninteresting, holiday conditions in Paris not helping matters, though the tone in mid-week was more cheerful. Developing mines were firmer, attention again turning to Western Holdings. Interest in West African gold shares revived a little, and prices for Rhodesian copper companies were firm, but there was not much business. Except for considerable activity in Polberro, tin shares were quiet.

"FINANCIAL NEWS" INDICATORS

1938	Total Bargains‡	Corres. Day 1937	Security Indices: 30 ord. shares*	Security Indices: 20 fixed int.†
July 15	6,480	7,990	85·8	130 0
July 18	5,920	7,850	85·5	129·8
July 19	5,800	5,785	85·7	129·8
July 20	5,490	5,595	86·5	129·9
July 21	5,840	6,225	86·3	129·9
1938				
High...	...	...	*97·2*	*131·0*
			Jan. 12	*Feb. 4*
Low ...	...	...	*79·4*	*126·9*
			Mar. 16	*Mar. 17*

‡ Approx. total recorded in S.E. List. * July 1, 1935 = 100. † 1928 = 100.

ACTUARIES' INVESTMENT INDEX

For the first time for some weeks, a decline is recorded by the Actuaries' Index of 151 ordinary share prices, which stood on Tuesday last, July 19th, at 66·7, against 67·9 a week ago and 64·3 a month ago. The corresponding average yields are 5·86, 5·72 and 6·02 per cent. A selection of the component indices follows :—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100) June 21, 1938	July 12, 1938	July 19, 1938	*Prices 1938 High*
Insurance (10)	112·5	119·5	118·9	*121·5*
Bldg. mats. (6)..	77·3	83·0	80·5	*87·1*
Coal (9)	81·6	83·8	83·0	*106·7*
Cotton (6)	25·9	28·9	27·0	*37·1*
Elec. Light and Power (16) ...	119·0	121·4	122·3	*122·3*
Iron & st. (17)...	51·9	53·9	51·9	*66·4*
Home rails (4)..	49·7	47·8	44·2	*71·0*

Group	Yields (%) June 21, 1938	July 12, 1938	July 19, 1938	*Prices 1938 Low*
Insurance	3·77	3·56	3·59	*110·8*
Building mats...	7·16	6·70	6·90	*75·0*
Coal	6·89	6·68	6·76	*77·9*
Cotton	3·22	3·01	3·06	*25·5*
El. Lt. & Power	4·56	4·61	4·58	*114·8*
Iron and steel...	9·26	9·01	9·56	*50·1*
Home rails	6·74	7·10	7·52	*44·2*

New York

FOR the second week running, Wall Street prophets had been none too sure of themselves, but the market immediately proceeded to establish new "highs" for 1938, and the easier tendency in mid-week could be attributed to profit-taking and anti-trust proceedings against film-producing companies. After a cautious start a substantial advance was recorded, with rising turnover, and industrial prices (according to the Dow Jones index) reached the highest levels since last October. Then in mid-week the tone became less certain, though turnover continued at a high rate, and interest was diverted from industrials to rails and utilities. Rails, in fact, were better than for some time, the governing factor being wage negotiations with the Brotherhoods. The possibility of wage-cuts also benefited steel shares, which led the general advance but shared in the mid-week recession. In this section, however, better industrial news was of some importance. *Iron Age* estimates steel output at 36 per cent. of capacity—the highest rate this year—most of the improvement being attributed to miscellaneous demand, for automobile and railroad consumption has not apparently risen. A feature of the bond market was the weakness of amusement company bonds.

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields of fixed interest stocks 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 increase or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1937 Highest	Prices, Year 1937 Lowest	Prices, Year 1938 Jan. 1 to July 20, inclusive Highest	Lowest	Name of Security	Price July 20, 1938	Change since July 13, 1938	Yield July 20, 1938 £ s. d.
				British Funds			
84 15/16	73⅛	79¼	71	Consols 2½%	76	...	3 5 9
113	105¾	111¾	107	Do. 4% (aft. 1957)	110½	+¼	3 5 0n
101 5/16	94⅜	100¼	96	Conv. 2½% 1944-49	100	...	2 11 0
103 9/16	97⅝	103¼	99	Do. 3%, 1948-53	102½	...	2 15 6
106 25/32	99	104⅝	98¼	Do. 3½% after 1961	104	+¼	3 5 0n
108	105	105	104 3/16	Do. 4½% 1940-44	105	...	1 19 0
117½	111¼	115⅝	112¼	Do. 5% 1944-64	114½	...	2 11 3
92½	89	91½	87⅝	Fund. 2½% 1956-61	91½	+¼	3 0 3
96⅞	89⅞	97 15/16	94	Fund. 2¾% 1952-57	97	+¼	2 19 4
101⅝	92⅞	99 5/16	95⅛	Fund. 3% 1959-69	99	+¼	3 1 0
116⅜	109	114⅞	110½	Fund. 4% 1960-90	114½	...	3 1 0
99 3/16	96	101 9/16	97¾	Nat. D. 2½% 1944-48	101¼	...	2 6 9
114¾	107⅛	112 13/16	107¾	Victory Bonds 4%	112¾	...	3 11 0f
105 13/16	99⅝	103⅝	99½	War L. 3½% af. 1952	103	-⅛	3 4 0n
96⅞	84 5/16	90⅛	84⅛	Local Loans 3%	89	...	3 7 5
102	99½	102	99½	Austria 3% 1933-53	101	...	2 18 4
72	62	68½	63¼	India 2½%	68	-½	3 13 6
85¼	74¼	82¼	75	Do. 3%	82	+½	3 13 2
98¾	87	95⅝	88½	Do. 3½%	95	...	3 13 8
119½	112¼	117	114¾	Do. 4½% 1958-68	116	...	3 8 0
				Dom. & Col. Govts.			
109⅞	105	108⅞	104¾	Austr. 5% 1945-75	106	...	4 0 0
105⅝	101	104 15/16	100¼	Canada 4% 1940-60	103	...	3 6 0
118	114½	115	112⅞	Nigeria 5% 1950-60	113	...	3 12 9
110	104¼	108	101¾	N. Zealand 5% 1946	104	...	4 8 0
107⅜	103¼	107 19/32	102	Queens. 5% 1940-60	104	...	3 7 6
114⅛	110½	112 13/16	109¾	S.Africa 5% 1945-75	110	...	3 7 5
				Foreign Governments			
103	93	96½	87⅞	Arg. 4½% Stg. Bds.	88	-1	5 2 3f
105½	97¾	102	24	Austria 1930 5%	50	+2½	10 0 0
91¾	84¼	89	48	Do. 4½% 1934-59	68	+2	7 12 6
102⅛	95¼	99	95	Belg. 4% red. by 1970	98	...	4 1 4
33¼	24½	34½	31½	Bulgaria 7½%	34½	...	7 4 11m
89¾	37	37½	16	Brazil 5% Fd. 1914	20½	...	Nil
28	15	19⅝	16¼	Chile 6% (1929)	17½	-1	4 8 6v
95¾	54½	60½	40½	China 5% (1912)	48½	-1	10 6 3f
101⅞	59	73½	43	Do. 5% (1913)	62½	-2	8 0 0f
108⅜	101½	105¾	58	Czechoslovakia 8%	76½	...	10 7 0f
100	92½	98½	94	Denmark 3%	97½	...	3 2 0
106½	100½	104	100¼	Egypt Unified 4%	102	-½	3 18 6
18⅛	11	13	9¼	French 4% (British)	10½x	...	5 10 0e
66	52¾	60	43½	Ger. Dawes Ln. 5%	54½	...	9 3 6
49¼	35	46	32½	Do. Young Ln. 4½%	41	+1	10 19 6
40¾	30	34½	25	Greek 6% Stab. Ln.	32½	...	7 11 6w
62	47⅛	58½	30	Hungary 7½%	43½	...	8 12 3h
88¾	53	60	38	Japan. 5½% 1936-65	48½	...	11 6 9f
94¾	57½	64½	43	Do. 6% ('24) red. 1959	49	...	12 4 9f
121¾	110½	124	115	Norwegian 4% 1911.	117½	...	3 8 0
61⅛	40¾	50	36	Peru 7½% 1922	47½	...	...
83	56	75½	54	Poland 7%	75½	...	7 5 8s
20½	13	15¾	11	Roum. 4% Con. 1922	14½	-1	12 6 0y
96⅝	88¼	92	78	U.K. & Arg. C. 3%	82	+1	3 13 2
				Corporation Stocks			
118	111½	115¾	110½	Bir'ham 5% 1946-56	113	...	3 4 0
118¾	112¾	117	112	Bristol 5% 1948-58	115	...	3 5 0
95¼	82½	87½	83	L.C.C. 3%	87	...	3 9 0
101	93	97½	94	Liverpool 3% 1954-64	97	+1	3 4 0
104⅝	100⅝	105⅛	101½	Middx. 3½% 1957-62	104	...	3 4 9

Prices, Year 1938 Jan. 1 to July 20, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price July 20, 1938	Change since July 13, 1938	Yield July 20, 1938 £ s. d.
				Public Boards			
115½	110½	2½	2½	C. Elec. 5% 1950-70	115	+1	3 12 9
				Lon. Pass. Transport			
119½	112	2¼	2¼	4½% "A" 1985-2023	118½	+1	3 11 0
129¾	125	2¾	2½	5% "A" 1985-2023	128½	...	3 11 0
122⅝	116½	2½	2½	5% "B" 1965-2023	119½	+1	3 12 6
84	73¼	2¾b	1½a	"C" 1956 or after	75½	-½	5 12 7
92	85	1½	1½	Met. W.B. "B" 3%	92	...	3 5 0
118	114¼	2½	2½	P. of Lon. 5% 50-70	116	...	3 7 0
				British Railways			
65	42¾	½a	3½b	G.W. Ord.	43	-2	9 6 0
4⅝	2¼	Nil	Nil	L. & N.E.R. Def.	2½	-¼	Nil
8⅝	4 5/16	Nil	Nil	Do. 5% Pref. Ord.	4½	-¼	Nil
97	60	1¼a	3¾b	Do. 5% Pref. 1955	62½	-11	9 10 6
27⅛	12¼	½c	1¾c	Do. 4% 2nd Pf.	13	-½	13 9 3
68¼	40	1a	3b	Do. 4% 1st Pf.	41	-2	9 15 3
30⅛	14½	1¼c	1½c	L.M.S. Ord.	14½	-1	10 6 9
70¼	40	4c	4c	4% Pf. 1923	41	-3	9 15 3
82¼	61¾	2a	2b	4% Pf.	63	-2½	6 7 0
21⅝	15⅛	½c	1½c	Southern Def.	15½	-½	9 13 7
87	64	2a	3b	Do. 5% Pf. Ord.	67½	-½	7 8 2
115½	104½	2½a	2½b	Do. 5% Pf.	108	-1½	4 12 7
				Dom. & Foreign Rys.			
14	7 7/16	Nil	Nil	Antofagasta Ord.	11	...	Nil
6½	3⅜	Nil	Nil	B.A. & Pac. Ord.	5	...	Nil
17	8¾	Nil	Nil	B.A. Gt. Sthn. Ord.	13	...	Nil
12½	6⅛	Nil	Nil	B.A. West. Ord.	9	...	Nil
13¼	6½	Nil	Nil	C. Arg. Ord.	9	...	Nil
8 7/16	5	Nil	Nil	Can. Pac. Com. $25	7½	+½	Nil
28½	25¼	2c	2c	Costa Rica Ord.	25½x	+1	7 16 10
43/9	33/9	Nil	1c	Nitrate Rlys. £10	40/-	...	5 0 0
66	35	†2a	†2b	San Paulo Ord.	41	...	9 15 3†
16/3	14/3	1c	1c	Taltal Rly. Ord. £5	15/-	...	6 13 3
				Banks and Discount			
75/6	59/-	10b	7½a	Alexanders £2, £1 pd.	66/3	...	5 6 0
35/-	32/6	5a	5b	Bk. of N. Zealand £1	33/9	-1/3	4 14 10e
352½	330	6a	6b	Bk. of England	349½	...	3 8 8
76/6	71/3	7b	7a	Barclay B. £1	75/-	+6d	3 13 3
44/3	41/-	3¼b	3a	Barcl. (D.,&c.) A £1	44/-	+6d	2 14 6
8 9/16	7¼	3½a	4½b	Bk. of Aust. £5	8	...	5 0 0
£44⅛	£39½	8c	8c	Bk. of Mont. $100	£43½	-½	3 13 9e
26⅛	24	o5¼c	o6c	Bk. of N.S.W. £20	25	...	3 16 8e
55/-	32/6	6c	Nil c	Brit. Overseas A £5	47/6	...	Nil
12 19/32	11 5/16	7a	7b	Chtd. of India £5	12	...	5 16 8

Prices, Year 1938 Jan. 1 to July 20 inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, July 20, 1938	Change since July 13, 1938	Yield July 20, 1938 £ s. d.
13/4½	12/-	3⅓a	3¾b	Com. Bk. of Aus. 10/-	13/1½x	+4½d	4 6 4e
53/9	50/-	5b	5a	District B. £1 fy pd.	52/6x	-3d	3 16 2
90/-	74/6	3½b	3½a	En. S. & Aust. £5 £3p.	80/-	...	5 5 0
10⅝	9 13/16	10b	8a	Hambros £10, £2½ p.	10	...	4 10 9
£96¼	£82	£3b	£2½a	Hong. and S. $125.	£87½x	+½	6 5 0
64/6	56/9	6b	6a	Lloyds £5, £1 pd.	59/6x	-9d	4 2 9
9¾	8⅝	9b	7a	Martins £20, £2½ pd.	8½	-⅛	4 2 0
89/3	78/3¾	8b	8a	Midland £1, fy. pd.	85/6x	+7d	3 14 9
6 3/16	5¾	5a	5b	Nat. Dis. £2½ fy. pd.	6x	+2/6	4 3 3
41	34	4a	11b	Nat. of Egypt £10	35½	...	4 4 0
41¼	37½	9a	9b	N. of Ind. £25, £12½p	39½	+½	3 16 0
3⅞	3 7/16	7½b	7½a	N. Prov. £5, £1 pd.	3 21/32x	+1/32	4 2 0
488	444	8½a	8½b	Roy. Bk. of Scotland	460	-3	3 13 11
16 1/32	13⅞	5a	10b	St. of S.A. £20, £5 pd.	16	...	4 14 0
51/3	43/-	6¼b	3¾a	Union Dis. £1	47/6x	-6d	4 4 3
99/-	90/-	11b	9a	West. £4, £1 pd.	96/6x	+9d	4 2 0
				Insurance			
28⅝	24½	40a	50b	Alliance £1, fully pd.	28	...	3 4 3
16¼	12¾	†3/6a	†4/6b	Atlas £5, £1¼ pd.	15¾	-½	2 10 9†
10 3/16	9⅛	20a	20b	Com. Un. £1, fy. pd.	10	...	4 0 0
5½	4⅜	1/6a	2/-b	Gen. Acc. £1, 5/ pd.	4¾	...	3 14 0
31	26⅛	25a	25b	Lon. & Lanc. £5, £2pd.	29	-½	3 9 0
11⅝	9½	3/2a	3/1b	N.Brit.&Mer. £1¼, f.p.	11¼	...	2 15 0
20⅝	18½	†30	†25a	Pearl (£1), fy. pd.	19½x	-¼	2 16 0†
16	13¾	6/-a	6/-b	Phœnix £1, fy. pd.	15¾	-¼	3 16 2
35⅝	29½	†25a	†72¼b	Prudential £1 A	35	-½	2 16 0†
106/-	81/3	†50c	†50c	Do. £1, with 4s. pd.	98/9	-1/3	2 1 0†
10 3/16	8¼	11a	19b	Royal Exchange £1.	10	-⅛	3 0 0
8 15/16	7½	3/3a	3/3b	Royal £1, 10/- pd.	8⅞	...	3 13 0
17	15¼	6/6a	6/6b	S.U.& Nl.A £20, £1pd	16½	-½	3 19 0
87/-	69/8¼	1/3a	1/6b	Sun In., £1 with 5/pd.	82/6	...	3 6 6
8 11/16	7¼	†10a	†10b	Sun Lf. Ass., £1 fy.pd.	8½	-⅛	2 6 9†
				Investment Trusts			
267	230	4a	8b	Anglo-Amer. Deb.	235	...	5 2 2
65½	47½	3c	3½c	Anglo-Celtic Ord.	47½	...	7 7 4
11/3	7/6	7½c	10c	Brit. Assets Trust 5/-	11/3	...	4 9 0
233	208	6b	4a	Debenture Corp. Stk.	213	...	4 13 11
75	55½	1½a	3b	For. Amer. &c., Def.	66½	...	6 15 3
137½	119½	4½b	2½a	Guardian Investment	119½	...	5 17 2
254	201	4a	8b	Ind. and Gen. Ord.	232	+5	5 3 5
275½	223	5a	8b	Invest. Trust Def.	229	...	5 13 6
17/-	14/9	2½a	6½b	Lake View Inv. 10/-	16/6	...	5 8 0
252½	233	8½b	3½a	Mercantile Inv.	240x	+3½	5 1 6
154	123	3a	4½b	Merchants Trust Ord.	125½	...	5 19 6
251½	223	7b	5a	Metropolitan Trust	229½x	-½	5 4 7
5/-	3/4½	2½c	4c	Scottish Inv. 5/-	5/-	...	4 0 0
218	178	3½a	6b	Scottish Mort., &c.	180	...	5 5 7
221	190½	3a	9b	Trustees Corp. Ord.	198½	...	5 0 9
193	167	6b	4a	United States Deb.	174½x	+1	5 14 7
				Financial Trusts, &c.			
11/9	6/3	2½c	4c	Argentine Land,&c.10/	9/4½	+7½d	8 11 5
35/-	22/9	10c	13⅓c	Brit.S.Afr. 15/- fy. pd.	27/6	...	7 5 5
23/9	15/7½	10c	10c	Charterhouse Inv. £1	20/-	...	10 0 0
16/10½	13/10½	2a	2b	C. of Lond.R.Pty. £1	15/-	...	5 6 9
33/9	25/7½	†2½a	†8¾b	Daily Mail & Gen. £1	30/6	-6d	7 6 0†
7	6 1/16	4¼b	3a	Dalgety £20 £5 pd.	6⅝	...	5 14 0
23/6	19/3	3a	6b	Forestal Land £1	21/6	...	8 7 0
25/10½	19/-	Nil c	x4(c)	Hudson's Bay Co. £1	23/6	+2/-	3 15 0
20/-	13/9	2½a	5b	Java Invest. £1	17/6	-1/3	8 11 6
5⅝	2¼	Nil	Nil	Peru. Corp. Pref.	3¼	+¼	Nil
10/6	7/-	3c	3½c	Primitiva Hold. £1	8/6	...	8 5 0
17/3	12/6	7½c	7½c	Staveley Trust £1	14/4½	...	10 9 1
34/10½	23/9	10c	12½c	Sudan Plant. £1	31/3	-1/3	8 0 0
				Breweries, &c.			
77/6	61/3	12½b	5a	Ansell's Brewery £1	74/6	-6d	4 13 0
32/-	21/9	5½b	2½a	Barclay Perkins £1	27/-	-2/-	5 19 0
131/-	103/9	†20b	†5a	Bass Ratcliff Ord. £1	127/-	-6d	4 0 0†
67/-	51/-	3a	12b	Charrington & Co. £1	66/-	-1/-	4 11 0
82/6	70/-	6a	14b	Courage Ord. £1	80/-	-1/-	5 0 0
107/9	85/-	7½a	15b	Distillers Ord. £1	98/-	-6d	4 15 0
125/-	102/6	17b	12a	Guinness Ord. £1	115/6	-3/6	5 0 0
113/6	91/-	20b	7½a	Ind Coope & All. £1	101/-	...	5 8 6
43/-	34/-	3½a	7½b	Meux's Ord. £1	41/-	-1/-	5 6 0
93/-	76/3	15b	8a	Mitchells &Butlers £1	87/-	-1/-	5 5 0
75/-	63/9	5a	12½b	Ohlsson's Cape £1	69/-	...	5 2 0
78/-	65/-	14b	4a	Simonds (H.&G.) £1	71/-	+1/-	5 1 0
108/6	87/6	†5a	†17½b	S. African Bws. £1	107/6	-6d	4 3 0†
42/-	30/-	4a	6b	Taylor Walker Ord. £1	39/-	...	5 2 0
26/3	19/4½	2a	5½b	Walker (P)&R.Cain £1	22/3	-6d	6 14 0
77/9	62/6	13b	6a	Watney Combe Def. £1	75/6	...	5 0 6
				Iron, Coal and Steel			
24/6	19/9	4a	6b	Allied Ironfound. £1.	21/3	...	9 8 3
44/-	37/3	4a	6b	Babcock Wilcox £1	40/-	...	5 0 0
9/4½	4/7½	10c	10c	Baldwins 4/-	5/6	-3d	7 5 0
46/3	37/3	4a	10b	Bolsover Col. Ord. £1	39/4½	-7½d	7 2 3
32/3	24/9	†5a	†12½b	Brown (J.) Ord. 10/-	28/1½	-4½d	6 3 6†
36/7½	28/1½	†2a	†6b	Butterley Co. Ord. £1	28/9	...	5 11 4†
11/3¾	6/9	5c	8⅓c	Cammell Laird 5/-	7/9	-9d	5 2 0
25/7½	19/9	3a	5b	Colvilles Ord. £1	22/3	-1/6	7 4 0
11/10½	7/5¼	7½c	10c	Consett Iron Ord. 6/8	8/6	-6d	7 13 0
87/6	78/6	5a	15b	Cory, William, Ord. £1	84/4½	...	4 16 0
34/3	19/9	6c	10c	Dorman Long Ord. £1	23/9	...	8 8 5
55/3	34/3	14c	18c	Do. Pref. Ord. £1	40/-	-1/3	9 0 0
70/-	62/6	†6a	†11½b	Firth Brown £1	67/6	+2/6	5 4 0†
31/1½	22/6	†3a	†4½b	GuestKeen &c.Ord. £1	25/-	-9d	6 0 0†
33/9	26/6	7½a	15b	Hadfields 10/-	30/-	-9d	7 10 0
31/4½	21/6	7½b	2½a	Horden Collieries £1	24/9	...	8 2 0
29/-	25/9	5c	9½c	Lambert Bros. Ord. £1	27/-	...	7 0 0
13/10½	7/7½	2c	3½c	Ocean Coal&Wilson £1	8/6	-3d	8 4 0
12/3	8/10½	5c	10c	Pease and Partners 10/	10/-	-6d	10 0 0
23/9	16/9	2a	5½b	Powell Duffryn £1	17/6	-6d	8 11 0
48/4½	36/2¼	†7½b	†5a	Sheepbridge C.&I. £1	38/9	...	6 8 0†
35/4½	24/4½	3½a	8½b	Shipley Coll. Ord. £1	26/3	...	9 2 10
40/-	28/9	12c	13c	S. Durham Steel &Iron Ord. £1	32/6	-1/3	8 0 0
20/-	12/-	6c	7c	S. Durham Steel &Iron B Ord £1	13/1½	...	10 14 0
47/-	38/4½	4a	6b	Stanton Iron, £1	38/9x	...	5 3 3
58/-	46/-	†9½b	†3a	Staveley Coal, etc. £1	48/9	...	5 2 0†
40/3	31/6	7½c	12½c	Stewarts & Lloyds £1	37/6	-6d	6 13 3
28/9	2/7½	4a	6b	Swan, Hunter £1	27/6	-1/3	7 5 5
10/10½	2/9¾	15c	5c	Thomas (Rich.) 6/8	3/-	-3d	?

(a) Interim dividend. (b) Final dividend. (c) Dividends for full year. (d) Paid in £N.Z. (e) Allowing for exchange. (f) Flat yield. (h) Yield on 3¾% basis. (m) Based on payment of 2½%. (n) To redemption at par, in year shown. (v) Yield on 15/8% basis. (s) Yield worked on a 5½% basis. (w) Yield based on 40% of coupon. † Free of Income Tax. (y) Yield based on 47% of coupon. (p) Yield worked on a 10% basis. (t) Yield worked on a 14% basis. (x) 1% paid free of income tax.

Prices, Year 1938 Jan. 1 to July 20, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, July 20, 1938	Change since July 13, 1938	Yield July 20, 1938 £ s. d.
				Iron, Coal, &c.—cont.			
25/6	20/9	Nil	Nil	Thornycroft, John £1	25/-	...	Nil
$63½	$38½	1c	Nil c	U. States Steel $100	$63½	+$4	Nil
27/6	20/-	6b	3a	Un. Steel Cos. Ord. £1	23/-	-6d	7 16 0
26/10½	19/9	10c	10c	Vickers 10/-	21/-	...	4 15 0
29/6	21/-	10c	3¾a	Ward (Thos. W.) £1.	25/-	-1/3	8 0 0
36/6	33/1½	10⅜c	12⅔c	Weardale S. etc. Df £1	35/-	...	7 4 0
5 15/16	4½	12½a	22½b	Whitehead I. & S. £1	4⅝	-⅛	7 10 0
51/3	40/7½	15c	15c	Yarrow & Co. £1	50/-	...	6 0 0
				Textiles			
5/9	2/9	Nil	Nil	Bleachers £1	3/1½	...	Nil
5/6	2/10½	Nil	Nil	Bradford Dyers £1	3/10½	-4½d	Nil
5/4½	2/4½	Nil	Nil	Brit. Cel. Ord. 10/-	3/-	-6d	Nil
7/6	4/-	Nil	Nil	Calico Printers £1	5/1½	-3d	Nil
41/9	32/6	10c	10c	Coats, J. and P. £1	38/6	-6d	5 3 3
48/11½	26/9	7b	1½a	Courtaulds £1	29/-x	-5/9	5 17 0
39/9	26/9	2½a	7½b	English Swg. Ctn. £1	30/-	-7½d	6 13 3
6/9	3/4½	Nil	Nil	Fine Cotton Spin. £1	4/1½	-7½d	Nil
33/9	25/-	3a	5½b	Linen Thread Stk. £1	28/9	...	5 18 3
49/4½	36/3	†12½c	†10c	Patons & Baldwins £1	44/4½	...	4 10 3†
18/9	6/3	6c	Nil a	Whitworth & Mit. £1	7/6	...	16 0 0
				Electrical Manufactg.			
45/3	34/9	10c	10c	Associated Elec. £1	39/-	...	5 2 6
95/6	77/6	5a	15b	British Insulated £1	92/6	-2/6	4 6 7
103/3	78/9	5a	15b	Callenders £1	102/6	+7/6	3 18 1
32/6	18/9	6½b	6a	Crompton Park. A 5/-	30/-	...	2 1 9
31/9	24/4½	Nil c	10c	English Electric £1	31/-	...	6 8 0
79/3	67/-	17½c	20c	General Electric £1	77/-	-1/-	5 3 6
21/3	16/-	5a	15b	Henleys (W. T.) 5/-	21/3	+1/3	4 14 0
41/3	34/-	5a	7½b	Johnson & Phillips £1	38/-	...	6 12 6
30/6	22/9	7½c	7½c	Siemens £1	25/-	...	6 0 0
				Electric Light, &c.			
$13 11/16	$7⅝	Nil	$1c	Brazil Trac., no par	$13½	-⅛	7 8 3
68/-	62/6	6a	9b	Bournemouth & Ple.	66/3	+1/3	4 10 6
39/3	24/6	2a	5b	British Pow. & Lt. £1	30/-	...	4 13 3
34/3	33/-	3½a	4b	City of London £1	33/6	...	4 8 6
42/-	33/6	3a	5b	Clyde Valley Elec. £1	37/-	...	4 6 0
51/-	45/3	3a	7½b	County of London £1	49/6	+6d	4 5 0
27/9	27/-	4a	5b	Edmundsons £1	27/6	...	4 7 0r
35/-	31/6	2½a	5b	Lancashire Elec. £1	32/-	...	4 12 6
32/4½	28/9	4b	3a	Lond. Ass. Elec. £1	30/-x	+7½d	4 13 4
50/3	43/6	9b	3a	Metro. Electric £1	50/-	...	4 16 0
38/-	33/3	2½a	5½b	Midland Counties £1	38/-	...	4 5 0
33/-	26/6	2½a	4½b	North-East. Elec. £1	33/-	...	4 4 0
49/-	44/6	6b	4a	North Metro. £1	48/9x	+9d	4 2 0
38/7½	34/-	2½a	5½b	Scottish Power £1	38/-	...	4 5 0
41/-	37/6	3a	5b	Yorkshire Electric	41/-	+6d	3 17 6
				Gas			
25/-	21/6	5⅝a	5⅝b	Gas L. & C. £1	24/6	...	4 16 6
138	117	4a	6b	Imp. Cont. Stk.	125½	...	7 19 4
23/9	21/6	2⅞b	2½a	Newc.-on-Tyne £1	23/-	...	4 12 0
109¾	101¾	3b	2½a	S. Metropolitan Stk.	107½	...	5 2 4
				Motors and Cycle			
51/3	36/3	15c	12½c	Albion Motors Ord. £1	42/6	-1/3	5 19 0
39/4½	31/-	†7½c	†2½a	Assoc. Equip. Ord. £1	36/3	+1/3	4 2 9†
32/6	22/-	50c	50c	Austin 5/-	26/3	...	9 10 0
23/3	18/3	Nil	Nil	Birm. Sml. Arms £1	23/-	+6d	Nil
24/0¾	18/-	83⅓b	33⅓a	Dennis 1/-	23/9	...	4 18 0
23/1½	16/3	6c	5c	Ford Motors £1	19/4½	...	5 3 4
57/6	48/-	12½b	2½a	Lucas, J. (£1)	55/-	-2/6	5 9 9
89/4½	71/3	20c	25c	Leyland Motors £1	85/-	-1/3	5 19 6
33/3	24/9	45c	45c	Morris Motors 5/- Od.	29/3	-1/3	7 14 0
61/3	38/1½	20b	5a	Ral. Cycle Hold. £1	45/-	-1/3	11 2 3
104/3	81/3	6a	16½b	Rolls-Royce £1	101/3	-1/3	4 9 6
16/7½	9/9	25c	40c	Stand. Motor 5/-	14/-	-6d	7 2 0k
				Shipping			
7 3/16	3⅞	5a	15b	Clan Line Steam. £1	5	...	4 0 0
4/6	2/7½	Nil	Nil	Cunard £1	3/3	...	Nil
24/6	15/7½	3c	5c	Furness, Withy £1	18/-x	-6d	5 11 0
24/6	17/6	4c	2½a	P. & O. Def. £1	22/-	-6d	4 10 0
23/7½	16/9	4½c	5c	Royal Mail Lines £1.	19/-	...	5 4 0
22/3	13/6	Nil c	Nil c	Union Castle Ord. £1	15/6	-6d	Nil
				Tea and Rubber			
18/6	9/6	2½c	5c	Allied Sumatra £1	16/6	...	6 0 0
30/-	18/1½	4a	5b	Anglo-Dutch £1	29/-	+3d	6 4 0
29/4½	18/3	5a	10b	Bah Lias £1	26/3	...	11 8 6
27/-	22/6	2a	6b	Jhanzie Tea £1	23/9	...	6 14 9
38/6	31/6	5a	7½b	Jorehaut Tea £1	35/-	...	7 2 9
37/6	29/6	2½a	10b	Jokai (Assam) £1	33/9	...	7 8 0
18/10½	10/-	5c	5c	Linggi Plant. £1	17/6	...	5 14 0
3/10	2/0¾	5a	7½b	London Asiatic 2/-	3/7½	+1½d	6 19 0
30/9	17/6	4a	6b	Rubber Trust £1	30/6	+6d	6 10 0
3/8¼	2/-	5a	10b	United Serdang 2/-	3/4½	+1½d	8 19 0
				Oil			
105/-	67/-	5a	20b	Anglo-Iranian £1	102/-	...	4 18 6
32/6	24/9	32½a	12½b	Apex (Trinidad) 5/-	31/3	+6d	5 12 0
43/9	25/-	Nil	Nil	Attock £1	43/9	+3/9	Nil
6 1/16	4	5a	25b	Burmah Oil £1	4½	...	4 9 0k
12/10½	3/7½	10d ps c	11d ps c	Mexican Eagle M.$4	6/-	+1/6	?
£42	£33⅞	6a	11b	Royal Dutch fl.100	£38⅞	+£⅜	4 12 6
5 1/16	3½	†7½a	†12½b	Shell Transport £1	4¾	+⅛	4 4 0†
5 3/16	4 1/16	20b	10a	Trinidad Lease. £1	5 3/16	...	5 16 0
				Miscellaneous			
20/6	17/3	5c	5c	Aerated Bread £1	20/-	...	5 0 0
25/-	20/-	9c	8c	Allied News. £1	21/6	-6d	7 8 0
25/9	18/-	7c	7c	Amal. Metal £1	23/1½	-7½d	6 1 0
16/6	11/3	5a	3b	Amal. Press 10/-	14/-	...	5 14 0
15/-	11/-	11b	10a	Assoc. Brit. Pic. 5/-	13/3	...	8 0 0
17/9	10/3	26⅔c	25c	Assoc. News. Df. 5/-	12/6	-6d	10 0 0
88/1½	67/6	7½a	15b	Assoc. P. Cement £1	82/6	-2/6	5 8 0
72/6	56/10½	5a	10b	Barker (John) £1	62/6	...	4 16 0
65/7½	41/3	60c	85c	Beechams Pills Df. 5/-	60/-	-1/3	7 1 9
49/9	37/6	m29c	s32⅓c	Boots Pure Drug 5/-	42/6	-7½d	4 6 0
29/9	23/1½	7½c	10c	Borax Deferred £1	27/-	-6d	7 8 0
17/9	12/6	†9c	Nil c	Bow. Paper Mills £1	14/-	-1/-	Nil
57/10½	44/3	7½a	17½b	Bristol Aero. 10/-	55/-x	+1/9	4 14 0
53/1½	40/6	4a	8½b	Brit. Aluminium £1	52/6	-6d	4 15 0
36/3	31/-	2¾a	5b	British Match £1	33/6	...	4 13 6
5 7/16	4 13/32	†20c	†21¼c	Brit.-Amer. Tob. £1	5¼	-1/16	4 2 6†
84/4½	64/4½	7a	10b	British Oxygen £1	73/9	-2/6	4 12 0
62/-	46/3	17½b	7½a	Brockhouse (J.) £1	52/6	-1/3	9 10 0
68¾	45½	Nil c	4c	Cable & Wir. Ord.	54	-½	7 8 2
7⅝	6	20b	15a	Carreras A Ord. £1	7½	...	4 13 3
14/-	8/3	20c	25c	Crittall Mfg. Ord. 5/-	13/-	-9d	9 12 0
45/-	38/3	10c	12½c	De Havilland Air. £1	43/9	...	5 14 0
33/-	25/3	9c	9c	Dunlop £1	29/3	-3d	6 2 6
38/6	35/-	10b	5a	Eastwoods Ord. £1	37/6	...	8 0 0
16/3	9/9	10c	10c	Elec. & Mus. Ind. 10/-	13/6	-3d	7 8 0
26/3	18/-	15a	20b	Ever Ready Co. 5/-	20/6	-3d	8 10 0

Prices, Year 1938 Jan. 1 to July 20, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, July 20, 1938	Change since July 13, 1938	Yield July 20, 1938 £ s. d.
26/4½	17/-	10c	†12½c	Fairey Aviation 10/-	25/6	...	4 19 0
56/-	45/-	5a	7½b	Finlay (Jas.) & Co. £1	55/-	...	4 10 9
6 21/32	5 5/16	7½a	20b	Gallaher Ltd. Ord. £1	6 5/16	...	4 6 0
7/-	3/9	Nil c	Nil c	Gaumont-Brit. 10/-	4/9	...	Nil
20/6	11/3	8a	8b	Gen. Refract's 10/-	14/-	-6d	11 8 0
35/3	23/-	22½b	15a	Gestetner (D) (5/-)	30/-	...	5 16 0r
90/7½	68/9	5a	20b	Harrisons&Cros.Df. £1	86/3	...	(d)
76/6	60/7½	5a	13½b	Harrods £1	65/7½	...	5 10 0
30/-	19/10½	27½b	15a	Hawker Siddeley (5/-)	28/-	-3d	7 6 6
28/3	21/-	8c	9c	Imp. Airways £1	27/6	...	6 11 0
35/3	27/6	3a	5½b	Imp. Chem. Ord. £1	31/9	-6d	5 8 0
13/7½	8/-	Nil c	5c	Imp. Smelting £1	12/-	...	8 6 8
7¾	6	†7½a	†17½b	Imp. Tobacco £1	7⅛	-1/16	3 10 0†
$53½	$38⅞	c$1·30	c$2·25	Inter. Nickel n.p.	$52½	+$2	3 16 2n
12/9	8/7½	5a	5b	International Tea 5/-	9/-	...	5 11 0
40/3	32/9	4a	6b	Lever & Unilever £1	38/9	...	5 3 3
60/-	43/9	22½c	20c	London Brick £1	56/3	...	7 2 3
5 13/16	5	8⅓a	14⅙b	Lyons (J.) Ord. £1	5 11/16	+1/16	3 18 0
60/7½	42/6	15a	27½b	Marks & Spen. 'A' 5/-	57/6	-6d	3 11 6
4 11/16	3⅜	12½b	7½a	Murex £1 Ord.	4	-1/16	5 0 0
37/-	32/6	2½a	9⅜b	Phillips (Godfrey) £1	35/-	...	6 16 0
35/6	26/3	7½a	10b	Pinchin Johnson 10/-	32/6	+3d	5 7 6
42/9	26/3	32½b	12½a	Prices Trust Ord. 5/-	41/3	+1/3	5 8 0
58/9	42/6	3⅛a	11⅞b	Radiation Ord. £1	55/-	-1/3	5 9 0
5 15/32	4⅞	22½c	22½c	Reckitt & Sons Ord. £1	5⅜	...	4 4 0
14/3	11/-	†5a	†8⅓b	Sears (J.) Ord. 5/-	11/9	-3d	5 14 6†
14/6	8/9	2½c	4c	Smthfld.&Arg.Mt. £1	10/-	...	8 0 0
60/6	51/6	2½a	12½b	Spillers Ord. £1	55/-	+7½d	5 9 0
26/10½	21/-	Nil	Nil	Swed. Match, B.kr.25	26/10½	+1/10½	Nil
83/-	70/-	14b	4¼a	Tate and Lyle £1	78/9	...	4 12 0
48/3	36/6	5a	5b	Tilling, Thos. £1	46/3	-1/3	4 6 6
68/4½	52/6	11b	5a	Tob. Secrts. Ord. £1	65/-	...	4 19 0
53/-	30/7½	60c	w35c	Triplex Safety G. 10/-	40/-	-2/6	8 15 0
89/4½	74/4½	16¼b	10a	Tube Investments £1	84/4½	...	6 4 0
87/6	70/-	16¼b	3¾a	Turner & Newall £1	80/-	-7½d	5 0 0
57/4½	46/3	7½b	5a	United Dairies £1	56/3	...	4 10 6
27/7½	18/4½	15b	7½a	United Molasses 6/8	23/9	...	6 6 4
39/8¼	33/9	7½b	5a	W'llpapr Mfrs.Def. £1	35/7½	-7½d	7 0 0
39/3	32/6	3a	7b	Wiggins, TeapeOrd. £1	36/6	...	5 10 0
70/-	60/6	15a	45b	Woolworth Ord. 5/-	65/-	...	4 12 4
				Mines			
70/7½	52/6	95c	95c	Ashanti Goldfields 4/-	67/-	...	5 13 6
12/10½	8/0¾	p11b	p6a	Burma Corp. Rs. 9	11/6	...	10 2 0r
3/6	1/6	Nil c	Nil	Commnwlth. Mng. 5/-	2/10½	+6d	Nil
81/3	62/6	32½c	6¼a	Cons. Glds. of S. Af. £1	78/-	-9d	5 2 9
16⅞	14¾	95b	95a	Crown Mines 10/-	16¼	...	5 17 0
13 5/16	6	30a	Nil b	De Beers (Def.) £2½	9½	+⅜	7 6 0
69/4½	51/10½	20c	15c	Jo'burg. Cons. £1	53/9x	-9d	5 11 6
48/3	30/10½	11¼b	11¼a	Randfontein £1	37/-	+1/4½	12 2 0
12⅞	9⅛	37½b	25a	Rhokana Corp. £1	12	+¼	5 4 0
19⅞	12¾	Nil	Nil	Rio Tinto £5	14¾	+¼	Nil
21/7½	13/7½	80c	10a	Roan Antelope Cpr. 5/-	18/6	+3d	(b)
11½	9⅜	75a	75b	Sub Nigel 10/-	11	...	6 17 6
9⅛	7	2/6a	6/-b	Union Cp. 12/6 fy pd.	9	-¼	4 14 0
9 25/32	5 13/16	Nil	Nil	W. Witwatersrand 10/-	7⅝	-¼	Nil
19/1½	5/2¼	10c	Nil c	Wiluna Gold £1	15/3	-9d	Nil

NEW ISSUE PRICES

Issue	Issue price	July 20, 1938	Change since July 13	Issue	Issue price	July 20, 1938	Change since July 13
Afr. Expl. 4%	100	101½-102½	...				
B,C&H.P.3½%	99	⅛ dis-⅛ pm	...	Holt B. 4% db.	101	2⅞-3⅛ pm	...
BeiraWks5½%	101	1½-½ dis	...	L.C.C. 3½%	101½	⅞-1 pm	+⅛
Bootle 3¼%	98½	3/16-1/16 dis	...	MidCE3½%db	100	¾-¼ dis	...
Bnmth 3¼%	98½	⅞-1 pm	+5/16	Nat. Def. 3%	98	1¾-1⅞ pm	+5/16
Brit.Oxy.5%Pf	22/6	6d pm	-1½d	Plym'th 3¼%	98	1⅞-2⅛ pm	+⅛
CovGP4%Dbs	99	1-½ dis	...	Walker 7% Pf.	10/-	par-6d pm	...
Gt.Un.S.4½%	99	⅛ dis-⅛ pm	+¼	5% Deb.	100	½-1½ pm	+½

UNIT TRUST PRICES

as supplied by managers and Unit Trusts Association

(Table does not include certain closed trusts)

Name and Group	July 20, 1938	Change since July 13	Name and Group	July 20, 1938	Change since July 13
Municipal & Gen.			Keystone	16/3-17/3	...
For. Govt. Bond	14/9-15/9	...	Keystone 2nd	13/3-14/3x	-3d
Limited Invest.	19/--19/9	-3d	Keystone Flex.	15/--16/-	-1½d
Mid. & Southern	18/9-19/6	...	Key. Consol.	14/6-15/6	...
Scottish & Northn.	17/--17/9	-3d	**Allied**		
Bank-Insurance			Amer. Indsts.	18/3-19/3	+1/-
Bank & Insur.*	18/9-19/9	...	Brit. Ind. 1st	17/6-18/6	-3d
Insurance*	20/6-21/6x	-3d	Do. 2nd	15/--16/-	-3d
Bank*	17/6-18/6	-3d	Do. 3rd	15/3-16/3	...
Invest. Trust*	13/6-14/3	...	Do. 4th	16/--17/-x	-3d
Scot. B.I.I.T.*	14/7½-15/6x	...	Elec. Inds.	16/3-17/3x	...
Cornhill deb.*	21/1½-21/10½	-1½d	Metals & Min.	14/3-15/3	...
Cornhill def.*	13/9-14/9	-1½d	**Other Groups**		
National			Brit. Emp. 1st Unit.	17/3-18/3	-3d
National C.	17/9-18/9	-3d	Brit. Gen. "C"	15/4½-16/4½	-1½d
National D.	17/--18/-	+3d	Rubber & Tin	1/2½-1/4	...
Nat. Invest.	13/1½-14/1½x	...	Brit. & Amer.	15/--16/-	...
Amalgamated	20/3-21/3	-3d	Producers	8/--8/6	...
Century	17/1½-18/1½	-1½d	Domestic	7/--7/6x	-3d
Gilt-edged	17/9-18/3	-3d	Do. Priority	9/3-9/9	...
Scottish	17/--18/-	-3d	1st Prov. "A"	20/3-21/3	...
Universal	18/1½-19/1½	-1½d	Do. "B"	15/--16/-	-3d
"15 Moorgate"			Do. Reserves	15/6-16/6	...
Inv. Flexible	12/9-13/9	-3d	Selective "A"	15/10½-16/10½	-1½d
Inv. Gas & El.	13/--14/-	+1½d	Selective "B"	15/6-16/6x	...
Inv. General	16/7½-17/7½	-3d			
Inv. 2nd Gen.	14/3-15/3	...	Brit. Trans.	13/--14/-	-3d
Inv. Gold	17/--18/-	...	Bank, Ins. & Fin.	15/3-16/3x	...
Hundred	17/7½-18/7½	...	British Bank Shrs.	20/--21/-	...
Provident	13/9-14/9	...	Do Insur. Shrs.	16/6-17/6	-3d
Savings Unit	8/10½-9/6	-1½d	Four Square	20/--21/-	...
Security First	14/1½-15/1½x	+1½d	Brewery	14/6-15/6	...
Keystone			Protected 1st	19/--20/-	-3d
Gold 2nd Ser.	18/1½-19/1½x	...	Do. 2nd	16/6-17/6	-3d
Gold 3rd Ser.	13/4½-14/4½x	...	Do. 3rd	11/6-12/6	-3d

* Bid and offered prices are free of Commission and Stamp Duty. (a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (k) Yield on 20% basis. (m) Including bonus of 5% free of tax. (n) Yield worked on a 2 per cent. basis. (r) Calculated at 18½ annas per share of Rs. 9. (p) Annas per share. (s) 8⅓% paid free of income tax. † Free of Income Tax. (v) Yield worked on 35% basis. (w) Paid on £300,000 more capital than in preceding year. (d) 17½ per cent. cash dividend and 7½ per cent. in deferred ordinary stock. (y) Dividend before the 200% capital bonus 4s. per share. (t) Yield worked on 6% basis.

New York Prices

	Close July 14, 1938	Latest July 21, 1938
1. Rails and Transport		
Atchison	35¾	40⅞
Balt. & Ohio...	8⅞	10⅝
B.M.T.....	11⅝	11⅝
Can. Pacific...	6⅞	7⅝
Ches. & Ohio	30⅝	34⅛
G.N. Ry. Pf...	20½	5⅛
Illinois Cent...	10⅝	13⅜
N.Y. Central..	17⅜	21
Northern Pac.	10⅞	14⅛
Pennsylv. R...	20⅛	23⅝
Southern Pac.	16⅛	21
Southern Rly.	12⅛	14¾
Union Pac. ...	80½	88
Greyhound ...	15¼	16⅞
2. Utilities and Communications		
Am. W'works	11	12⅝
C'wlth. & S....	1⅜	1½
Con. Edison....	27¾	29⅝
Col. Gas & Elc	7¾	8½
El Bond & Sh.	8½	9⅞
Nat Pwr & Lt.	7¼	7⅝
N. American..	21½	23⅞
Pac Gas & Elc	27¾	28⅜
Pac. Lighting	40⅜	41½
Pub Serv N.J.	31	32
Stan Gas & E.	4¼	4⅜
United Corp.	3	3⅜
Un. Gas Imp.	10⅞	10⅞
Amer. Tel. ...	141	140⅝
Internat. Tel.	10⅛	10¼
Westn. Union	29¼	33
Radio	7	7⅛
» B. Pref	55	58
3. Extractive and Metal		
Am. Rol. Mill	19½	21⅞
Beth. Steel ...	57	61⅝
Beth. Steel P.	98	97½
Republic St.	18½	20
U.S. Steel ...	56¼	61⅝
U.S. Steel Pf.	106½	109¼
Alaska J'neau	10	10⅜
Am. Metal ...	35	36⅜
Am. Smelting	47¼	50⅞
Anaconda ...	33¼	36⅛
Bohn Alum ...	26⅜	27⅝
Cerro de Pas..	46½	47⅝
Int. Nickel ...	49	51⅞
Kennecott ...	39⅞	41⅜
Patino Mines	10¾	11⅛
Tex. Gif. Sul.	33½	35
U.S. Smelt....	66	65¼
Vanadium ...	18	20¼
Atlantic Refg.	24¼	27
Phillips Petr.	41¾	44
Shell Union...	16¾	17⅞
Shell Un. Pf...	99⅞	104¼
Socony Vac....	14⅞	15⅜
Stan. Oil Cal.	31⅝	34⅜
Stan. Oil N.J.	54⅝	57
Texas Corp.	45	48⅞
4. Manufacturing		
Briggs	25¾	30
Chrysler	65	72⅝
Elec. Autolite	22	27½
Gen. Motors..	38⅜	42¼
Hudson Mtr.	8	9
Nash Kelvntr	10¼	10⅝
Packard Mtr..	5	5½
Bendix Avtn.	16¾	18⅝
Boeing Airpln	29	29¼
Douglas Air...	50½	52½
United Aircft.	28¼	28½
Air Reduction	60	64½
Allied Chem'l.	178½	179
Col. Carbon	89	94
Dupont	120	129⅛
Un. Carbide	78¾	84½
U.S. Ind. Alc.	21½	23⅝
Allis Chalmer	47⅛	53
Gen. Electric	40¼	42⅝
West'hseElec.	98⅛	103⅛
American Can	99¾	99½
Addressogrph	21½	23
Caterpillar ...	51⅞	56
Cont. Can. ...	46⅝	47½
Ingersoll Rnd	87	91
Int. Harvester	62½	66½
Johns Manvle	91	95¼
Am. Radiator	15⅛	16⅝
Corn Prods....	66¾	69
J I Case & Co.	92½	101¾
Glidden	23½	25
G. Am. Trans	45½	49
Celanese of A.	19	22⅝
Ind. Rayon....	22⅝	25½
Colgate Palm.	11¼	11⅞
Eastm'n Kdk.	170	179
Gillette	8½	8⅝
Lambert Co.	14¼	13½
Loews	51¼	50⅞
20th Cen. Fox	24⅝	24
5. Retail Trade, etc.		
Mont. Ward	43¼	48⅜
J. C. Penney	79	83½
Sears Roebck	67⅛	73⅞
United Drug	6⅜	6⅝
Walgreen xd	17½	17⅜
Woolworth ...	47	47¾
Borden	17	17¼
Gen. Foods...	34	35¼
Kroger Grcy.	16⅞	17
Nat. Biscuit	23¼	23⅞
Nat. Dairy ...	15⅝	15¾
Stand. Brands	8⅛	8¼
Am. Tob. B.	79¾	83¼
Lig. Myers B.	100¼	102
Lorillard	17¾	20⅛
Reyn. Tob.B.xd	41⅝	44½
Nat. Distillers	22½	24⅜
Schenley Dis.	19¾	21½
6. Finance		
Comcl. Credit	41⅞	46¼
Atlas Corp....	8⅛	8¾
Com Inv. Tr.	46⅜	50¼

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).

WEEKLY AVERAGES

	1938 Low Mar. 30	1938 High Jan. 12	July 6, 1938	July 13, 1938	July 20, 1938
347 Ind'ls. ...	75·9	108·6†	104·6	104·4	108·6
32 Rails	19·0	31·4	27·1	26·8	29·4
40 Utilities...	57·7	78·8	77·3	76·0	77·8
419 Stocks ...	63·7	90·7†	87·6	87·2	90·7
Av. yield %*	8·35 High	3·99† Low	4·12	4·18	3·99

* 50 Common Stocks. † July 20th.

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

July 14	July 15	July 16	July 18	July 19	July 20
116·7	118·4	119·6	122·0	125·3	123·2

1938 High: 125·3 July 19th. Low: 83·6 March 31st.

TOTAL DEALINGS IN NEW YORK

1938	Stock Exchange Shares 000's	Stock Exchange Bonds $000's	Curb Shares 000's
July 14	1,160	6,950	175
» 15	930	5,190	136
» 16*	630	3,000	69
» 18	1,560	6,050	161
» 19	2,940	10,400	352
» 20	2,510	11,800	367

* Two-Hour Session.

Capital Issues

FIXED-INTEREST securities again provide the bulk of this week's new capital offers. Cash lists opened and closed for the *Wolverhampton* loan on Thursday, but conversion lists remain open until Tuesday next week. The favourable response to the Ipswich loan, and the strength of recent corporation scrips, provided a good background for the issue, though "names" have had an important bearing on the degree of success of recent municipal offers. Nearly four-fifths of the *City of Pretoria* issue is required for the conversion of the existing 4 per cent. stock. The new stock is not eligible under the trustee rules, and may therefore appeal to the investor who requires a stock of sound status with a somewhat higher yield than the trustee list can provide. The offer for sale of 5 per cent. redeemable preference £1 shares of *Beecham Maclean Holdings* at par was subscribed within one minute of the opening of the lists on Tuesday, and allotments were not known as we went to press. The cover provided by the due proportion of Macleans, Limited, profits for the latest year, and by Beechams Pills profits under the dividend guarantee, attracted substantial "stag" applications. For the long-term investor it may be pointed out that the Beechams Pills guarantee applies only to dividends and does not cover principal of the new preference shares. The preference and ordinary shares of *Regis Property Company* rank after £675,000 4½ per cent. first debenture stock and mortgages securing £558,170 also at 4½ per cent. Ultimate prospects depend upon the realisation of the directors' estimates regarding rental revenues, which are based on a normal letting position. A guarantee of estimated profits operates during the next three years, but is limited to a total liability of £50,000. *Bowater-Lloyd Newfoundland* have issued £1,250,000 4½ per cent. first debenture stock at 98, guaranteed by Bowater's Paper Mills, Bowater's Mersey Paper Mills, and Edward Lloyd, Limited, as to principal, interest and sinking fund. The company has been formed to acquire the 800,000 £1 common shares of International Power and Paper of Newfoundland, as part of a programme for the protection of supplies of raw materials. For their security, of course, debenture holders will have to look mainly to the guarantor companies, whose latest earnings and assets positions appear adequate to meet any liability which may arise. *Montague Burton* 5 per cent. secured loan stock ranks as a second floating charge after £3 millions of 4¼ per cent. first mortgage debenture stock. The stock is well covered by recent assets and earnings, and will have the support of a generous sinking fund, commencing in 1940. Its junior status, however, suggests that it may have difficulty in establishing itself as a market favourite.

CAPITAL ISSUE TOTALS

Week ending July 23	Nominal Capital £	Conversions £	New Money £
To the Public	6,096,500	1,295,410	4,751,090
To Shareholders ...	1,065,000	...	1,090,000
By S.E. Intro.	Nil	...	Nil
By Permis. to Deal...	2,958,172	...	4,635,891
Sav. Certs., week ending July 16 ...	500,000	...	...

Year to date	Including Conversions £	Excluding Conversions £
1938 (New Basis).....	324,309,952	205,803,989
1937 (New Basis)	*389,189,074*	*341,325,903*
1938 (Old Basis).....	165,896,600	148,340,741
1937 (Old Basis)	*143,085,548*	*197,874,312*

Destination (Excluding Conversions)

Year to date	U.K. £	Brit. Emp. ex. U.K. £	Foreign Countries £
1938 (New Basis)	150,768,094	43,606,666	2,429,229
1937 (New Basis)	*290,001,762*	*49,558,282*	*1,765,859*
1938 (Old Basis)	127,537,726	18,303,891	2,399,124
1937 (Old Basis)	*181,958,323*	*15,715,989*	*Nil*

Nature of New Borrowing (Excluding Conversions)

Year to date	Deb. £	Pref. £	Ord. £
1938 (New Basis)	135,945,732	11,492,841	58,365,416
1937 (New Basis)	*155,383,260*	*22,508,790*	*163,433,853*
1938 (Old Basis)	125,186,813	5,983,996	17,169,932
1937 (Old Basis)	*141,444,342*	*15,467,260*	*41,245,364*

NOTE.—"Old Basis" includes public issues only; "New Basis" includes all new capital in which permission to deal has been granted.

PUBLIC OFFERS

Wolverhampton Corporation. — Issue of £1,000,000 3¼ per cent. stock at 98½. Part of proceeds to convert or redeem £499,300 6 per cent. stock. A trustee stock; redeemable at par June, 1964, or from 1959 on notice. Estimated population, 144,000; rateable value, £930,000; rates, 12s. 6d.; total loan debt at March last, £6,945,220 (of which £3,476,372 housing); capital assets, about £11,000,000.

Montague Burton, Ltd.—Issue at par of £1,000,000 5 per cent. secured loan stock. Second floating charge, subject to £3,000,000 4¼ per cent. first mortgage debenture stock. Redeemable at 101½, December, 1960, or from 1940 at varying rates. Profits, after depreciation and interest, years to March 31: 1936, £530,297; 1937, £499,355; 1938, £531,911. Total net assets after deducting existing debenture stock, £5,499,559.

Bowater - Lloyd Newfoundland, Ltd.—Issue of £1,250,000 4½ per cent. guaranteed first debenture stock at 98. Principal, interest and sinking fund jointly and severally guaranteed by Bowater's Paper Mills, Bowater's Mersey Paper Mills and Edward Lloyd, Ltd. Redeemable at par, November, 1963, or from 1943 at 102. Company formed to acquire common capital of International Power and Paper Company of Newfoundland. Paper mills capacity, 200,000 short tons of newsprint per annum. Purchase price, £1,250,000. Combined profits, after depreciation and debenture interest, of guarantors: 1934–35, £433,989; 1935–36, £551,142; 1936–37, £394,252. Combined net assets, £6,135,969. Total assets of International Power and Paper, $49,312,649. Lists closed 9.30 a.m. 21st July.

CONVERSIONS AND REPAYMENTS

City of Pretoria. — Issue of £1,000,000 3¼ per cent. inscribed stock at 99, offered in conversion to holders of £796,110 4 per cent. inscribed stock, 1939. Redeemable at par, July, 1958, or from 1953 on notice. Estimated population, 110,000; rateable value, £4,918,705 land and £12,789,760 buildings. Rates, 6d. on land and ¼d. on buildings, plus ¼d. special rate. Revenue, year to June, 1937, £967,490. Net outstanding debt, £3,472,866. Total assets, £9,001,066.

BY OFFER FOR SALE

Beecham Maclean Holdings. — Offer for sale at 20s. of 1,496,500 5 per cent. redeemable cumulative £1 preference shares (500,000 applied for firm). Redeemable by 1960 at 21s. 6d. by redemption fund from 1940. Preferential dividend unconditionally guaranteed by Beechams Pills, Ltd. Formed to acquire 90 per cent. of Macleans.

Ltd., 5s. ordinary shares. Macleans profits after depreciation and N.D.C., years to June 30: 1936, £182,485; 1937, £302,893; 1938, £316,488. Purchase price to Beechams Pills for 3,357,356 Macleans shares is £2,221,779, i.e. £3,500 cash, this issue, and 2,887,116 5s. ordinary shares. Price is 12s. 6d. per share, Beechams receiving 20 per cent. final dividend and paying £105,000 expenses. Lists closed at 9.1 a.m. July 19th. Applications amounted to £10,500,000.

Regis Property Company.—Offer for sale at par of 250,000 5½ per cent. cumulative £1 preference shares and 100,000 £1 ordinary shares. Excess of assets, £752,830 (after debenture stock and mortgages of £1,233,170), purchased for £752,830 in 362,500 5½ per cent. preference and 362,500 £1 ordinary shares, vendors forgoing £27,830. Property valuation, £1,973,000. Total gross rents, etc., £276,697 (including £42,506 from unlet space); void allowance, £13,835; expenses, £134,127; mortgage interest, debenture service, etc., £70,643. Estimated balance, £58,035. Gross rents, etc., received years to March 31: 1937, £161,708; 1938, £232,607. Real Property and Finance Corporation guarantee annual net income of £128,678 for 3 years (maximum liability, £50,000). Lists closed 9.5 a.m. July 20th.

SHORTER COMMENTS

Company Results of the Week.—Net profits of THRELFALL'S BREWERY are slightly lower at £348,512, the 18 per cent. dividend being maintained. Borrowing powers are to be increased by £500,000. CITY OF LONDON BREWERY AND INVESTMENT TRUST, net profits amount to £183,780 against £185,245. McDOUGALLS TRUST are maintaining the 10 per cent. dividend, although the operating company's total profits have fallen from £429,425 to £412,038. HEAD WRIGHTSON'S profits are most satisfactory, for they show an 87 per cent. advance at £112,983. Accumulated wear and tear allowances make taxation provision for 1937–38 unnecessary, and the former 5 per cent. distribution is doubled. The good impression made by the HANDLEY PAGE preliminary statement is confirmed by the full report, total profits amounting to £551,597. ANGLO-JAVA RUBBER net profits are 18 per cent. higher at £128,613, but the dividend rate, payable on a larger capital, is reduced from 7½ to 3 per cent. Taxation and other reserves absorb £82,500. EAST ASIATIC RUBBER stocks at March 31st last amounted to £37,322 against £16,572, and account for the improvement in 1937–38 profits. For 1938–39, 180 tons have been sold forward at 10¾d. per lb. TANKERS, LTD., trading profits fell sharply from £101,506 to £38,275, although variations in freight rates did not affect the company. Increased costs of repairs, etc., have reduced net profits to £33,796, against £109,759. During the year three vessels of 106,479 deadweight tons were sold for £190,560. BRITISH STEAMSHIP INVESTMENT TRUST, over three-fourths of whose holdings are in the British Empire, have earned £15,700 more at £123,909. The first accounts of CORNERCROFT, LTD., since its introduction to the public show trading profits after depreciation of £30,447. Good improvement is recorded by CROSSLEY BROTHERS, LTD., who have earned £62,839 against £45,453 and are resuming dividends with a 2½ per cent. distribution. GLOUCESTER RAILWAY CARRIAGE AND WAGON COMPANY report continued improvement on the manufacturing side, and a slightly better return from the hiring business; net profits are £17,862 against £9,201. HECHT LEVIS AND KAHN have experienced a considerable setback, earnings amounting to £132,540 against £190,418. A reserve formerly made for investment depreciation but not now required has been brought in and some £25,000, of a capital nature, is distributed as a bonus.

MISCELLANEOUS

Rio de Janeiro City Improvements Company.—The directors announce that the Brazilian Government have paid the half-yearly revenue to June 30, 1938.

General Theatre Corporation.—Net profit for year ended March 31, 1938, £328,922, a decrease of £8,119. Final dividend 6 per cent. on the participating preferred ordinary shares makes 15 per cent. for year (same). To general reserve £35,000, leaving £56,592 to carry forward against £54,494.

City of London Brewery and Investment Trust.—Net profit for year to June 30, 1938 (after tax and N.D.C.) was £183,780 against £185,245. Dividend on deferred stock 8 per cent. against a capital bonus of 20 per cent. a year ago. Carry forward reduced from £89,086 to £86,358.

South African Distilleries and Wines—Aggregate net profits (after tax) expanded from £S.A.227,206 to £S.A.259,490, in year to June 30, 1938. Ordinary dividend 18¼ per cent. against 15 per cent. plus a 5 per cent. bonus paid from sums previously set aside in connection with possible litigation. Carry forward raised from £1,491 to £2,289.

Cable and Wireless Traffic Index.—The course of the index-number since January, 1930, is shown in the following table:—

(Working day average of comparable receipts year 1929 = 100)

	1930	1931	1932	1933	1934	1935	1936	1937	1938
Jan. ...	96·0	76·3	73·4	69·9	71·8	73·2	71·2	85·8	71·5
Feb. ..	95·7	81·2	82·9	71·7	74·7	74·4	73·3	84·6	73·7
Mar. .	94·5	79·6	77·8	70·4	72·8	76·2	76·0	90·6	74·7
Apr. ..	94·9	74·5	71·4	71·8	71·6	74·6	71·6	83·7	71·5
May ..	86·2	68·8	67·7	70·7	73·1	72·5	67·6	78·6	65·3
June...	86·0	66·6	64·7	70·1	70·1	70·2	70·3	73·5	66·4
July...	80·8	64·7	63·2	67·5	68·9	66·7	70·3	73·4	...
Aug..	82·1	61·8	69·6	65·9	70·7	67·1	69·1	73·0	...
Sept..	81·4	73·0	71·4	67·9	70·3	75·5	70·7	72·6	...
Oct....	82·5	77·8	73·2	72·1	73·6	78·8	75·9	76·5	...
Nov. .	80·4	79·0	73·0	71·8	71·3	72·7	80·5	72·5	...
Dec....	87·1	83·6	78·8	76·7	80·7	80·1	96·4	82·5	...

Fodens, Ltd.—Accounts for eleven months ended May 31, 1938, show trading profit of £57,554, and after tax and reserve for investments, and crediting interest, etc., net profit is £58,757, compared with £46,383 for previous year. Deducting debit of £13,880 brought in, there remains £44,876. Dividend of 5 per cent. less tax (nil); to creation of reserve £15,000; £18,733 forward.

McDougalls Trust, Ltd.—Revenue for year to June 30, 1938, amounted to £205,200 against £205,210. Ordinary dividend maintained at 10 per cent. Carry forward raised from £37,817 to £39,497.

Southern Kinta Consolidated.—Profits before tax, to March 31, 1938, £265,886, a decline of £48,653. Operating expenses increased by £55,787 to £209,543. To depreciation reserve £58,500 (£64,500), Reserve for tax £82,000 (£96,000). Ordinary dividend 25 against 30 per cent. Carry forward raised from £72,018 to £88,509.

Tavoy Tin Dredging.—Profit for 1937 £29,353 against £6,101 for 1936. Proceeds of tin concentrates, £189,454, compared with £126,807. Operating expenses rose from £81,524 to £97,170, and £12,750 more at £35,000 is reserved for depreciation. After writing off £14,245 special reconditioning expenditure, £32,397 goes forward, compared with £17,289.

Tankers Limited.—Profit for year to March 31, 1938, £33,796 (compared with £109,759) after charging £14,231 against £16,696 net, balance of reconditioning expenses. To survey and repairs reserve, £12,500. Dividend 4 per cent. on preference, as before, taking £22,678. To survey and repairs reserve, £12,500 against £25,000. In 1936-37 £200,000 had been placed to depreciation. Carry forward £4,633 against £6,016.

Handley Page Limited. Net profit for 1937 £211,389, an increase of £108,710. Ordinary dividend 30 against 50 per cent., absorbing £62,233 in each instance. To general reserve £125,000 against £25,000. Carry forward raised from £16,888 to £19,868. Cash stands at £150,491 against £301.

Industry and Trade

Cotton Trade Enabling Bill.—An important development regarding the proposed Cotton Industry Enabling Bill has been the announcement in Manchester this week of further joint discussion between representatives of the 750 firms which have registered their opposition to the proposals and the Executive of the Joint Committee of Cotton Trade Organisations. A mass meeting of representatives of objecting firms has been held, and although from the tone it was obvious that a large number of people still opposed the whole form of the Bill, it was rather significant that, on the proposal of Sir T. D. Barlow, seconded by Sir Kenneth Lee, a resolution was passed in favour of continuing discussions with the sponsors of the Bill. The willingness of the opposition to consider the proposals indicates that there is a possibility of agreement being reached on certain points. The full Joint Committee of Cotton Trade Organisations will meet in Manchester on Tuesday of next week to consider the position and approve the amendments and modifications to the Bill which have

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already been recommended by the Executive. The half-yearly meeting of the Manchester Chamber of Commerce approved the directors' policy of refraining from any official statement condemning or approving the proposed Bill until its details had been made known; it was stated that the Bill would probably be drafted in September and would be placed in the hands of the members of the Chamber of Commerce and of the trades concerned before it was introduced into the House of Commons.

* * *

Overseas Trade by Commodities.—The preliminary figures for the value of British overseas trade in June were discussed in a Note on page 139 of last week's issue of *The Economist*; they confirmed the general expectation of a further decline in international trade, which, however, was less than that which usually occurs in this month. As a result, *The Economist's* index of the volume of raw material imports (computed on the basis of the first quarter's prices) rose from 97 in May to 104 in June (daily average of 1935 = 100), compared with 125 in June, 1937; the corresponding index of exports of British manufactures rose from 91½ in May to 99 in June, compared with 122½ in June, 1937. The tables given below

RETAINED IMPORTS—MONTH OF JUNE

Item and Measure	1936	1937	1938
Wheat ..... '000 cwts.	10,332	8,093	9,966
Beef and veal ..... '000 cwts.	1,029	1,184	1,303
Mutton and lamb ..... '000 cwts.	668	773	817
Sugar (unrefined) ..... '000 cwts.	3,930	3,605	4,674
Iron ore and scrap ..... '000 tons	581	734	448
Raw cotton ..... '000 centals	1,326	1,120	638
Sheep's and lambs' wool ..... '000 centals	680	817	615
Flax, hemp and jute ..... tons	16,406	25,346	12,503
Crude petroleum ..... '000 galls.	71,547	44,649	63,391
Hides, wet and dry ..... '000 cwts.	166	153	88
Wood pulp ..... '000 tons	241	156	121
Rubber ..... '000 centals	80	234	315
Unwrought copper ..... tons	25,648	40,600	31,853
Pig lead ..... tons	23,809	31,964	31,520
Tin: Ore and concentrates ..... tons	2,487	4,468	4,556
Blocks, ingots, slabs and bars ... tons	671	2,221	301
Iron and steel manufactures ... '000 tons	111	175	61
Machinery ..... tons	7,573	12,529	10,126

show clearly the unequal effects of the recession in business activity. The June imports of foods (wheat, meat and sugar) and of petroleum were all larger than in June, 1937, or than in May, 1938; the fall in imports of industrial raw materials, particularly textiles, continues. Compared with

BRITISH EXPORTS—MONTH OF JUNE

Item and Measure	1936	1937	1938
Coal ..... '000 tons	2,574	3,482	2,908
Iron and steel scrap ..... tons	7,180	20,416	1,564
Pig-iron and ferro-alloys ..... tons	7,986	11,171	3,121
Railway materials ..... tons	26,720	29,403	9,395
Total, iron and steel manufactures... tons	173,536	235,412	150,880
Textile machinery ..... tons	3,926	5,955	5,592
Total machinery ..... tons	27,550	37,557	40,435
Cotton yarns ..... '000 lb.	12,313	14,274	8,418
Cotton piece goods ..... sq. yds.	129,634	154,794	96,068
Wool tops ..... '000 lb.	2,990	3,402	2,423
Worsted yarns ..... '000 lb.	2,006	2,313	1,769
Woollen tissues ..... '000 sq. yds.	5,383	6,302	3,440
Worsted tissues ..... '000 sq. yds.	3,006	3,942	2,340
Linen piece-goods ..... '000 sq. yds.	6,223	7,629	3,289
Leather boots and shoes ..... doz. pairs	21,301	30,826	22,910
Leather ..... cwts.	19,006	23,573	16,645
Paper and cardboard ..... cwts.	298,363	400,126	264,284
Locomotives and parts ..... tons	2,205	1,811	2,172
Motor vehicles and chassis ..... No.	6,434	8,835	6,945

June of last year, exports of all except two of the items given below—machinery and locomotives—are lower; compared with May, there has been some recovery in these two items, and also, for the first time for many months, in the exports of wool tops, worsted yarns and tissues.

* * *

Iron and Steel Production.—The output of the iron and steel industry showed a further decline in June. Production of pig iron fell from 633,900 tons in May to 541,500 tons in June, and that of steel ingots and castings from 167,500 tons to 150,800 tons. Exports also showed a further decline to 150,900 tons, compared with 167,500 tons in May. Imports of iron and steel showed an insignificant increase on the month to 60,800 tons, but the level of imports has varied very little since the re-introduction of the import duty in March:—

PRODUCTION AND TRADE IN IRON AND STEEL
(In thousands of tons)

Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average	855·0	638·6	185·9	414·1
1929 " "	632·4	803·0	235·2	364·9
1932 " "	297·8	438·5	132·7	157·4
1936 " "	643·5	982·1	123·6	183·8
1937 " "	708·0	1,080·3	170·0	214·7
" 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	726·7	1,161·0	226·2	193·6
" October	769·6	1,133·6	220·5	206·9
" November	762·3	1,178·3	272·5	198·0
" December	783·8	1,103·8	288·3	196·8
1938—January	761·1	1,081·4	308·7	191·2
" February	693·3	1,057·6	230·4	156·7
" March	714·6	1,115·8	276·8	176·1
" April	661·0	938·6	61·5	168·3
" May	633·9	957·0	55·7	167·5
" June	541·5	776·1	60·9	150·9

As a result of the continued decline in domestic production, *The Economist's* index of apparent iron and steel consumption (1935 = 100) fell from 104½ in May to 93 in June; this index does not include changes in stocks, but is adjusted for seasonal variations.

* * *

Sugar Quota Reduced.—The International Sugar Council, at its meetings in London from July 5th to 9th, and again from July 13th to 16th, had the very difficult task of fitting the elaborate quota system decided upon last year to the realities of the 1938–39 sugar season, which begins on September 1st. It will be recalled that the International Sugar Agreement, which resulted from last year's Conference, fixed basic quotas of exports by thirteen exporting countries to the "free market"—which is all the market that is left after each consuming country has taken the whole of its own production and the British Dominions have had first call on the United Kingdom market. Unfortunately, these quotas add up to 3,682,500 metric tons and the Council is only empowered to reduce them by 5 per cent., while the estimate of free market requirements in 1938–39 is only 3,150,000 metric tons even this figure includes an allowance for contingencies and for possible Government purchases. The gap has, however, been closed—on paper. The 5 per cent. cut in quotas accounts for 184,125 metric tons; it is assumed that exporting countries will, in fact, fall short of the amounts allotted them by 100,000 tons; and voluntary surrenders by exporting countries amount to 228,375 tons. This brings the prospective supply down to 3,170,000 tons. The final gap of 20,000 tons has been closed by the surrender of that quantity of their exports by the British sugar-producing countries.

* * *

This is an achievement. But whether it is of more than arithmetical significance remains to be seen. What will happen if the actual exports do not fall short of the quota by the expected 100,000 tons, if the free market requirements turn out to be lower than the Council's estimate, or if the producing countries outside the Agreement increase their exports? All the participating countries, British and foreign, have declared themselves at the limit of the sacrifices they can make. The continuance of the Agreement thus depends on events in the next twelve months justifying an admittedly optimistic calculation.

* * *

South African Gold Records.—Figures published by the Transvaal Chamber of Mines this week indicate that the Transvaal gold industry is on the way to produce

a record output of more than 12,000,000 ounces of gold this year, thus breaking last year's record of 11,741,000 ounces. Production in the first six months of this year totalled 5,951,379 ounces, compared with 5,816,397 ounces in the corresponding period of 1937. In March, as well as in May and June, 1938, production exceeded 1,000,000 ounces, a monthly level which had never been reached before. The new rise in production is particularly satisfactory, as the grade of ore mined this year showed a further reduction. In the first five months of this year the average gold content per ton of ore milled did not exceed 4.417 dwts., against 4.488 dwts. in the corresponding period of last year. In May, 1938, the figure was as low as 4.348 dwts., representing the lowest content yet milled, and it is probable that under the influence of the recent rise in gold prices the grade of the ore mined in the Transvaal will be reduced still further. Fortunately, South African gold mines have been able in recent months to secure the additional number of native workers required to maintain the present rate of production in spite of the lowering of the ore grade. On June 30th the native labour force of the Transvaal gold mines comprised 320,749 men, the largest number in the history of the industry. Since the end of last year the number has risen by no less than 38,069, a fact which suggests that the new reserves of native labour are being increasingly used. The rising activity in the gold industry, however, is not confined to the producing mines. Figures published by the South African Department of Commerce and Industries last week give the number of men employed in the Dominion's developing gold mines on April 30th as 3,643 Europeans and 24,479 natives. These are the highest figures of this kind since the early stages of Rand mining development. Since December 31, 1937, the number of Europeans has risen by 451 and that of native workers by 4,488; compared with April 30, 1937, there has been a rise of 934 Europeans and 7,072 natives. The progress in the opening up of new mines is, of course, the best insurance for the maintenance of the present record rate of the South African gold production over a long period, even if the grade of ore remains at its present low level.

* * *

Oil *versus* Steam.—The latest issue of Lloyd's Register reveals the rapid rise of the diesel motor in the shipping world. On June 30, 1914, only 0.45 per cent. of the world's merchant shipping tonnage was driven by internal combustion engines. On June 30, 1937, this percentage had risen to 20.74 per cent., compared with 18.89 per cent. a year before. In future the share of the diesel engine is likely to rise much more rapidly than in the past, because steam is most used in the older and smaller ships, which will be gradually taken out of service and for the greater part replaced by motor ships. This tendency is clearly discernible in the 1938 figures of current launchings, the commencement of new constructions and the building returns for ship engines. In the quarter ended June 30, 1938, no less than 60.0 per cent. of the ships launched in the world consisted of motor ships, compared with 54.0 per cent. in the corresponding quarter of 1937. Steam tonnage launched declined from 44.3 per cent. to 38.3 per cent. of the total. And of all the new constructions begun in the June quarter of 1938, motor tonnage supplied 64.6 per cent., against 59.5 per cent. last year, while the corresponding figures for steamships fell from 40.0 per cent. to 32.0 per cent. The horsepower of marine motor engines under construction last quarter reached 65.1 per cent. of the total, compared with 60.8 per cent. last year, while the corresponding figures for steam engines amounted to 34.9 per cent., compared with 39.2 per cent. These figures also indicate that the oil consumption of the world shipping trade is rising rapidly. In fact, however, this increase is even more pronounced than indicated by the progress of the motor ship, since an increasing share of the steam tonnage is heated by oil fuel. On June 30, 1937, steamships using oil as boiler fuel supplied 29.84 per cent. of the world's merchant tonnage, compared with only 2.65 per cent. in 1914, and consequently the influence of the shipping activity on the international oil market is growing year by year.

* * *

Co-operative Turnover.—For the 13 weeks ending on April 9, 1938, the turnover of the Co-operative Wholesale Society amounted to £29.6 millions, or 6 per cent. more than in the same period of 1937. This rate of increase compares unfavourably with the 10 per cent. recorded between 1936 and 1937. Foodstuffs continue to supply the main business of the Society, and their sale accounted for no less than £22.2 millions of the total turnover, of which some £2.6 millions were provided by the sale of flour from the Society's nine flour mills. Sales of drapery amounted to £1,296,000, and of men's wear to £905,000, and the rate of increase in these departments was less than 2 per cent. compared with 1937. The building, engineering and service departments have been largely extended during the year and obtained a turnover of £695,000, almost double that recorded for the first quarter of 1937.

* * *

Wholesale Price Fluctuations.—International price movements during the past fortnight have been somewhat contradictory. In England prices of primary products are steady, the average increase during the past fortnight being 1.3 per cent. The complete *Economist* index has fallen by 1.1 per cent., but the movement is largely explained by a seasonal reduction in the price of potatoes. In the United States, primary products have fallen on the average by 0.9 per cent., partly because of a reduction in the price of pig iron. Some of the divergence between the prices of British and American primary products may be due to the appreciation of the dollar against the pound. French wholesale prices are slightly lower than a fortnight ago. The net increase since the end of April is 6.1 per cent., whereas sterling has risen against the franc by just over 10 per cent. The significance of this divergence is discussed in a Financial Note on page 177.

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						
		British (sterling)	American (dollar)					
1936								
Dec. 30th	131·3	163·9	187·3	166·7	128·8	113·0	116·3†	95·4
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	144·3	181·9	199·7	167·4	137·3	121·8	126·2	97·5
Apr. 28th	142·0	169·9	183·5	165·4	135·6	120·5	128·7	97·0
June 2nd	142·7	170·2	178·9	165·6	134·3	119·8	133·2	97·5
June 30th	139·5	165·9	176·8	165·7	134·1		134·2	97·5
July 28th	140·2	167·1	171·8	164·5	133·8	130·8	137·1	97·9
Aug. 25th	137·9	164·4	165·3	164·2	133·0	133·3	137·1	98·1
Sept.22nd	136·0	164·0	166·3	165·1	133·7	139·4	137·7	97·6
Oct. 20th	133·6	156·2	152·3	165·4	129·5	138·8	141·6	97·3
Dec. 1st	127·5	145·4	138·9	164·8	125·1	134·0	143·3	97·0
Dec. 29th	127·8	147·4	135·3	164·2	120·5	135·8	143·8	97·0
1938								
Jan. 5th	128·9	148·2	136·8	164·5	120·6	137·4	143·6	96·9
Jan. 19th	127·8	146·5	137·7	164·3	120·9	138·1	143·5	96·9
Feb. 2nd	126·6	144·4	135·4	164·5	119·8	137·9	142·9	97·0
Feb.16th	125·0	141·7	136·8	164·5	119·5	138·1	142·4	96·9
Mar. 2nd	125·1	143·1	138·7	164·5	120·3	138·1	142·5	97·2
Mar.16th	123·9	140·8	134·8	164·5	119·3	139·9	142·5	97·2
Mar.30th	122·7	137·0	129·3	164·6	117·7	139·4	141·7	97·1
Apr. 12th	122·6	137·8	130·6	164·6	117·6	139·9	141·5	97·0
Apr. 27th	121·4	137·8	127·5	164·3	116·9	139·9	142·8	97·0
May 11th	121·3	137·0	126·1	164·6	117·1	145·3	143·0	96·9
May 25th	119·6	132·2	121·9	165·5	117·2	145·6	143·4	96·3
June 8th	119·1	131·5	121·6	165·4	117·0	145·8	144·2	96·8
June22nd	119·3	133·2	124·8	165·8	117·6	147·3	143·8	96·9
July 6th	120·8	135·7	129·7	165·9	117·7	148·7	143·5	97·0
July 20th	119·5	137·4	128·6	166·5	118·5*	148·5*	...	96·9*

*These figures relate to June 13th. †Monthly average.

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The following table shows the movement of the various groups comprised in *The Economist* index number:—

The Economist INDEX
(1927 = 100)

	Sept. 18, 1931	July 14, 1937	July 6, 1938	July 20, 1938
Cereals and meat...	64·5	92·6	89·1	83·6
Other foods	62·2	67·6	56·8	58·1
Textiles	43·7	71·9	52·8	53·4
Minerals	67·4	108·1	93·4	93·1
Miscellaneous	65·8	85·8	75·4	75·3
Complete index	60·4	85·0	72·9	72·2
1913 = 100	83·1	116·9	100·3	99·3
1924 = 100	52·2	73·4	63·0	62·4

The sharp decline in the cereals and meat group is due to the reduction in potatoes. Wheat was steady, maize dearer, and meat prices mostly down. There was an advance in bacon. In the other food group there was a decline in tea and advances in cocoa, refined sugar, butter and coco-oil. Among textiles, cotton has reacted, but flax, hemp and jute are dearer. Non-ferrous metals moved irregularly. In the miscellaneous group there were small increases in hides, tallow and rubber, offset by a reduction in creosote.

American Cotton Crop.—The Department of Agriculture of the United States Government has estimated the area under cultivation for cotton for the 1938-39 season at 26,904,000 acres, a decline of 22 per cent. compared with a year ago, when the total was 34,471,000 acres. The estimate was rather higher than anticipated, but when trading was resumed in New York and Liverpool after the report there was practically no change in prices. Since the beginning of last week, however, better weather advices have been received from the cotton belt, and Liverpool prices declined by about ¼d. per lb. from the top figure recorded in the previous week. Past experience shows that acreage is a very poor guide to the probable crop, but it may be pointed out that on the ten-year average of yields the production in 1938-39 should be about 10,500,000 bales, whilst on the five-year average the output should be about 11,500,000 bales. The United States Government will publish a forecast of the probable crop on August 8th. The crop for the season which is now closing was of record dimensions at 18,946,000 bales; world consumption of American cotton at the present time is about 11,000,000 bales per annum, so that the world carry-over of all kinds of cotton at the end of this month will be about 23,500,000 bales, or 10,000,000 bales more than a year ago.

INDUSTRIAL REPORTS

UNCHANGED conditions are reported from most industrial centres this week, with the normal seasonal slackening of activity aggravated by the fact that stocks are still sufficient to supply current requirements. News that the French State Railways have ordered 270,000 tons of coal and the Portuguese State Railways invited tenders for 250,000 tons is the outstanding event in South Wales. In other districts demand for both household and industrial fuel is poor. A slight advance in the price of raw wool at the London auctions has been reported, but conditions in the cotton textile trade are still disappointing.

Coal

Sheffield.—Inquiry for coal is poor on both inland and export account. The quietest season of the year is being experienced in household fuel, stocks of which are accumulating in spite of the fact that prices are now apparently at their lowest. Inquiry is diminishing for industrial fuel and coke and gas coal are in only moderate request. Export business is unsatisfactory, although there is a small inquiry for washed doubles and singles. Prices generally are unchanged.

★

Newcastle-on-Tyne.— There is very little inquiry in this area and, whilst a few collieries are comfortably placed, the majority are having idle shifts. Northumberland steam coals are weak due to the usual seasonal decline and Durham manufacturing coal suffers from lack of home trade. The greater activity in the export section of patent oven coke continues; there is a good inquiry for prompt shipment and substantial quantities have been sold ahead to Scandinavian consumers.

★

Glasgow. — Collieries in the Lothians resumed production on Monday, but most of the others are closed this week, and many salesmen are on holiday. The market, consequently, has been quiet. Prices are maintained and increased business is expected to develop in the next few weeks as there are already increased inquiries for forward delivery. The prompt position for steam coal (particularly Third Fife) and washed treble nuts remains easy. The smaller sizes of nuts, on the other hand, are readily taken up, and pearls in Fifeshire are now fully booked until about the end of August.

★

Cardiff.—It is learned that the French State Railways will shortly make allocations for 270,000 tons of South Wales coals for delivery up to the end of the year, and that the Portuguese State Railways have also invited tenders for 250,000 tons. These have been the only noteworthy developments on the Cardiff market this week, and the current trend of trade shows no material change. Stocks are heavy and several of the districts are reporting short time. Prices are unaltered. Shipments in the foreign and coastwise trades last week totalled 396,300 tons, compared with 375,600 tons the previous week, and 430,341 tons in the corresponding week last year. For the current year to date the shipments at the South Wales ports totalled 10,638,039 tons, as against 10,991,138 tons in the same period last year.

Iron and Steel

London.—Business in the iron and steel markets has been rather quiet, and is likely to remain so until the close of the holiday season, according to the official report of the London Iron and Steel Exchange. The scarcity of new business recently has been more noticeable owing to the dull trading conditions of the past few months. There seems to have been some reduction, however, in the stocks of iron and steel which have been weighing upon the market since the first quarter of the year, and this increases the probability of a revival of demand in the early autumn.

In the pig-iron department new business is scarce, as consumers appear to be concentrating upon reducing their reserves, and many of the important users covered their forward requirements some time ago. Nevertheless, good tonnages of all descriptions of pig iron are being sold.

Business in semi-finished steel is irregular and is hindered by the existence of heavy stocks. More specifications, however, are reaching the works than for a long time past.

New business in finished steel is quiet, but production is well maintained considering the time of year, and the rather inactive markets which have ruled during the preceding few months. Some improvement is also noticeable in the position of the lighter branches of the trade. Export business, however, is poor and overseas buyers appear to be unwilling to undertake important commitments.

★

Sheffield.—Normally there is a slackening of the iron and steel market at this season, but not since the period of depression has business been so quiet as at present. There are few inquiries and actual transactions relate to small parcels for early delivery. There is a good deal of speculation concerning the outcome of the step taken by the Stanton Company and an announcement by the Central Pig-Iron Producers' Association concerning prices—which are at present stabilised until the end of the year—would cause little surprise in view of the trend of business.

Basic and acid steel billet demand continues to be on a fairly satisfactory scale. Stainless steel requirements keep output at a high level. Steel strip is in heavy request, but demand for wire rods is rather easier.

The iron and steel scrap market shows no improvement. Control prices are firmly maintained, but outside the control merchants are prepared to shade prices for substantial business.

★

Middlesbrough.— Conditions in the local iron and steel trade are unaltered. Now that foundries and steelworks in the Sheffield area are closing for holidays, deliveries of hematite from this district are being further restricted and business is confined to very small parcels for prompt use. Heavy steel departments continue to be well occupied, although there has been no material increase in orders. Smaller steel sections are in better demand. Semi-finished steel is plentiful with producers having good stocks and steel scrap is almost unsaleable. Blast-furnace coke is now freely offered but sales are proceeding slowly owing to reduced consumption.

★

Glasgow.—Owing to the holidays in Glasgow and other parts of Scotland, little business is being done. Some new orders have been placed during the week with sheet metal workers and with builders of light steel structures. An order for three tug-boats, to be built by Messrs Ferguson Brothers, of Port Glasgow, for the Anglo-Iranian Oil Company, is also reported. Repair work on an extensive scale is being carried out during the holiday period at several plants which in many cases will prevent a resumption of operations before the first week in August. At other plants it is hoped that a good start will be made early next week.

★

Cardiff.—There has been no appreciable change this week in the condition of the tinplate trade. Inquiries have been a little more active, but the actual volume of new business placed has been disappointing. There is a fair inquiry for steel sheets for the home market, but for export the market is extremely quiet. Prices are nominally unchanged. The statistical position of the tinplate and sheet industry is shown in the following table:—

Tinplate Industry Statistics

	Week ended July 10, 1937	Week ended July 2, 1938	Week ended July 9, 1938
Production—per cent. of capacity	74·99	40·11	43·60
	Week ended July 15, 1937 Tons	Week ended July 7, 1938 Tons	Week ended July 14, 1938 Tons
Shipments	8,896	5,397	4,303
Stocks (warehouse and in vans).....	2,439	5,445	5,240
	Twenty-eight Weeks ended July 15, 1937 Tons		Twenty-eight Weeks ended July 14, 1938 Tons
Shipments	233,717		136,039

Textiles

Cotton (Manchester).—There are no indications of better conditions in Lancashire and it has again been a very unsatisfactory week for producers. Spinners and manufacturers have reported a limited inquiry both for export and the home trade, and only small sales have been arranged. Owing to uneasiness about the international political situation, and about the future level of raw material prices, buyers have not had sufficient confidence to place large orders, and turnover has been disappointing. Miscellaneous sales have taken place for India, and there has been a limited demand for Java and Singapore. Business for Egypt, the Near East and South America has been small. There has been a reduction in sales to the Dominions, and business for the home trade is still dull. The yarn section has been lifeless, and it has been very difficult to dispose of current output.

The general trade outlook is causing more uneasiness.

Wool (Bradford).—At the fourth series of Colonial sales, held in London during the past fortnight, the demand for the raw material has been equal to most expectations. Although a definite advance has not been registered in merinos, crossbreds have sold well, realising prices which have exceeded most expectations by 5 per cent. The home trade has been the largest buyer and supported the market very commendably. The carry-over will not be over-large, the auctions revealing a fairly sound position.

THE COMMODITY MARKETS

AFTER a strong upward tendency at the end of last week, in sympathy with the buying on Wall Street, a more hesitant feeling developed in many of the commodity markets. Grain prices have tended to decline, owing to expectations of a large world crop, and cotton barely maintained the levels reached after last week's decline. On the other hand, both rubber and copper prices continued their advance, while prices generally declined in the vegetable oil market. Moody's daily index of American commodity prices, after a further rise at the end of last week, relapsed to 146.8 (December 31, 1931 = 100) on Wednesday, compared with 147.5 in the previous week and 207.8 a year ago.

Metals

Copper.—As a result of the improvement on Wall Street, the copper market had a firm appearance this week and standard cash closed at £40 3s. 9d. per ton, a rise of £1 6s. 3d. on the week and the highest official price since the end of March. The improvement was more due to the reserve in offerings than to an increase in demand. In fact, consumers continued to buy only on a moderate scale, although there are signs of growing confidence among consumers. According to Messrs Brandeis, Goldschmidt and Company, Limited, exports of domestic copper from the United States reached the high level of 9,300 long tons in June, compared with 4,500 tons a month before and 3,600 tons a year before. The monthly average of American domestic exports in the first half of this year totalled 7,200 tons, against 4,400 tons a year ago.

★

Tin.—The better Wall Street advices led to a rise of £1 15s. to £194 5s. per ton in the price of tin. The level is the highest so far quoted this year, but here also consumers' demand was small. In the United States, tinplate activity has now fallen to below 30 per cent. of capacity (90 per cent. a year ago) and advices are also discouraging from the other tin consuming centres.

★

Lead and Spelter.—Lead declined this week by 5s. to close at £14 13s. 9d. per ton, while spelter lost 1s. 3d., thus closing at £14 3s. 9d. per ton. The demand for the two metals this week was rather poor. On the decline in prices, however, offerings fell to very low levels, so that the turnover on the L.M.E. was abnormally small. Production of the two metals continues to be large, particularly outside the United States, but, on the other hand, consumption figures are still low. As, however, consumers' stocks are much below normal, prices are bound to rise when a return of confidence induces consumers to replenish their stocks.

Grains

THE wheat market is now dominated by harvest reports from North America and Europe; as these continue favourable, wheat prices have tended to sag during the week. The quality of the American crop is reported to be exceptionally variable and the protein content to be generally less than a year ago. The French harvest is expected to yield about 41 million quarters, against 31½ million quarters in 1937; and the Danube countries are also expecting record crops. Buyers of maize continue to cover their immediate requirements only, but there has been a steady demand from the Continent, which has helped to maintain prices. Russian feeding barley has been freely offered at 20s. to 20s. 3d. per quarter and considerable trade was done at these prices.

Other Foods

Provisions.— The bacon market was very firm during the week and prices of all varieties rose by 4s. per cwt., English and Danish selling at 106s. per cwt. Butter and cheese prices were also advanced early in the week; the meat market was generally quiet.

★

Colonial Produce.—Sugar prices were again advanced by 1½ per cwt. at the end of last week, since when the market has been steady. Business in cocoa, coffee and tea was quiet and prices were little changed.

★

Fruit and Vegetables.—Increasing supplies of new potatoes brought a reduction in prices; Sharpe's Express were quoted on Tuesday at 5s. to 6s. 6d. per cwt. Salads sold well, but larger quantities of raspberries could be sold only against lower prices; the demand for oranges has also been slack.

Miscellaneous Commodities

Oilseeds and Oils.—Trade in linseed has been quiet, and prices are somewhat lower on the week; the decline has been reflected in most markets for vegetable oils. Oilcakes, however, are in good demand and prices are unchanged.

★

Rubber.—The trend continues upward in this market, and the price of spot standard sheet advanced by ⅛d. per lb. during the week to close at 7½d. per lb. The statistics from America show that consumption in June increased by 1,682 tons to 30,629 tons, the highest monthly total since November, while stocks declined by 5,154 tons to 294,566 tons, compared with 172,056 tons in June, 1937.

BRITISH WHOLESALE PRICES

	July 13, 1938	July 20, 1938
CEREALS AND MEAT		
GRAIN, etc.—		
Wheat—	s. d.	s. d.
No. 2, N. Man. 496 lb.	...	...
Eng. Gaz. av., per cwt.	8 0	8 0
Liv. July, per cental	6 6	6 6
Flour, per 280 lb.—		
Straights, d/d London	30 6	30 0
Manitoba, ex store	32 6	32 0
	34 0	33 6
Barley, Eng. Gaz. av.	8 4	8 8
Oats, "	8 2	9 0
Maize, La Plata, landed, 480 lb.	32 6	32 3
Rice, No. 2 Burma, per cwt.	8 7½	8 7½
MEAT—		
Beef, per 8 lb.—		
English long sides	4 6	4 4
	5 4	5 4
Argentine chilled hinds	4 3	4 4
	4 7	4 6
Mutton, per 8 lb.—		
English wethers	4 4	4 4
	5 4	5 4
N.Z. frozen wethers	3 0	3 0
	4 2	4 2
Lamb, per 8 lb.—		
N.Z. frozen	4 10	4 10
	5 4	5 4
Pork, English, per 8 lb.	5 4	5 2
	5 8	5 6
BACON (per cwt.)—		
English	102 0	106 0
Danish	102 0	106 0
Dutch	101 0	105 0
Irish	99 0	103 0
	104 0	108 0
HAMS (per cwt.)—		
Canadian	105 0	108 0
United States	98 0	100 0
	100 0	102 0
OTHER FOODS		
BUTTER (per cwt.)—		
Australian	119 0	121 0
New Zealand	120 0	122 0
	121 0	
Danish	123 0	125 0
CHEESE (per cwt.)—		
Canadian	78 0	79 0
	80 0	80 0
New Zealand	70 0	70 0
English Cheddars	...	84 0
	...	86 0
Dutch	46 0	47 0
	55 0	55 0
COCOA (per cwt.)—		
Accra, g.f	23 6	23 6
	24 6	24 6
Trinidad	36 0	36 0
	44 0	44 0
Grenada	35 0	35 0
	37 6	37 6
COFFEE (per cwt.)—		
Santos supr. c. & f.	30 6	30 6
Costa Rica, medium to good	42 0	42 0
	62 0	62 0
Kenya, medium	45 0	45 0
	70 0	70 0
EGGS (per 120)—		
English (15–15½ lb.)	16 9	16 9
	17 0	17 0
Danish (15½ lb.)	11 9	11 9
	12 3	12 3
FRUIT—		
Oranges, S. African boxes	7 3	6 0
	10 6	10 9
" Brazilian boxes	7 0	6 6
	11 6	8 9
Lemons, Malaga ½ cases	18 9	18 9
	23 0	23 0
" Sicilian boxes	14 0	13 6
	18 0	17 9
Apples, Amer. (var.) barrels	...	...
" Virginian 2¼/2⅝	...	...
" No. 1 Albemarle	9 6	9 6
Grapes, Almeria barrels	...	...
	...	...
Grapefruit, S. African	7 3	7 0
	13 9	13 0
LARD (per cwt.)—		
Irish, finest bladders	56 0	56 0
	62 0	62 0
U.S.	50 3	52 0
	53 0	53 3
PEPPER, per lb.—		
Black Lampong (in Bond)	0 2⅝	0 2¾
" " (Duty paid)	0 3¼	0 3¼
White Muntock (in Bond)	0 3⅞	0 3⅞
	0 4	0 4
" " (Duty paid)	0 4⅝	0 4½
	0 4½	0 4⅝
POTATOES (per cwt.)—		
English (new)	8 0	5 0
	9 6	7 0
SUGAR (per cwt.)—		
Centrifugals, 96°, prpt. shipm. c.i.f. U.K./Cont.	5 4½	5 4½
REFINED London—		
Yellow Crystals	18 9	18 10
Cubes	23 0	23 1½
	23 6	23 7½
SUGAR (per cwt.)—cont.		
Crushed	21 3	21 4½
Granulated	19 1½	19 3
	20 0	20 1½
Home Grown	19 0	19 1½
	19 3	19 4½
TEA* (Auction Average) (per lb.)—	d.	d.
N. India	13·72	13·19
S. India	12·95	12·83
Ceylon	14·09	14·31
Java	11·89	12·04
Sumatra	10·90	10·70
Africa	11·61	11·70
Total	13·43	13·53
TOBACCO (per lb.)—	s. d.	s. d.
Virginia stemmed and unstemmed, common to fine	0 8	0 8
	2 6	2 6
Rhodesian stemmed and unstemmed	0 9	0 9
	1 10	1 10
Nyasaland stemmed and unstemmed	0 7	0 7
	1 4	1 4
East Indian Stemmed	0 6	0 6
	2 0	2 0
East Indian Unstemmed	0 5	0 5
	1 6	1 6
TEXTILES		
COTTON (per lb.)—	d.	d.
Raw, Mid-American	4·98	4·94
" Sakellaridis, F.G.F.	7·83	7·77
" Giza, F.G.F.	7·38	7·32
Yarns, 32's Twist	9½	9½
" 40's Weft	10¼	10¼
" 60's Twist (Egyptian)	17½	17½
Cloth, 32 in. Printers, 116 yds., 16×16, 32's & 50's	s. d. 17 1	s. d. 17 1
" 36 in. Shirtings, 75 yds., 19×19, 32's & 40's	23 4	23 4
" 38 in. ditto, 38 yds., 18×16, 10 lb.	9 10½	9 10½
" 39 in. ditto, 37½ yds., 16×15, 8¼ lb.	8 11½	8 11½
FLAX (per ton)—	£ s.	£ s.
Livonian ZK	64 10	64 0
	67 0	67 0
Pernau HD	66 0	66 0
	68 0	68 0
Slanetz Medium, 1st sort	86 0	88 0
	88 0	90 0
HEMP (per ton)—		
Italian PC	70 0	70 0
Manilla, July-Sept. "J2"	21 10	22 0
JUTE (per ton)—		
Native 1st mks., c.i.f. H.A.R.B., Aug.-Sept.	18/7/6	19/15/0
Daisee 2/3 c.i.f. Dundee, Oct.-Nov.	17/15/0	19/2/6
SISAL, (per ton)—	£ s.	£ s.
African, July-Sept.	16 0	16 10
	19 0	18 10
SILK (per lb.)—	s. d.	s. d.
Canton	7 3	7 3
Japan	7 0	7 3
	8 0	8 3
Italian, raw, fr. Milan	8 0	8 0
	7 3	7 3
WOOL (per lb.)—	d.	d.
English, Southdown, greasy	11	12
" Lincoln hog, washed	10	11
Queensland, scd. super combg.	22½	22½
N.S.W. greasy, super combg.	13	13
N.Z., greasy, half-bred 50–56	12½	12½
" Crossbred 40–44	11½	11½
Tops—		
Merinos 70's average	27½	27½
" 64's "	26	26
Crossbred 48's	16	16
" 46's	15½	15½
MINERALS		
COAL (per ton)—	s. d.	s. d.
Welsh, best Admiralty	19 6	19 6
	22 6	22 6
Durham, best gas, f.o.b. Tyne	19 4½	19 4½
	20 0	20 0
Sheffield, best house, at pits	22 0	22 0
	24 0	24 0
IRON AND STEEL (per ton)—		
Pig Cleveland No. 3, d/d.	109 0	109 0
Bars, Middlesbrough	265 0	265 0
Steel rails, heavy	202 6	202 6
Tinplates per box	21 6	21 6
NON-FERROUS METALS (per ton)—		
Copper—		
Standard cash	38/17/6	40/3/9
	39/0/0	40/5/0
Three months	39/3/9	40/10/0
	39/5/0	40/11/3
Tin—		
Standard cash	192/10/0	194/5/0
	192/12/6	194/15/0
Three months	193/15/0	195/10/0
	194/0/0	195/15/0
Lead, soft foreign—		
Cash	14/18/9	14/13/9
	15/0/0	14/15/0
English, pig	17/0/0	16/15/0
Spelter, G.O.B.—		
Spot	14/5/0	14/3/9
	14/6/3	14/5/0
Aluminium, ingots and bars	100/0/0	100/0/0
" rolling billets	102/0/0	102/0/0
Nickel, home and export	180/0/0	180/0/0
	185/0/0	185/0/0
Antimony, Chinese	52/0/0	52/0/0
Wolfram, Chinese per unit	s. d. 48 0	s. d. 50 0
	51 0	53 0
Platinum, refined per oz.	£ s. d. 7/5/0	£ s. d. 7/5/0
Quicksilver per 76 lb.	13/18/0	13/18/0
	13/18/6	13/18/6
GOLD, per fine ounce	141 2⅛	141 3·3
SILVER (per ounce)—		
Cash	1 7·3	1 7·4
MISCELLANEOUS		
CEMENT, best Eng. Portland, d/d site, London area in paper bags 20 to ton (free, non-returnable)—		
4-ton loads and upwards	42s. per ton	
CHEMICALS—	s. d.	s. d.
Acid, citric, per lb., less 5%	1 0	1 0
	1 0¼	1 0¼
" Nitric	0 2	0 2
	0 3	0 3
" Oxalic, net	0 5	0 5
	0 6	0 6
" Tartaric, English, less 5%	1 1	1 1
	1 1¼	1 1¼
Alcohol, Plain Ethyl	12 0	12 0
Ammonia, carb. ton	20 0 0	20/0/0
	21 0 0	21/0/0
" Sulphate	7 14 0	7/14/0
Arsenic, lump per ton	35 0 0	35/0/0
	s. d.	s. d.
Borax, gran. per cwt.	13 6	13 6
" powder	15 0	15 0
Nitrate of soda per cwt.	8 0	8 0
Potash, Chlorate, net	0 4	0 4
	0 4½	0 4½
" Sulphate per cwt.	10 0	10 0
Soda Bicarb. per cwt.	10 0	10 0
	11 0	11 0
Crystals per cwt.	5 0	5 0
Sulphate of Copper per ton	5 3	5 3
	17/15/0	18/0/0
COPRA (per ton)—		
S.D. Straits, c.i.f.	11/12/6	11/10/0
HIDES (per lb.)—	s. d.	s. d.
Wet salted, Australian	0 3⅞	0 4
	0 4½	0 4⅞
West Indian	0 2¾	0 3
	0 3	0 3¼
Cape	0 4½	0 4¾
	0 4¾	0 5
Dry and Drysalted Cape	0 6¼	0 6½
	0 6½	0 7
Market Hides, Manchester—	0 4	0 4⅛
Best heavy ox and heifer	0 5¼	0 5⅜
Best cow	0 3¾	0 4
	0 4⅛	0 4⅛
Best calf	0 4¾	0 4¾
	0 5¼	0 5⅞
INDIGO (per lb.)—		
Bengal, gd. red.-vio. to fine	5 0	5 0
	6 0	6 0
LEATHER (per lb.)—		
Sole Bends, 8/14 lb.	1 0	1 0
	1 10	1 10
Bark Tanned Sole	2 0	2 0
	2 10	2 10
Shoulders from DS Hides	0 6	0 6
	0 8	0 8
" Eng. or WS do.	0 7½	0 7⅛
	1 3	1 3
Bellies from DS do.	0 4⅝	0 4⅝
	0 5¾	0 5¾
" Eng. or WS do.	0 6	0 6
	0 8	0 8
Dressing Hides	1 0	1 0
	1 8	1 8
Ro. Eng. Calf, 20/35 lb. per doz.	3 6	3 6
	4 6	4 6
PETROLEUM PRODUCTS (per gall.)—		
Motor Spirit No. 1, London	1 6	1 6
Petroleum, Amer. rld. brl. Lond.	0 10	0 10
Fuel oil, in bulk, for contracts ex. instal. Thames—		
Furnace	0 3¾†	0 3¾†
Diesel	0 4½†	0 4½†
ROSIN (per ton)—		
American	12/0/0	13/15/0
	18/5/0	18/0/0
RUBBER (per lb.)—	s. d.	s. d.
St. ribbed smoked sheet	0 7⅜	0 7½
Fine hard Para	0 7	0 7
SHELLAC (per cwt.)—		
TN Orange	41 0	41 0
	44 0	44 0
TALLOW (per cwt.)—		
London town	17 9	17 9
TIMBER—		
Swedish u/s 3×8 per std.	21/10/0	21/10/0
" 2½×7 "	21/0/0	21/0/0
" 2×4 "	18/10/0	18/10/0
Canadian Spruce, Dis. "	22/10/0	22/10/0
Pitchpine per load	13/10/0	13/10/0
Rio Deals per std.	35/0/0	35/0/0
Teak per load	27/0/0	27/0/0
Honduras Mahogany logs c. ft.	0/12/0	0/12/0
English Oak Planks "	0/6/0	0/6/0
English Ash Planks "	0/7/0	0/7/0
VEGETABLE OILS (per ton net)—		
Linseed, naked	23/12/6	23/12/6
Rape, refined	33/0/0	33/0/0
Cotton-seed, crude	20/0/0	19/10/0
Coconut, crude	15/15/0	16/7/6
Palm	14/12/6	14/15/0
Oil Cakes, Linseed, Eng.	9/0/0	9/2/6
Oil Seeds, Linseed—		
La Plata, July	11/16/3	11/12/6
Calcutta	12/11/3	12/12/6
	s. d.	s. d.
Turpentine per cwt.	32 3	32 6

* Weeks ended July 7th and 14th.

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

COMMODITY STATISTICS

Coal

COAL OUTPUT ('000 tons)

District	Week ended July 2, 1938	Week ended July 9, 1938	Jan.–June 1937	Jan.–June 1938
Northumberld.	241·7	273·6	7,034·1	6,860·7
Durham	598·5	585·1	16,276·3	16,843·3
Yorkshire	844·0	800·1	23,121·7	21,889·1
Lancs, Cheshire and N. Wales.	299·3	265·6	9,005·5	9,023·2
Derby, Notts & Leicester	493·6	493·7	17,369·4	17,387·5
Staffs, Worcs, Salop & Warwick	347·8	360·3	10,351·5	10,391·7
South Wales & Monmouth	765·5	727·6	18,633·2	19,133·3
Other English districts*	109·1	112·6	2,704·9	2,793·2
Scotland	573·2	582·8	16,378·2	15,860·3
Total	4,272·7	4,201·4	120875·8	121283·3

* Including Cumberland, Gloucester, Somerset, and Kent.

Cotton

RAW COTTON delivered to Spinners ('000 bales)

Variety	Week ended July 8, 1938	Week ended July 15, 1938	Total Deliveries Aug. 1, 1936–July 16, 1937	Total Deliveries Aug. 1, 1937–July 15, 1938
American	20·8	19·1	1,175	1,179
Brazilian	3·7	4·1	359	266
Peruvian, etc.	1·5	1·5	137	109
Egyptian	7·2	4·5	395	336
Sudan Sakel	1·5	1·1	160	134
East Indian	3·1	2·7	564	362
Other countries	2·3	2·2	217	159
Total	40·1	35·2	3,007	2,545

Metals

SALES ON LONDON METAL EXCHANGE

	Week ending July 13, 1938	Week ending July 20, 1938	From Jan. 1 to July 20, 1938
Copper	Tons 13,950	Tons 11,050	Tons 364,025
Tin	1,790	1,920	50,220
Lead	8,500	5,400	194,450
Spelter	6,850	4,950	174,275

U.K. STOCKS

	July 9, 1938	July 16, 1938
Copper (Br. official w'houses):	Tons 5,786	Tons 6,165
Refined	30,039	30,915
Rough	7,256	7,524
Tin (London and Liverpool)	...	...

Foods

WORLD SHIPMENTS OF WHEAT AND FLOUR ('000 quarters)

	Week ended July 9, 1938	Week ended July 16, 1938	Season to July 17, 1937	Season to July 16, 1938
From—				
N. America	472	372	25,638	22,683
Argentina and Uruguay	337	188	20,167	8,492
Australia	409	141	13,097	15,781
Russia	103	74	11	5,458
Danube and dist.	73	73	9,859	6,558
India	124	55	1,894	1,755
Other Countries	...	...	2,184	691
Total	1,518	903	72,850	61,418
To—				
U.K.	328	202	17,179	14,896
"Orders"	284	190	19,167	13,869
France	13	5	1,541	848
Belgium	134	112	4,492	4,864
Holland	118	42	2,476	3,111
Italy	60	63	5,379	1,355
Greece	82	1	1,762	2,340
Scandinavia	40	7	1,849	1,552
Austria, etc.	41	42	2,104	2,051
Other European Countries	28	5	2,417	3,230
Ex-European Countries	390	234	14,484	12,302
Total	1,518	903	72,850	61,418

WORLD SHIPMENTS OF MAIZE AND MAIZE MEAL ('000 quarters)

From	Week ended July 9, 1938	Week ended July 16, 1938	From Apr. 1 to July 17, 1937	From Apr. 1 to July 16, 1938
Argentina	372	283	13,429	2,480
Atlantic America	445	322	...	6,398
Danube Region	49	42	1,617	1,907
S. & E. Africa	49	40	549	119
Indo-China, etc.	45	42	75	398
Total	960	729	15,670	11,302

SALES OF BRITISH CEREALS

	Week ended July 9, 1938	Week ended July 16, 1938	From Aug. 1 to July 17, 1937	From Aug. 1 to July 16, 1938
Wheat...cwt.	44,282	48,912	10,656,033	10,724,581
Barley...cwt.	348	59	10,333,917	10,291,965
Oats ...cwt.	13,162	8,313	2,222,555	2,193,806

OTHER FOODS

	Week ended July 9, 1938	Week ended July 16, 1938
BACON:		
Arrivals in London (bales):		
Danish	13,105	13,953
Canadian	4,661	2,483
Dutch	2,251	2,154
Lithuanian	1,463	1,418
Polish	2,439	2,864
COCOA:		
Movements in Lond. (bags):		
Landed	34,496	3,339
D/d for home consumption	12,776	5,872
Exports	184	193
Stocks, end of week	129,095	126,369
COFFEE:		
Movements in Lond. (cwt.):		
Brazilian—Landed	1	8
D/d for home consn.	90	78
" Exports	...	...
" Stocks, end of week	2,413	2,343
Central and S. American:		
Landed	1,706	2,934

OTHER FOODS—(contd.)

	Week ended July 9, 1938	Week ended July 16, 1938
COFFEE (contd.):		
D/d for home consumption	4,322	3,094
Exports	1920	1,278
Stocks, end of week	139,001	137,563
Other kinds—Landed	425	1,096
" D/d for home consn.	3,457	3,281
" Exports	430	281
" Stocks end of week	102,700	100,234
MEAT:		
Supplies at Smithfield (tons):		
Total	8,758	9,516
Beef and veal	4,639	4,938
Mutton and lamb	2,896	3,432
Pork and bacon	713	663
Poultry, etc.	510	483
PEPPER:		
Movements in Lond. (tons):		
Black—Landed	...	7
" Delivered	29	4
" Stocks, end of week	9,310	1,924
White—Landed	...	10
" Delivered	...	25
" Stocks, end of week	9,921	9,295
SUGAR:		
Movements, London and Liverpool (tons):		
Imports	17,039	34,458
Deliveries	14,983	14,100
Stocks, end of week	213,542	233,902
TEA:*		
Sales on Garden A/c. (pkgs.):		
N. India	9,838	10,289
S. India	11,368	10,230
Ceylon	27,320	29,135
Java	4,134	3,916
Sumatra	466	373
Africa	4,077	2,565
Total	57,077	56,508

* Weeks ended July 7th and 14th.

Miscellaneous Commodities

MOVEMENTS OF RUBBER IN LONDON AND LIVERPOOL

	Week ended July 9, 1938	Week ended July 16, 1938
Landed tons	1,329	3,070
Delivered tons	1,522	1,078
Stocks, end of week tons	92,267	94,259

WORLD SHIPMENTS OF LINSEED ('000 tons)

	Week ended July 2, 1938	Week ended July 9, 1938	From Jan. 1 to July 10, 1937	From Jan. 1 to July 9, 1938
Argentine to—				
U.K. and Orders	3·4	5·0	326·5	172·1
Continent	12·5	5·8	312·2	378·8
U.S.A. and Canada	3·6	10·7	524·9	180·7
Australia, Brazil, etc.	0·1	...	16·1	12·0
Calcutta to—				
U.K. and Orders	1·0	7·7	74·5	48·3
Continent	...	...	0·2	0·9
Bombay to—				
U.K. and Orders	...	14·7	23·1	89·7
Continent	0·1	...	8·1	3·4
Madras to U.K.	...	...	...	...
India to—				
Australia, etc.	...	1·8	6·0	6·1
U.S.A.	...	...	...	...
Sundries	...	...	...	...
Total	20·7	45·7	1291·6	892·0

AMERICAN WHOLESALE PRICES

	July 13, 1938 Cents	July 20, 1938 Cents
GRAINS (per bushel)—		
Wheat, Chicago, July	72¾	69
Winnipeg, July	102	100
Maize, Chicago, July	60⅝	58
Oats, Chicago, July	27½	26¼
Rye, Chicago, July	54¼	51½
Barley, Winnipeg, July	49	47¾
METALS (per lb.)—		
Copper, N.Y., Domestic spot	9·42½	9·70
Producers' export	9·75	10·02½
METALS (per lb.)—*cont.*		
Tin, N.Y., Straits spot	43·65	43·50
Lead, N.Y., spot	4·90	4·90
Spelter, East St. Louis, spot	4·75	4·75
MISCELLANEOUS (per lb.)—		
Cocoa, N.Y., Accra, July	5·08	4·92
Coffee, N.Y., cash—		
Rio, No. 7	4⅝	4⅝
Santos, No. 4	7½	7½
Cotton, N.Y., Am. mid., spot	8·56	8·74
MISCELLANEOUS (per lb.)—*cont.*		
Cotton, Am. Mid., Aug.	8·67	8·60
Lard, Chicago, July	9·30	9·00
Petroleum, Mid-cont. crude 33 deg. to 33·90, at well, per barrel	116	116
Rubber, N.Y., smkd. sheet spot	15	15
Do. do. Aug.	15 3/16	15 5/16
Sugar, N.Y., Cuban Cent., 96 deg., spot	2·75	2·85

COMPANY MEETINGS

THE STANDARD BANK OF SOUTH AFRICA LIMITED

SATISFACTORY RESULTS—INCREASED PROFIT

15 PER CENT. DIVIDEND DISTRIBUTION

COMPREHENSIVE SURVEY OF AFRICAN INDUSTRIES

MR BERTRAM LOWNDES' ADDRESS

The one hundred and twenty-fifth ordinary meeting of shareholders of the Standard Bank of South Africa Limited was held, on the 20th July, at Southern House, London, E.C.

Mr Bertram Lowndes presided.

The Secretary (Mr H. Dales) having read the notice convening the meeting and the report of the auditors; and the report and accounts having been taken as read,

The Chairman said:—My Lords, Ladies and Gentlemen,—

Before I proceed to deal with the accounts and the business of the day I am sure you will allow me to refer to the great loss we have sustained by the death of Mr Reierson Arbuthnot some few weeks ago. Mr Arbuthnot was our senior director; he joined the board in December, 1905—nearly 33 years ago—and during that long period he gave his colleagues the full benefit of his wide experience.

Mr Arbuthnot was highly esteemed in the City as a merchant banker, and his knowledge of finance and produce markets was invaluable to our bank. We deplore the loss of a wise counsellor and a very staunch friend.

Balance Sheet Items

Turning now to the accounts, you will see that the balance sheet totals £85,000,000, which I may say creates a record. As compared with the figures of the previous balance sheet, there is no change in the capital and reserve fund. Notes in circulation increased, and there was a rise of £1,500,000 in the item customers' bills, etc., for collection. Following a very large increase in the amounts during the preceding years, deposit, current and other accounts show a fall of approximately £800,000.

Cash in hand and at call and short notice reflects a reduction of just over £2,500,000, and investments are up by approximately £900,000. Bills of exchange purchased declined by about £1,000,000 as against the increase of £1,500,000 in bills for collection. The item bills discounted and advances to customers shows an increase of nearly £2,000,000. The decrease in deposits and the increase in advances—both quite moderate—may be taken as some indication of the change in business conditions in the Union of South Africa, to which I will refer later.

Profit and Loss Account

Turning to the profit and loss account, you will note that the balance of profit for the year, after making an appropriation to contingencies account, is £621,633, an increase of £65,046 over the figures at March 31, 1937. Including the amount of £149,292 brought forward from the previous year, there remained for disposal the sum of £770,925. The interim dividend paid in January last absorbed £125,000, and after appropriating £75,000 to writing down bank premises, there is a balance of £570,925.

Dividend and Bonus

It is recommended that £150,000 be allocated to the officers' pension fund, that a final dividend of 7s. per share be paid, together with a bonus of 3s. per share, making a total of 15 per cent. for the year, and that £170,925 be carried forward. You will remember that the shareholders received a total distribution of 14 per cent. for the previous year in the shape of a dividend at the rate of 10 per cent. and a bonus of 4s. per share.

You will be pleased that the directors are now able to recommend an increase in the dividend.

Officers' Pension Fund

I now wish to say a few words with regard to the proposed allocation of £150,000 to the officers' pension fund. When Mr Stanley Christopherson presided at our general meeting in July, 1935, he spoke at some length on the position of this fund, for which adequate provision had not been made in the preceding years. For that year ended March 31, 1935, and each succeeding year, we set aside £125,000 for the benefit of the pension fund, but a much larger contribution is required, and the directors have now to ask the shareholders to agree to the appropriation of £150,000 for this purpose.

It will be appreciated that as our business grows—and you see from the accounts now being presented to you that it is growing and producing good results—there must be an increase in the numbers of the staff and an increasing liability accruing against the officers' pension fund.

Conditions in South Africa

Regarding the general conditions which prevailed where we carry on our operations, I may say that during the period under review business in the Union continued to go well. Apart from the disturbance which occurred in the Stock Exchange market in April last year, affairs proceeded smoothly, although commercial and industrial expansion was not so marked as in the previous year.

An indication of business conditions may be found in the Union Government figures which were quoted by the Minister of Finance when he introduced the Part Appropriation Bill in the early part of this year. Instead of a surplus of £1,180,000 contemplated in his Budget of 1937, he estimated that the surplus at the end of the financial year would be £3,250,000. We may expect more definite information regarding these figures when the Union Parliament assembles in two days' time.

The satisfactory position was also reflected by the railway earnings for the year ended March 31st last, which rose from £32,100,000 to about £33,400,000, representing approximately £1,600,000 above the official estimate.

The external trade of the Union totalled nearly 229 million pounds, an increase of 14 per cent. over the figures for 1936.

All these figures are remarkable as an indication of prosperity but it is doubtful whether they can be maintained during the current year.

Gold Mining Industry

In our report last year we attributed the progress then made to the sound position of the gold mining industry, which contributed so largely to the stability of the Union. Under the most capable management and control the great gold mining industry continues to make good progress, and new records have been established in respect of the quantity of ore milled and the number and value of fine ounces of gold produced. In the Transvaal during the year 1937 more than 51 million tons of ore were milled, producing nearly 11¼ million fine ounces of gold, the approximate gross value of which was £82,350,000. The industry disbursed nearly 27½ million pounds in salaries and wages in the Transvaal, and the value of the stores consumed was approximately 28½ million pounds. Quite apart from the large amount which the Union Treasury claims from the profits of the gold mining industry, it is difficult to over-estimate the benefits which flow through the country from this source.

I remember some remarks made by the late Lord Welby, who was a very distinguished member of our board, when he presided at a dinner given by the bank in honour of a group of South African farmers who visited this country in the early days of 1914. He bade them be of good cheer and to be thankful for what he called that "fertilising stream" which flowed from the gold mines of the Transvaal. In comparison with those days that "fertilising stream" is now in flood.

During the period under review there have been occasions when, owing to rumours of currency devaluation and political unrest, there has arisen a strong demand for gold, buyers being willing to pay substantial premiums above the exchange parity in order to acquire it. From this it would appear that apart from the use of gold as the basis and support of currencies, the holding of the metal is being regarded more and more as a measure of safety and as a protection and cover against possible economic disturbances.

We can see no signs of any weakness developing in the demand for gold.

Other Minerals

While gold mining continues to contribute so largely to the welfare of the Union, we must not overlook the value of other important industries which are developing on sound lines. The production of other minerals in the Union, more particularly asbestos, coal, iron ore and manganese, is increasing year by year. Unfortunately the diamond industry was adversely affected by the unsettled conditions in the United States of America and on the Continent, but the amount realised from sales, including sales from stock, was over £9,000,000, which was more than £1,000,000 in excess of the amount realised in the previous year.

Agriculture

The climatic conditions in the Union during the year under review were less favourable than in 1936 and agricultural markets were adversely affected by the unsettled conditions prevailing overseas, but following on the good crops and the good prices realised during the previous year and with the help of a sympathetic Government, the farmers in South Africa are probably in a much happier position than farmers in any other part of the world. I may say that the production of sugar in the Union constituted a record for the industry.

Following the weakness on the Stock Exchange, which became most acute in April last year, the upward trend in commercial business in the Union was checked and caution was necessary. A feeling of depression prevailed and in consequence merchants found they were overstocked—particularly in luxury goods; there are indications that the position is now rather better in this respect.

There can be no doubt that the situation would have been much more serious if we and the other banks operating in South Africa had not exercised a restraining influence against speculation during the period of boom in the Kaffir Market.

Southern Rhodesia

We have nineteen branches and agencies in Southern Rhodesia, where business continues to expand. The overseas trade of the Colony is increasing. Imports during 1937 were £1,500,000 more than in the previous year, while exports increased by nearly £2,000,000. As indicated by the Budget figures, which show a surplus of nearly £200,000 as at March 31st this year, Government revenue and expenditure is on a healthy basis. The traffic revenue and expenditure accounts of the Rhodesia Railways resulted in a surplus of more than £2,000,000.

As in the Union, gold mining is the most important industry in Southern Rhodesia and the value of the precious metal exported during 1937 was nearly £5,750,000.

There has been an increased output of other minerals, particularly asbestos, coal and chrome ore.

The farming industry is improving, the maize crop was a record one for the Colony, and the production of tobacco was very satisfactory, the value of the export of leaf being over £900,000, nearly £300,000 more than for the previous year.

Northern Rhodesia

As you are aware, the production of copper is the important factor in the development of Northern Rhodesia. For the year 1937 the total exports from the Colony were valued at rather more than £12,000,000, of which no less than £10,700,000 was provided by the shipment of copper. A most remarkable achievement!

Nyasaland

The Nyasaland Protectorate is dependent upon the products from its soil, chiefly tobacco, tea and cotton, and there has been little change to record in the production of these crops during the period under review.

We shall be interested to hear the result of the deliberations of the Royal Commission which is now considering whether closer co-operation between the Rhodesias and Nyasaland is desirable and feasible.

South West Africa

General business conditions in South-West Africa remained steady during the year.

Although there has since been some set-back in the diamond and base metal industries, the territory as a whole is being gradually developed and prospects of further expansion are not unfavourable.

East Africa

There were no outstanding features in the business conditions prevailing in the East African territories.

Gold mining in Kenya and Tanganyika is still in its infancy and some time must elapse before any reliable view of its potentialities can be obtained.

Climatically, agricultural conditions were satisfactory, but prices overseas reacted unfavourably against some of the principal crops. Imports declined but there were no serious effects on the stability of the trading community.

More details regarding trade conditions in South and East Africa will be given in the report of this meeting which will be sent to every shareholder.

Director's visit to South Africa

Brigadier-General Sir Samuel Wilson visited South Africa in the early part of this year and by making use of air transport he was able to go to some of our branches in Southern and Northern Rhodesia as well as to the more important branches in the Union. Sir Samuel's visit was very much appreciated by the general managers, the staff and many others in South Africa, and his colleagues on the board were greatly indebted to him for undertaking such a long and arduous tour in the bank's interests.

The Recent Elections

Before I close perhaps I may be permitted to make some reference to the recent Parliamentary Elections in South Africa, which have resulted in the return to Government of those gentlemen who proved to be so successful in the administration of the affairs in the Union during the past five years. As bankers we are not politicians, but we are concerned with the political situation in the territories in which we do our business, and it is satisfactory to feel that the Union may look forward to a further period of constructive legislation.

This bank was formed more than three-quarters of a century ago to do business with South Africa, and our good times and bad have coincided with the good and bad times of that interesting country.

Confidence in the Future

During the past few years, while the greater part of the world has been in a state of chaos, South Africa has enjoyed remarkable prosperity, and we have some good reasons for quiet confidence in the future. At the same time optimism must be restrained because we know that the further satisfactory development of South Africa's most important industry and the markets for its mineral and agricultural products must be influenced by affairs in other parts of the world.

I will conclude by moving the first resolution, viz.:—

"That the report and balance sheet to March 31, 1938, now presented, be adopted,"

and I will ask my colleague, Mr R. E. Dickinson, to second it.

Mr R. E. Dickinson: I beg to second that.

The Chairman: Before I put the resolution to the meeting, may I ask whether any shareholder wishes to make any remarks on the report and accounts? (A pause.) Then I now put the resolution to the meeting.

The resolution was carried unanimously.

The Chairman: I have now to make the formal declaration of dividend:—

"As empowered by the Articles of Association, on behalf of the board, I now declare a dividend for the six months ending March 31, 1938, of 7s. per share on 500,000 shares, as a final dividend for the twelve months ended on that date, with a bonus of 3s. per share (making, with the interim dividend, a total distribution of 15 per cent. for the year), both payable in British currency and subject to income tax, to be paid to those shareholders whose names appeared on the register on June 29th, and to become payable on the 23rd instant."

I have now to propose the second resolution, which is:—

"That The Right Honourable The Earl of Athlone, K.G., Mr John Francis Grey Gilliat and the Right Honourable Lord Balfour of Burleigh be re-elected directors of the company."

I shall be glad if Mr Horace Peel will kindly second that resolution.

Mr Horace Peel: I have much pleasure in seconding the resolution.

The resolution was unanimously approved.

The Chairman: The next item on the agenda is the appointment of auditors for the ensuing year, and I will ask Mr Joseph Nissim if he will kindly propose this third resolution.

Mr Joseph Nissim: Mr Chairman, my lords, ladies and gentlemen, I have great pleasure in proposing:

"That Mr A. T. Turquand-Young, F.C.A., Mr Roderick M. Peat, F.C.A., and Sir Nicholas E. Waterhouse, K.B.E., F.C.A., be re-appointed Auditors of the Company for the ensuing year at a remuneration of 400 guineas each."

I am sure, Mr Chairman, that the shareholders will be pleased to renew their trust in the senior members of three leading firms of Chartered Accountants. I imagine that it must be a great pleasure to the auditors themselves to audit a balance sheet which is so well balanced in all its proportions and which, we are glad to note, has shown increased profits.

The Chairman: May I ask Mr Daniels if he will kindly second that resolution?

Mr. C. N. Daniels: I have very much pleasure in seconding the resolution.

The resolution was unanimously adopted.

Thanks to Officers and Staff

The Chairman: I have now a very pleasant duty to perform in moving a vote of thanks to our staff for their services during the past year.

On looking over the accounts to-day we have seen the results of good work well done, and we owe our thanks to every member of the staff who has contributed towards those results.

Earlier in these proceedings I referred to Sir Samuel Wilson's visit to the Union of South Africa and the Rhodesias. During his tour Sir Samuel was glad to have the opportunity of meeting a large number of the staff and seeing them at work, and he was much impressed by their sense of loyalty and devotion to the Bank.

From my close association with them I can tell you that the same spirit of loyalty and good service prevails amongst the staff in London, East Africa, New York and Hamburg, and, as an old official who served both in Africa and London, I can say that the members of the staff are grateful for all the privileges they enjoy, and are proud to be in the Bank's service.

Our special thanks are due to Mr Milton Clough, our General Manager in South Africa, and to Mr Ralph Gibson, the Manager at our Head Office in London, whose administration covers a very wide field.

It is only two years since Mr Clough received his present appointment, but he has succeeded in winning the full confidence and goodwill of his staff and he is highly esteemed by the general community in South Africa.

I have much pleasure in moving:

"That the thanks of the Meeting be given to the General Managers, the London Manager, and other officers for their valuable services."

I will ask Sir Ernest Clarke to second this resolution. (Applause.)

Sir Ernest Clarke: Mr Chairman, my lords, ladies and gentlemen, I have very great pleasure in seconding that resolution. I am quite sure that all the shareholders are as conscious as I am of the debt of gratitude we owe to all the members of the staff for their wholehearted loyalty and devotion to duty, and who, by their helpfulness and efforts, have succeeded in producing the excellent results which you, Sir, have been able to present to us to-day. I am particularly happy in being permitted to associate myself with this resolution because I have always received the greatest courtesy and consideration from every member of the staff during the 43 years I have been a customer of the bank. I think you will all agree with me that we are very fortunate indeed in having so able and loyal a staff, and I also think you will agree that we should join the directors in this resolution, recording our sincere thanks and gratitude to the staff for all they have done for us. (Applause.)

The Chairman: Sir Ernest Clarke, I am quite sure that the staff would wish me to thank you for your very kind remarks regarding them. May I now put the resolution to the meeting? (Applause.)

The vote of thanks was unanimously accorded.

The Chairman: My lords, ladies and gentlemen, that concludes the business of the meeting.

Vote of thanks to the Chairman and Directors

Sir John Chancellor: Before we separate, it is my privilege to propose:

"That the cordial thanks of the Meeting be accorded to the Directors for their attention to the affairs of the Bank, and to the Chairman for his conduct in the Chair."

It is always a great pleasure to me to come to the meetings of the shareholders of the Standard Bank of South Africa, partly because it brings back to me very happy memories of the years I spent in Rhodesia, and also because one always has from the chairman such a very cheering account of the state of affairs in South Africa; it is indeed very pleasant in this unhappy world, to hear the account of a country which has no difficulty in balancing its Budget. (Hear, hear.) It is also a special pleasure to me to come here and hear good reports of Southern Rhodesia, where I spent some very happy years and it is very pleasing to me to hear how rapidly it is progressing. I have no doubt that its future is now on a very firm and a more extended basis than it was when I lived there. What with the large exports of tobacco and maize, not to mention the mineral resources which it has developed—gold, asbestos and chrome in particular—one can feel confident of a very bright and happy future for Southern Rhodesia. (Applause.) I have very much pleasure in proposing this resolution. (Applause.)

Sir Frederick Eley, Bt.: I have great pleasure in seconding that resolution.

The resolution was put to the meeting by Sir John Chancellor and carried with acclamation.

The Chairman: Sir John Chancellor, Sir Frederick Eley, I can assure you that every one of the directors very much appreciates the very kind remarks that have been made, and I thank you, my lords, ladies and gentlemen, for your attendance and for your vote of confidence in the administration of the bank. (Applause.)

The proceedings then terminated.

PARTICULARS IN REGARD TO THE CHIEF INDUSTRIES OF SOUTH AND EAST AFRICA FOR THE PERIOD UNDER REVIEW

MINERALS

The value of the mineral output of the Union for 1937, taking gold at the standard value, was £61,580,202, as compared with £55,744,319 in 1936. Including the currency premium on gold, the value was £94,291,502.

GOLD

The Transvaal gold output amounted to 11,740,891 fine ounces, a figure 187,327 fine ounces in excess of the previous record established in 1932. The present record was achieved by milling 51,129,650 tons of ore, yielding an average of 4.460 dwts. per ton, as against an average yield of 6.471 dwts. per ton from 35,209,650 tons milled during 1932.

The output of gold in Southern Rhodesia amounted to 804,219 fine ounces, valued at £5,656,693, as against 797,061 fine ounces, with a valuation of £5,632,444, in the previous year.

DIAMONDS

Exports of diamonds from the Union were valued at £3,318,168, as compared with £3,313,475 in 1936.

The outlook is dependent chiefly on the course of events in Europe and America but, apart from the luxury demand, it is encouraging to record that the efforts to widen the scope of the industrial use of diamonds are being continued and it is considered that prospects of success are not unfavourable.

The sales of diamonds during the year amounted to over £9,000,000.

COAL

The value of the coal produced in the Union exceeded £4,000,000.

An upward trend in the sales output figures was maintained during the year, but the industry was faced with difficulty in obtaining an adequate supply of labour and in securing full transport facilities, which militated against the more rapid expansion that at one time seemed probable.

COPPER

The amount realised for copper produced in the Union showed an appreciable increase, chiefly owing to the higher prices ruling during the year. Quotations have been substantially lower during recent months and prospects are less favourable, although it is anticipated, in view of the stimulus afforded by various re-armament programmes and the wider industrial use of copper, that production in the Union should be maintained.

The Northern Rhodesia copper mining industry has also been affected by the lower demand and quotations. As production was increasing disproportionately to demand, restriction of the output was reintroduced on December 1, 1937. As the result of the exceptionally low production costs of the Rhodesian deposits, a satisfactory measure of progress has been achieved and prospects of further improvement are favourable.

ASBESTOS

The demand for asbestos continued to expand, and it is expected that the steady upward trend evident during the past few years will be maintained during the current year.

Exports from the Union increased from £326,464 to £427,557, while in Southern Rhodesia the value of the output rose from £836,469 to £840,026.

FARMING INDUSTRIES

MAIZE

The 1935-36 maize crop in the Union was practically sufficient only for domestic needs, but for the 1936-37 season the production allowed of an exportable surplus, which realised over £4,000,000 as against the nominal export value of £242,000 in the previous year.

The latest estimate of the 1937-38 maize crop is 17,609,000 bags, which compares with the record yield of 28,128,000 bags in the 1936-37 season.

WOOL

The value of the 1936-37 wool clip in the Union was placed at about £13,000,000, as compared with £8,500,000 for 1935-36, and the increase was attributable to the general strength of export markets and to heavy purchases in South Africa by Japan. The season closed with a carry-over of about 12,000 bales, as against 21,000 bales at the end of the previous season.

The 1937-38 clip is estimated at 900,000 bales, representing an increase of 67,000 bales on the figures for 1936-37, and, notwithstanding the development of international political uncertainties and a generally uncertain trend in overseas affairs during the period prior to the opening of the 1937-38 selling season, it was believed that there would be no material change in values. The absence of Japanese competition at the commencement of the Australian sales, however, tended to affect quotations, and an easier tone was evident at the opening of the South African markets in September, 1937, which persisted for some months until values in general were about 30 per cent. below the peak levels of the previous season.

As an indication of the effect of these conditions on the South African wool industry, it may be mentioned that during the period July, 1937, to February, 1938, exports in terms of grease wool amounted to 141,655,000 lb., valued at £5,926,168, as compared with 167,947,000 lb., with a valuation of £8,594,340, during the corresponding period of 1936-37.

MOHAIR

The keen demand for mohair in the 1936-37 season resulted in a marked upward trend in prices, and at the close of the season in June, 1937, the quantity of unsold stocks was small. Although only 5,770,000 lb. were exported from the Union, as compared with 8,883,000 lb. in the previous period, the value increased by £96,262 to £506,283. During the present season prices have weakened in sympathy with the fall in wool values.

HIDES AND SKINS

At the close of 1937 the value of the Union exports of hides and skins, at £2,395,000, showed an increase of about £500,000 over the figures for 1936, this being due to the higher average prices received. During the latter part of the year the volume of purchases was adversely affected by the unsettled conditions overseas and by some decrease in local orders and prices evinced an easier trend.

SUGAR

The 1937-38 sugar crop in the Union, which totalled 507,219 tons, as compared with 446,409 tons in 1936-37, constituted the third successive record for the industry, and it may be noted that the increased output was attributed to the introduction of new cane varieties and to favourable weather conditions during the growing period.

The Sugar Act of 1936 and the International Sugar Agreement functioned smoothly during the year under review, and have had a beneficial effect on the industry as a whole. The overseas demand has been steady and South African consumption continues to expand.

FRUIT

The value of the Union exports of fruit increased from £3,171,870 to £3,627,462.

The quantity of citrus fruit shipped represented a record for the industry, but prices obtained were less favourable.

WATTLE BARK AND EXTRACT

The exports of wattle bark and extract from the Union rose from £776,985 to £1,000,901.

Government grading, which has proved very satisfactory, was commenced early in 1937, and the increasing adoption of progressive sylvicultural methods should result in a gradual improvement in the quality of the bark produced.

TOBACCO

Exports of tobacco leaf from Southern Rhodesia during 1937 amounted to 18,418,498 lb., valued at £934,830, as against 18,510,498 lb., with a valuation of £653,392, in 1936. The 1937-38 crop is estimated at 25,000,000 lb.

The value of the tobacco exports from Nyasaland increased from £390,587 to £423,994.

DAIRYING

Owing to adverse weather conditions, the position of the dairying industry was less satisfactory than in the previous year, but there are prospects of improvement.

The value of the exports of butter declined from £507,228 to £383,519, and of eggs from £174,512 to £118,961.

SISAL

During the year under review the price of sisal showed considerable fluctuation; at April 1, 1937, the price was £29 5s. per ton, and at March 31, 1938, it had fallen to £17 per ton.

Exports of sisal from Kenya fell in value from £719,618 to £692,283, while those from Tanganyika rose from £1,873,312 to £2,079,204.

COFFEE

Coffee exports from Kenya and Uganda declined from 36,868 to 25,592 tons, but the figures for Tanganyika showed an increase from 12,146 to 13,612 tons.

COTTON

A comparison of the export values of cotton from Uganda and Tanganyika for the past two years shows:—

	1936	1937
Uganda	£3,326,879 ...	£4,269,283
Tanganyika ...	£640,625 ...	£603,594

MANUFACTURING INDUSTRIES

Industrial activity generally in the Union was facilitated by the uninterrupted progress of the gold mining industry, and an appreciable forward movement was achieved.

The building trade showed further expansion, and the total value of plans passed at the chief centres increased by about £1,169,000 to £22,278,000. The principal interest centred in Johannesburg, where the figures rose from £9,750,000 to over £11,000,000. While there has since been some fall in the value of plans coming forward, it is not anticipated that there will be any abatement of activity in the industry itself during the current year.

The iron and steel industry showed good results, and it is expected that the favourable position will be maintained.

ALLIED BAKERIES, LIMITED

NEW ACQUISITIONS

The third annual general meeting of Allied Bakeries, Limited, was held, on the 20th instant, at Winchester House, London.

Mr W. Garfield Weston (the Chairman) said that they were still labouring under the inconvenience of certain profit adjustments, where companies had been brought into the group during the period covered by the accounts. For the current year, if all the companies maintained their earnings, the net trading profits should be around £293,000. The present issued capital had not been operating for the full year, but they had been able to pay a final dividend of 6 per cent. on the total ordinary capital, making 10 per cent. for the year. The company was in a far stronger position than last year. Cash and investments, over 90 per cent. of which were in Government short-term loans, amounted to over £317,000; the goodwill item stood at only 2¾ years' purchase of the net trading profit, against which they had a share premium account of £230,000.

During the year they had further strengthened the position by bringing into the group nine well-established and well-known businesses. They had heard it suggested that the company was expanding too rapidly. With that suggestion the directors entirely disagreed and believed that the accounts supported their view.

Their policy had been to make progress through supplying bread of the highest possible quality. They were confident that that was the right policy and, when favourable opportunities occurred for expansion in districts where their organisation was not adequately represented, the directors had decided to obtain a footing in such areas. Not only had there been a definite plan behind each acquisition in relation to the broad aspect of rationalisation, but in every case the management of the company to be acquired had been willing to remain with them and to accept shares in the company as the major part of the purchase price.

They had spent much effort and money on modernising the equipment in some of their subsidiaries, and they would not rest content until the most up-to-date machinery and equipment was standard throughout the group.

Trading results so far in the current year were ahead of last year, and they hoped to present even better results at the next meeting.

The report was unanimously adopted.

THE DISTILLERS COMPANY, LIMITED

The sixty-first annual general meeting of the Distillers Company, Limited, was held in the North British Station Hotel, Edinburgh, on the 15th instant, when the Rt. Hon. Lord Forteviot, O.B.E., M.C., chairman of the company, presided.

The Chairman said: Before reviewing the results of the activities of the company during the past year may I be permitted to refer to the genuine and profound regret felt by the board, and, I am sure, the general body of stockholders, at the passing of our chairman, the late Mr Thomas Herd? Mr Herd, from his earliest days, was connected either with companies which now form part of our organisation or with the parent company itself. Our prosperity was his only consideration, the furtherance of our interests his one great hobby. He has left behind him a signal record of distinguished service and unselfish devotion to duty, and I feel honoured that my colleagues have chosen me to carry on that great tradition. I shall do my best to maintain it.

The report and accounts, copies of which have been in your hands for some time, I presume I may take as read. First of all, I refer to the assets side of the balance sheet.

Land and buildings, plant and utensils, at £777,647, show an increase of £120,332 over the figure of last year. As during the year over £200,000 was spent on our new distillery at Cambus, over £50,000 on alterations at Hammersmith and considerable sums on buildings and plant elsewhere you will realise that depreciation has been written off these assets on a liberal scale, thus continuing the policy outlined in some detail by Mr W. H. Ross nearly ten years ago.

Sundry investments are shown in the balance sheet as worth the very substantial figure of £6,148,669. Approximately £5,000,000 of this is invested in British Government stocks with fixed rates for repayment, and the market value of these is in excess of the book value. The remaining investments under this head consist partly of undated Government stocks, but mainly of investments which your board consider it in the interests of the company to hold. Over 93 per cent. in value of these investments have a market quotation, and the market value of these holdings is considerably in excess of the value at which they are taken in the balance sheet. The remainder are entered at what the directors consider to be a conservative value, and in no case in excess of cost. You will therefore understand that as any doubtful investments have been amply provided for the sundry investments in our opinion are fully worth the value at which they appear in the balance sheet.

The next item on the assets side is that referring to the investment in the loans to subsidiary companies. The investment in subsidiary companies at £16,915,212 shows an increase of £1,565,331 over the figures of last year, and the loans to subsidiary companies at £7,291,692, an increase of £1,788,005. The increase in the sum invested is largely accounted for by the holding in Booths Distilleries, Limited, which was acquired in the early part of the year under review.

There were various reasons which led to the making of this investment, and we saw certain direct and indirect advantages in this purchase. We have not yet had time to reap the benefit of the complete scheme, but progress has been made towards this end, and the running of this well-known business is gradually being brought into line with that of the other members of the group.

As you know, it has been the policy of your board to develop those activities which are ancillary to distilling potable spirit, but our main investment is still in the distilling, blending and gin subsidiaries which are so well known to you all, and much the greater portion of the sum invested under this head is represented by the shares of these companies. In accordance with our usual practice, our investments in subsidiary companies have all been carefully examined, and any provision considered necessary has been made against the values at which they stand in our books.

The increase in loans to subsidiary companies arises partly from the increase in trade and partly from a re-arrangement of the financing of the Booth Company.

The greater activity of our distillers, coupled with a rise in raw material prices, explains the increase in stocks of £145,471, as compared with last year. As is stated in the report, these stocks are valued at conservative figures.

The only other asset to which I need refer is the cash balance, which shows a reduction of £1,367,281, as compared with last year, which is more than offset by the increase in the other assets appearing in the balance sheet.

Turning to the liabilities, there is no change in the capital or the debenture stocks of the company. The reserve fund, the fire insurance fund, and the superannuation and provident fund have been increased by the same amounts as last year. As you know, the company acts as banker for the members of the group and this explains the increase of £1,342,091 in the loans from subsidiary and associated companies. Sundry creditors and other balances are increased by a net figure of £34,585, which is accounted for by an increase in the reserves for unrealised profits and taxation, less a reduction in creditors.

As regards the reserve for unrealised profits, it is our practice, as you are aware, to suspend the profit on all sales from this company to subsidiary and associated companies until the goods are finally marketed. There has been added to the reserve this year the profit made on the spirit manufactured and sold to subsidiary and associated companies during the year. Although the costs of distilling have risen and the profit on the manufacture of spirit has consequently fallen, the sum reserved for spirit manufactured this year is greater than the sum freed through spirit marketed and withdrawn from the reserve.

As has been explained before, a sum is reserved each year to meet the income tax required on the profits earned, so that income tax reserve account represents the total sum payable for income tax on the profits earned by the company, although part of this tax is not due for two years. The provision made for last year was, however, at the rate of 5s. in the £, whereas tax must be paid at 5s. 6d. in the £, and an increased allowance has been made this year to meet this addition in tax. Full provision for the National Defence Contribution has also been made for the year under review.

Dealing now with the profit and loss account, the available profit for the year after writing down buildings, plant and investments, providing for debenture interest, management remuneration, head office expenses, taxation and contingencies and including interest and dividends from investments, is £2,522,204, and after adding the sum received for transfer fees and deducting directors' fees, the sum remaining for distribution is £2,512,470, an increase of £54,054 compared with a year ago.

Trade at home has shown to appreciable advantage during the past year, and the various brands of Scotch whisky marketed by our group companies have more than held their own. Quality with requisite age, so consistently maintained by the management of each of our companies, cannot fail to be a strong selling factor in the position they hold.

In our export markets the position is encouraging, and we are able to report that in almost every country in the world we have experienced an increase in trade. Our volume of business in the United States of America discloses that consumers of alcoholic beverages in that country still display a distinct partiality for "Scotch." In tropical countries the medical profession continue to emphasise the advisability of including our product as an essential part of the daily dietary. Ample proof of the preference our brands are enjoying in these countries is reflected in the expansion shown in our trade, and it is obvious that the medicinal value of Scotch whisky is becoming more apparent every day.

A pleasing feature in connection with this section of our business is that, notwithstanding the immense difficulties put in the way of Scotch whisky in many markets by increased domestic taxation, and the incidence of abnormal rates of exchange, our brands are still able to surmount all these difficulties, and continue to command the confidence of a discriminating public.

Our various brands of gin enjoy universal popularity, which is shown by the increase of sales both at home and abroad.

It is difficult to prophesy regarding the coming year, but it is quite evident that there is in this country a slight recession of trade. Our strong position, however, enables us to face the future with confidence.

The output at our grain distilleries has been maintained at a high level throughout the year. We have orders on hand to ensure a full programme of work at all our operating distilleries till the end of the present calendar year.

During the past distilling season nearly all our malt distilleries have been in commission and have worked the full season. Advantage has been taken of the silent period to recondition and bring the plants to a thorough state of repair, so that we will be in a position to overtake any demand for malt whisky which may arise next distilling season.

Our business in industrial alcohol has progressed favourably during the year, but in this case we are working on very narrow margins of profit, and the costs of manufacture have also been affected by the coal and labour charges. The extra cost of coal used by our various units was considerable when compared with the previous year, and, as you can well understand, we are compelled to exercise economies in this direction, in order that we may be able to maintain the minimum cost of production.

You are fully acquainted with the new tax imposed on alcohol used for motor spirit. We are well accustomed to act as tax gatherer on behalf of the Government: we realise the national need of extra finance in the present grave international situation; we shoulder our burden willingly, but having embarked a large amount of capital in order to supply alcohol for this motor spirit we cannot understand this sudden change of policy. It is not generally understood that the Distillers Company have little if any advantage from this turnover other than the very narrow margin of profit taken on the alcohol itself. It has been stated that the Distillers Company have a definite interest in the profits of the company or companies selling petrol admixed with alcohol, but this is not the case. We have no share interest of any kind in these companies.

It will be appreciated also that any reduction of turnover must mean an increased cost of the remainder production. You will realise—though the general public may not—that an enormous number of trades depend on alcohol as one of their principal raw materials, and those of you who visit our pavilion at the Glasgow Exhibition will get some idea of the varied character of our productions and also how far the industries of this country depend on alcohol as a basis for chemical manufacture.

The chemical side of our business has progressed during the year, but has suffered somewhat from exceptional competition from abroad, where consideration of profit or even costs of production do not at the moment seem to enter into the quoted price.

The yeast and malt extract business has been satisfactory, but profits have decreased owing to increased costs of raw materials, wages, coal and labour.

Reference was made last year to the Gyproc plaster board factory which was then in the course of erection at Shieldhall, Glasgow. This has now been completed and is fully occupied in the manufacture of plaster boards and other products for the building industry. These products have met with a very favourable demand, and arrangements have been made for an increase in the manufacturing capacity of this factory and of the works at Rochester.

You are probably aware that the company has hitherto been tenants of various offices throughout the City of London. This was found to be inconvenient, and we have recently completed offices of our own at Distillers' House in St. James's Square. The new arrangement has brought our numerous departments into closer touch with one another, resulting in better co-ordination and control.

You will observe from our annual report that Mr Reginald W. Preston does not seek re-election as a director, and your board desire to put on record their great appreciation of the long and honourable services rendered by him to the company and the allied businesses with which he was connected.

I desire here to record the appreciation by the board of the loyal service and efficiency of the staff throughout the whole of our organisation. It is to their co-operation that is due much of the success of the company during the past year. For some time every employee of the Distillers Company, Limited, has enjoyed the privilege of holidays with pay, together with facilities including pay for Territorials attending their annual training.

I have now much pleasure in moving the adoption of the report which recommends a final dividend on the preference stock of 3 per cent. less tax, making with the interim dividend of 3 per cent. already paid a dividend of 6 per cent. less tax for the year; also a final dividend on the ordinary stock of 12½ per cent. less tax, making with the interim dividend of 7½ per cent. already paid a dividend for the year of 20 per cent. less tax, also the payment of a bonus of 2½ per cent. less tax on the ordinary stock and carrying forward to next year a sum of £444,359 19s.

The report was adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

The Reporting Manager,

THE ECONOMIST,

8 Bouverie Street,

Fleet Street,

London, E.C.4

Telephone: Central **8631**

UNITED DOMINIONS TRUST, LIMITED

NEW RECORDS ACHIEVED

The sixteenth annual general meeting of the United Dominions Trust, Limited, was held, on the 20th instant, at Regis House, London.

Mr. J. Gibson Jarvie (chairman and managing director) said that the financial year just ended had been fraught with many difficulties and anxieties, but once again their accounts disclosed a new high level of business transacted, of profits earned, and a general development of their companies' scope and interests, which should be reflected in still greater strength and growth in years to come.

The improvement was due to some extent to the fact that they had been able to secure new accounts and to extend their service into new fields. It was satisfying to realise that even in a very difficult year they had continued to strengthen their foundation and broaden their basis, and to find the company more securely established in the economic and banking structure. Their policy was to continue to expand their activities without sacrificing in any way the conservative principles on which the business had been established. They did not look for—in fact, they would avoid—spectacular advances, but at the same time more and more businesses looked to them to satisfy those commercial requirements which they had equipped themselves to meet.

STRONG FINANCIAL POSITION

The capital now stood at £1,100,000, and the profit for the year had increased to £213,248. Income tax and provision for N.D.C. had risen from £41,030 to £63,995. The consolidated statement showed the strength of the company. Capital and reserve accounts amounted to approximately one-third of the aggregate figures, and the balances at bankers and cash in hand amounted to £1,017,399. Taxation had become oppressive; where the safety of the country was concerned there would be no limit set, but the burden of taxation on industry might conceivably stifle the effort by which it was satisfied.

The Trust occupied a unique position as a commercial bank supplementing the service of the ordinary banker, providing finance for the distribution of goods rather than for their manufacture. By granting facilities to trading and manufacturing clients, they made it possible for the latter to give credit in turn to their customers. The company had been responsible to a very great extent for a large increase in retail turnover in capital and semi-capital goods; the range was very wide and embraced machinery and plant of every description, motor vehicles, farm equipment and implements, refrigerators, and other domestic appliances. The list was almost endless.

United Dominions Trust (Electric), Limited, was a company constituted to provide financial facilities for the electrical industry. Electricity was now an essential in the homes of the people, and the financial requirements were of such a special nature that they had come to the conclusion that electrical finance was entitled to a company of its own.

CREDIT FOR INDUSTRY

Credit for Industry, Limited, was another of their companies constituted for a particular purpose. Larger advances were again shown, after substantial repayments, during the year. The service being rendered to British industry by that company was very much greater than the figures indicated. They had been the first in that particular field, and could reflect with satisfaction on the usefulness of the company to the country in connection with the great problem of the special areas. They had set an example which had been followed in other quarters, and the amount of money for which they had been directly or indirectly responsible for placing in the special areas was many times the actual loans by the company up to date. He believed that the company could continue to be of service to the industrial community long after the special areas had ceased to be so regarded.

The times were not propitious for a large increase in the activities of the company, but, as and when money conditions tightened, it was reasonable to suppose it would have a field of finance which it might look on as, in a measure, its own.

Dealing with other activities, he said that British Medical Finance, Limited, provided a service recognised by the medical profession as the approved service when the purchase of practices was being considered. The South African Company had made a satisfactory beginning. Summing-up in conclusion, he said that the Board anticipated a progressively forward growth in strength, service to their customers, and profits. In the absence of a major catastrophe, they could scarcely fail to continue their progress.

The report was unanimously adopted.

BRISTOL AEROPLANE COMPANY, LIMITED

WORKING TO FULL CAPACITY

MR VERDON SMITH'S SPEECH

The twenty-eighth ordinary general meeting of the Bristol Aeroplane Company, Limited, was held, on the 21st instant, at Filton, Bristol.

Mr W. G. Verdon Smith, C.B.E. (the chairman), said: It is common knowledge that during the past year the aircraft industry has been fully occupied with the fufilment of Government orders for aeroplanes and aero engines besides all the numerous accessories connected with aircraft manufacture. Shareholders will, therefore, expect to find in the case of this company that the accounts for the year under review show improved earnings resulting from considerably increased output.

The net trading profit, with transfer fees £392, amounted to £537,393. Of this sum a large proportion will have to be paid to the Government in the form of income tax and National Defence Contribution, the provision for this purpose being no less than £185,000. Deducting this amount, together with directors' fees and interest, a balance is left of £344,579. Adding the balance brought forward from the previous year, the available profits are therefore £353,005. £100,000 of this amount has been placed to reserve, the net dividend on the preference shares absorbed £22,500, an interim dividend of 7½ per cent. was paid during the year on the ordinary shares, and the board now recommend the payment of a final dividend of 17½ per cent., less income tax. The balance remaining after this distribution is £10,755, which it is proposed to carry forward to the next account.

EXTENSIONS TO FACTORIES AND PLANT

Referring to the balance sheet, further expenditure has been laid out in extension of the factories and plant, the net addition, after providing for depreciation, being represented by an amount of £142,114. Inasmuch as the outlays were largely made in the second half of the year, the full benefit will not accrue until the present year. A new item, namely, £70,000, in respect of shares in an associated company, refers to our investment in Rotol Airscrews, Limited. At the last general meeting I explained the reasons for joining with Rolls-Royce, Limited, in the formation of this separate company for the manufacture of airscrews. The factory has now been erected and its equipment completely installed. Considerable orders for controllable pitch airscrews have been received and satisfactory production, though not yet to maximum capacity, is being obtained.

The total of the current assets on the one side of the balance sheet and of current liabilities on the other, show a similar and substantial increase of approximately £1,000,000. The value of stocks and work in progress is larger by £334,146, an increase following in the ordinary way from the much larger amount of work passing through the shops.

On the debit side of the balance sheet it will be seen that by the addition of £100,000 out of the current year's profits, the general reserve amounts to £1,200,000, a sum equal to the whole of the subscribed ordinary share capital. The total current liabilities and provisions show an increase of rather more than a million pounds, and include a bank overdraft of £491,914, rendered necessary as a temporary measure to finance the large volume of orders in course of execution.

Before leaving the financial results of the year's work, it may be desirable to refer to suggestions in some quarters that new capital either in the form of debentures or a bonus issue of share capital might be anticipated. On such questions the board would have regard to what they conceive to be the best interests of the company and the necessity of maintaining a conservative financial policy, particularly in view of the possibility of changed conditions in the industry arising from political or other causes beyond their control. They are anxious that the permanent capital of the company should not be unduly enlarged but some additional capital resources will certainly be required before long.

For reasons which will be readily understood, it is impossible on this occasion to supply you with detailed information with regard to the company's operations. Large demands have been made upon us in connection with schemes adopted by the Government for the expansion of the Air Force, and it is gratifying that the company has been in the position both as regards design and production to cope with the heavy responsibilities placed upon it for the supply of aircraft and aero engines.

WORKING TO FULL CAPACITY

The company's organisation has been greatly enlarged during the past two or three years, as can be readily seen by passers-by in the vicinity of Filton on the main road out of Bristol. The whole of the factories are working to full capacity, and, indeed, as announced in the Press, arrangements have recently been entered into with the Air Ministry to provide additional manufacturing resources necessary to meet their latest requirements. These new buildings and their equipment will involve an expenditure of approaching £1,500,000, an outlay too great to be undertaken by the company under an expansion scheme over a limited period. Financial arrangements suitable to the special conditions have been concluded, therefore, with the Ministry. I might add that, contrary to an impression which seems to exist, this new scheme of extensions is not a "shadow" scheme.

It must be apparent to all interested in such matters that this company has played a part of first-class importance in the Government expansion schemes for aircraft construction. In the first place, a large volume of orders for aircraft and aero engines have been fulfilled directly by this company without delay in delivery. In addition, "Bristol" aircraft and "Bristol" aero engines have been and are being built in large numbers in Government shadow factories.

In this connection it is pleasing to be able to record that the companies managing the various shadow factories have acknowledged from time to time in generous terms the great value of the assistance which this company has gladly rendered in connection with the numerous difficult technical questions necessarily arising in the course of the inaugurating and carrying out of their undertakings. As you are aware, the company is to receive remuneration in respect of their products manufactured under the "shadow" schemes, but it is not yet possible to indicate the extent of the financial benefit to which the company will be entitled.

The company has enjoyed for many years past a high reputation abroad, and has established a very considerable goodwill for its products in many parts of the world. It is therefore of great importance—and one might add in the national interest also—that all the work of the past years in building up a valuable goodwill and sales organisation should not be wasted by a complete cessation of exports. Therefore, although the company has been so largely concerned with the fulfilment of Government orders, endeavours have been made to respond as far as possible to insistent demands from friendly foreign countries.

TECHNICAL PROGRESS

Anyone with merely superficial knowledge of the aircraft industry will realise that technical progress and development must be the constant aim of the company if the business is to continue to achieve successful results. It is therefore wholly satisfactory that aircraft and engines already developed are in successful production, and that new types are in course of development with every prospect of successful results. The Perseus sleeve valve engine is in production, and the Hercules sleeve valve engine now in an advanced state of development will be in production at an early date. Other types of engines are also in process of design and development, and there is good reason to anticipate that they will reach a higher level as regards power and performance than has hitherto been attained in aero engine construction.

Considerable numbers of aero engines of "Bristol" design and construction are in use for civil purposes, including a large proportion of the engines used in the services operated by Imperial Airways, which have been supplied by this company. Your directors have always been anxious to produce aircraft and aero engines for civil purposes, but in the meantime, so far as aircraft are concerned, national requirements for military purposes have made it essential that all our efforts should be concentrated on the fulfilment of Government orders. The question of civil aviation, however, is always before your board, and whenever the opportunity occurs you may rest assured that this company will be in a favourable position to manufacture aircraft of the larger types suitable for public passenger transport.

The chairman concluded by moving the adoption of the report and accounts. Sir G. Stanley White, Bt., seconded the motion, which was carried unanimously. The resolution proposing the re-election of the chairman, Mr W. G. Verdon Smith, C.B.E., was proposed by Sir G. Stanley White, Bt., and seconded by Colonel Sidney E. Smith, and was carried. The re-election of the auditors was proposed by Mr J. Bird and seconded by Mr Thomas Perkins, C.M.G., and was also carried. The meeting terminated with a hearty vote of thanks to the chairman and directors, which was proposed by Mr J. S. Young and seconded by Mr J. S. Collins, and was carried with acclamation.

NORTH EASTERN TRADING ESTATES LIMITED

SATISFACTORY PROGRESS

The third annual general meeting of the North Eastern Trading Estates, Limited, was held at Metrovick House, Newcastle-upon-Tyne, on Tuesday, July 19, 1938.

Colonel K. C. Appleyard, O.B.E., D.L., J.P., the chairman, in the course of his speech, said: You will see that the advances from the Commissioner for the Special Areas (England and Wales) have increased by the large figure of approximately £800,000, while capital expenditure on land, development and buildings on the Team Valley Estate now stands at over £1,048,000, the additions during the financial year having amounted to £937,604 13s. 1d.

As an indication of the effort which the above expenditure represents, it will interest you to know that up to date we have completed 12¼ miles of roads on the Estate, 6¼ miles of railway, 20 miles of sewers, and have brought practically 1¾ million tons of fill into the area from local pit heaps. In addition to this, we now have 17 acres of factories either completed or under construction.

It is expected that by the end of this year the civil engineering work in developing the Team Valley Estate will be finished and that the company's subsequent expenditure will be almost entirely on factory buildings which are, of course, revenue producing. This will really represent the end of the first stage of development.

On the revenue side of the account it will be seen that the amount received in rents is small, this being due to the fact that our first factory was only completed in July, 1937, and that none of our tenants has been in occupation for a full year, while some had only had possession for a few weeks.

Current expenditure is within the estimates approved by the Commissioner, and a considerable proportion of this is due to publicity and propaganda, which we are convinced has contributed materially to the success of our activities.

I am happy to be able to tell you to-day that we have secured the hundredth tenant for the properties we are administering, and that this tenant is the well-known local firm of Thomas Hedley and Company, Limited, who, we are proud to say, have investigated the advantages offered on the Team Valley Estate and have instructed us to build premises for them.

OTHER FACTORY SITES DEVELOPED

I refer above in the plural to the properties which we administer, because our activities are no longer confined to the Team Valley Estate. The Commissioner for the Special Areas invited the company during the year to act as his agents in developing industrial sites at Pallion near Sunderland, at West Auckland, and in an area of East Gateshead, to be cleared and prepared for industrial and other uses. The board agreed to undertake these tasks and will in due course take over the properties on long lease and be responsible for factory construction thereon. The company is also acting as the Commissioner's agents in constructing further individual factories on other sites and has already commenced to receive contributions to its revenue on scales agreed with the authorities for these additional tasks.

SCALE OF ENTERPRISE JUSTIFIED

From time to time there has been some faint criticism of the scale on which this enterprise is being developed, and it may be as well for me to say here that the board set out, with the full approval of the Commissioner and the Government, to attract light industries in numbers commensurate with the importance of the North East Coast and the size of the unemployment problem which exists in bad times. We felt that if this novel State experiment were to be successful, it must be of such a nature as to seize the imagination of the industrial people whom we approached and to give evidence in itself of permanence and the widest choice of sites which different businesses could desire.

I believe the fact that we have maintained a rate of one new tenant a week since August, 1936, is ample justification for the board's original conclusions. Whether such a rate can be kept up is another matter, but at the present time the number of inquiries and our letting rate are still being maintained, and it is hoped that when the staff move into the Central Administration Buildings early in August, and are able to do their work at the heart of the enterprise, an even greater concentration of effort in publicity, research, and letting activities will be possible.

I am convinced that the new way in industry is not to build factories but to hire them with every necessary service, and I am sure that there is no more attractive, modern and efficient industrial area in which to hire them than in the Team Valley Estate.

The report and accounts were adopted.

PALESTINE ELECTRIC CORPORATION LIMITED

INCREASED SALES AND PROFITS

The fifteenth ordinary general meeting of the Palestine Electric Corporation, Limited, was held, on the 19th instant, at 2 Grosvenor Gardens, London. The Right Hon. Viscount Samuel, P.C., G.C.B., G.B.E. (chairman of the corporation), presiding.

The chairman, in the course of his speech, said: The year under review has been one of steady development, notwithstanding the continued unrest in Palestine and the accompanying economic depression.

During the year, the number of consumers increased in comparison with the previous year by 14 per cent. and the number of units sold by 8.8 per cent. The increase in gross revenue was 4.9 per cent., from £582,765 in 1936 to £611,051. That the increase in revenue is less than the increase in sales is due mainly to the further reductions in our rates which came into effect in the course of the year. It is of interest to note that in the last six years the average charges per unit for all classes of electric supply to the public have been reduced by nearly one-half.

I mentioned last year at the annual general meeting that it would be necessary to provide for an increase in the authorised capital of the corporation with a view to increasing the issued capital to such extent and at such times as might be found desirable. At the extraordinary general meeting which followed, a resolution was passed increasing the authorised capital from £2,500,000 to £4,000,000, and your directors thereupon made an issue of Four and a-Half per cent. £1 second redeemable cumulative preference shares, ranking junior to the previous issue of preference shares to an amount of £500,000.

NEW POWER HOUSE

Turning to the accounts, we expended during the year an amount of £668,618 on capital account. The principal items were £341,677 in respect of the new power house near Tel-Aviv, £158,142 on the extension of the Haifa power house and cooling water basin, and £121,097 on transmission and distribution lines and on meters.

Notwithstanding the serious delays encountered in delivery of plant and machinery owing to pressure of Government orders in Great Britain, rapid progress was made with the construction of the new power house near Tel-Aviv, and also with the extension of the Haifa power house plant. The new power house has now been completed, and it is expected that it will be put into commission shortly.

The financial plan of the Jordan Concession requires that from 1937 an annual sum should be set aside under the head of capital amortisation fund. Accordingly, that new item now appears in our balance sheet; the amount being £9,754, which is the computed sum needed by the provisions of Clause I of the financial plan.

An amount of £95,150 has been allotted to reserve for depreciation in respect of the year 1937, and this reserve now stands at £455,391.

PROFIT AND DIVIDEND

Turning now to profit and loss account, the operating expenditure, together with provision for depreciation, in 1937, was £343,982 as compared with £326,063 in 1936. This is an increase of £17,919, or 5½ per cent., in comparison with the previous year; but this includes an increase of £9,290 in the allocation to depreciation reserve.

The net profit for the year was £235,566. To this we have to add the carry-forward from last year of £24,240, making a total of £259,806 available for distribution. We now recommend the transfer to general reserve of £50,000, bringing it up to £250,000, and of £20,000 to the reserve for income tax and contingencies. We further recommend the payment of a final dividend of 5 per cent., free of U.K. income tax, on the ordinary and "A" ordinary shares issued, making a total of 7½ per cent., free of U.K income tax, for the year, the same as last year.

You will be glad to be informed that the first six months of the present year again show an increase on the previous year in sales and in gross revenue, although the rate of increase is less.

The directors desire again to pay tribute to the managing director and to the staff in Palestine for their efficient and successful work during a trying year, carried on under conditions always of anxiety and often of danger. You will not expect me on the present occasion to enter into political matters. I would only express the earnest hope that wise statesmanship among the governors and self-restraint among the population may find the way to happier times.

The report and accounts were unanimously adopted.

ANGLO-DUTCH PLANTATIONS OF JAVA, LIMITED

BEST RESULTS SINCE 1927

MR W. H. DAUKES'S ADDRESS

The twenty-eighth ordinary general meeting of the Anglo-Dutch Plantations of Java, Limited, was held, on the 15th instant, in London.

Mr W. H. Daukes (chairman and managing director), in the course of his speech, said: It is with considerable satisfaction that the directors are able to publish the best results since the year 1927, when an approximately similar profit was earned, although at that time on a smaller capital.

The profit from the local company was £661,713, compared with £569,705 in 1936 and £221,164 in 1935, but in making these comparisons the difference in exchange rates must be borne in mind. After the deduction of London expenses and interest on debenture stock the profit for last year is £424,290, compared with £297,384 for 1936. The directors have added £50,000 to the general reserve, bringing this up to a total of £350,000, and they propose to pay a final dividend of 5 per cent., which, with the interim dividend of 4 per cent. paid last February, brings the total dividend for the year to 9 per cent.

TEA CROP

From our 21 tea estates we exported 11,359,456 lb. of manufactured tea, 10,955,172 lb. being produced by our own estates and 404,284 lb. being bought leaf manufactured in our factories. Throughout the year, however, extensive areas were rested in connection with the restriction of crops, the greatest amount of tea at any one time out of pluck being 5,700 acres. The company's standard production for 1937-38, including the allowed purchase of native leaf, was 18,222,834 lb., of which the local exportable quantity was 59 per cent., or 10,751,472 lb. In addition 637,558 lb. of export licences were purchased.

The tea generally on all estates maintained its good condition although the necessary steps to combat helopeltis and root disease had to be taken as usual. As regards both these, Mr Masefield, our tea superintendent, and the managers are always on the alert to counter any fresh outbreaks; otherwise our tea continues very free from pests and disease.

Turning to the tea results for the year, the gross profit amounted to F2,114,619, compared with somewhat under one million guilders the previous year. The cost of production, owing to an advance in wages and somewhat more liberal treatment and cultivation of the gardens, increased from 6.07d. to 6.43d. per pound. The difference would have been greater but for the improved rate of sterling exchange. This cost included everything except debenture interest and the charges in the local balance sheet for depreciation, the last-named amounting to 1⅓d. per lb. The selling price advanced from 9.37d. to 10.79d. per lb. net.

With the further 5 per cent. increase in the international export quota for the regulation year 1938-39, our exportable crop for 1938 is estimated to be 11,500,000 lb., in addition to which we have purchased some 600,000 lb. of export rights from the Sumatra Anglo-Dutch Company spread over the next restriction year, which includes the first three months of 1939.

RUBBER

Last year we had sixteen estates totalling 36,285 acres under rubber, of which 8,759 were immature. The total production of the year amounted to 16,505,762 lb., a yield on the mature rubber of just under 600 lb. per acre, which is some indication of what our rubber would be capable if on full production.

The company's standard production for 1937 was 17,700,665 lb., and of this approximately 78 per cent. was exportable against the international regulation figure for the year of 83⅓ per cent. Export licences were purchased for 1,438,404 lb. At December 31st last we were therefore left with a stock of unlicensed rubber of just over 1,000 tons, an amount well within our permissible stock figure. This stock has been taken into the accounts at a price which just covers prime cost. Mr Jackson continues to report most satisfactorily as regards the general condition of our rubber.

During the course of the year we continued our rejuvenation programme. A further 1,667 acres were replanted at a cost of under £3 10s. per acre. This brings the total area planted with first-class modern clones and seedlings during the last ten years to just under 12,000 acres, while approximately a further 2,600 acres are being replanted during the current year. So far as can be judged at present, all the rejuvenated areas are extremely promising.

The gross profit for the year from rubber amounted to just over three million guilders, compared with F1,079,000 in 1936. This big improvement is accounted for by the larger amount exported, by a decrease in the cash cost from 2.77d. to 2.57d. a lb., and by an increase in the selling price from 7.56d. to 7.89d. a lb. Actually the cost price, mainly owing to higher wages, showed an increase on the previous year of .18d. a lb., but this was more than offset by the improvement during the year in the exchange value of sterling. The various depreciations add practically 1d. a lb. to the cost price, so that the all-in cost works out at 3.53d. a lb. In calculating the selling price practically ½d. a lb. has had to be deducted in respect of export taxes.

COFFEE AND OTHER PRODUCTS

At the time of our meeting last year the prospects for coffee appeared somewhat brighter, but the price took another downward dive in the latter half of last year, and the position is now as bad as it has been at any time during the last few years. Our crop in 1937 amounted to 19,914 cwt., produced at a cash cost of 36s. 1d. per cwt., while the net selling price was 23s. 9d., against that of the previous year of 29s. 8d. per cwt. The result for the year was a loss of F198,345, compared with F85,642 for 1936.

The profit from our kina estates was F250,620, compared with F183,483 the previous year. This increase was chiefly brought about by the advance from 40 per cent. to 52 per cent. in our export quota.

During the year our three rice mills at Pamanoekan, Pegaden, and Paboeran dealt with a record quantity of paddy. The results from rice were more satisfactory than for some years past. It is satisfactory to be able to report a record profit from Soekamandi Estate for 1937. The combined gross profit from sisal and tapioca came to F2,047,155, against F2,032,509, the previous highest figure, that for 1936. It is difficult to speak hopefully of the prospects as regards Soekamandi for the current year. Prices for both sisal and tapioca have declined heavily, and even at the reduced level sisal sales have been difficult to make, whilst the demand for tapioca flour both is and has been now for many months entirely absent. Fortunately the estate is in excellent condition, and is able to face a period of low prices.

PROSPECTS FOR CURRENT YEAR

A few words with regard to the prospects for the current year. I fear it is impossible to paint these with bright hues. Consumers of the world's products have shown considerable reluctance to buy, the result being low prices for practically all classes of commodities. Tea has been one of the few exceptions. By the careful adjustment of supply to demand the International Tea Committee has been able, whilst providing the world with sufficient tea, to prevent any heavy accumulation of stocks. At the end of May this year stocks in the United Kingdom amounted to somewhat over 162,000,000 lb., rather more than last but less than has always been considered a normal stock figure. It can therefore be said that the statistical position is sound, and although the exportable percentage, 92½ per cent. of the standard quantities of the countries included in the export regulation agreement, is the highest since the agreement started, the industry can well afford to see larger stocks than those at present held without feeling that they are in any way excessive. Although, therefore, it is unlikely that we shall see a further advance in tea prices, there is at the same time no reason to anticipate any substantial drop. With reasonable prices, therefore, and a larger export than has been permitted for some time, our tea results should not be unsatisfactory.

Unfortunately, the same cannot be said with regard to rubber. Here we have an entirely reversed position. The lowest percentage of export yet allowed and at the same time an unremunerative price. If the present export quota of 45 per cent. remains in force until the end of the year our exportable allowance will be approximately 9,250,000 lb. Fortunately, about 45 per cent. of this amount has been sold forward at the equivalent of practically 11d. per lb., London landed terms, so that we are assured of some profit, although naturally the drastic cut necessitated in production is bound to affect the cost price adversely.

With the exception of kina, the results from which are not likely to show much variation from recent years, the remaining products in which we are mainly interested—namely, sisal, tapioca, and coffee—can only be said to vary in differing degrees of badness, and unless the prices for these improve little assistance is likely to be forthcoming from either of the first two, and the last named cannot possibly avoid showing us another loss. It appears, therefore, that for the current year we must look mainly to tea, with some assistance from rubber and kina.

The report and accounts were unanimously adopted, and the retiring directors and the auditors were re-elected.

Sir Robert Williams was then presented with his portrait in oils, and after he had briefly thanked the shareholders the proceedings terminated.

SUNGEI GETTAH RUBBER ESTATES, LIMITED

PROFIT MAINTAINED

The thirteenth ordinary general meeting of Sungei Gettah Rubber Estates, Limited, was held, on the 20th instant, in London.

Mr P. J. Burgess (the chairman) said that the accounts for the past year must be considered entirely satisfactory in the maintenance of the profit at the same approximate figure as for the preceding year at £7,204, in spite of the reduction of 1.656d. per lb. in the average price at which their rubber was sold. Their estate had fortunately been able to take full advantage of the high releases under the Rubber Regulation Scheme in 1937 and to produce a crop which was higher than in the previous 12 months by 117,703 lbs., which compensated for the lower selling price and the general increase of labour costs.

Their liquid assets in cash and Government securities amounted to £13,140, which was equivalent to nearly £8 10s. per planted acre, which, after payment of the final dividend, would be reduced to just under £7 per planted acre. That was on the low side and should be strengthened in view of the new planting which would be permitted in 1939 and the eventual need for replanting rubber as it became obsolescent. They recommended a final dividend of 2½ per cent., making 5 per cent. for the year.

A new five-year period of control of rubber production commenced in 1939 and under it they would be permitted to effect new planting up to 5 per cent. of their present planted acreage. That would amount to 78 acres and would absorb rather more than the balance of their plantable reserves.

The prospects for the current year depended upon the two factors of price of rubber and extent of the releases during the next nine months. At present their release was set as 45 per cent. of the assessment and with a rubber price of 7½d. per lb. there was very little margin even for their property with its low costs. He was quite confident, however, that the position was one which must improve and that the reduction of stocks of rubber, brought about by the current low release, would lead to a price increase and also, as the exportable amount was now quite insufficient for the world requirements even with trade as it was at present, larger releases were inevitable when the price had reacted to the stock reductions.

The report was unanimously adopted.

MERLIMAU PEGOH, LIMITED

DIVIDEND OF 12½ PER CENT.

The twenty-eighth annual general meeting of Merlimau Pegoh, Limited, was held, on the 20th instant, in London.

Mr Gerald Kingsley (the chairman), in the course of his speech, said: The year covered by the accounts was in many ways a disappointing one for rubber producing companies. The price of rubber on April 1st last year was 1s. 1½d. per pound, and when the company's financial year ended on March 31st last it had fallen to 5 ⅛d. per pound. In the circumstances it is possible to derive some satisfaction from the fact that your company has been able to repeat the allocation of £8,000 to special cultivation reserve, and to pay dividends totalling 12½ per cent., against 15 per cent. distributed last year.

The benefits derived from conservative tapping systems and from careful attention to cultivation are apparent and the estates, both young and old, are improving steadily. The extensive manuring programme upon which we embarked last year was carried through successfully, and is expected to give good results.

The low selling price for rubber emphasises the importance of producing the restricted crops as cheaply as possible, and our colleagues in the East are making arrangements with this end in view. A large group like ours is in a favourable position for adjusting its organisation to meet the needs of the present situation, and we are well placed for selecting the most suitable areas for tapping, and for resting those properties where for various reasons the cost of production is higher.

In recent weeks we have been able to derive some encouragement from the improvement which has taken place, not only in the price of rubber but in business sentiment both on the London markets and in America.

I think it would be unduly pessimistic to regard the existing state of affairs as permanent. We have all seen how completely conditions changed for the worse in a period of less than 12 months, and the improvement for which we are all hoping may be just as sudden and far-reaching. In the meantime, we can rest secure in the knowledge that all our properties are in first-class order, and that the group as a whole is well equipped to face whatever the future may hold in store.

The report was unanimously adopted.

GOLD MINES OF KALGOORLIE LIMITED

INCREASED REVENUE

ORE RESERVE POSITION STRENGTHENED

The fourth ordinary general meeting of Gold Mines of Kalgoorlie, Limited, was held, on the 15th instant, at 20 Aldermanbury, London.

Mr P. E. Marmion (the chairman), in the course of his speech, said: It is very gratifying, although the new mill was only operating during the last five months of the period under review, to be able to draw attention to the substantial increase in revenue from gold proceeds, £139,513, compared with £92,255 for the previous year, an improvement of more than 50 per cent. Results on the expenditure side of operations have been equally satisfactory. The costs of mining and treatment show a material reduction amounting to approximately 14s. per ton, and, after providing for development redemption and advance stope preparation at the same rate as last year, the working profit, £55,772, shows an improvement of £12,636.

The great increase in the value of plant, machinery and equipment explains the advance, from £6,869 to £17,500, in the amount transferred to depreciation reserve. In addition, we have decided to charge to this year's profits one-half of the expenditure incurred on the Mount Charlotte investigation. The amount brought forward to appropriation account, after payment of dividend No. 1, is £5,027, and the total remaining for disposal at March 31, 1938, is £36,259. It is proposed that a dividend of 6d. per share shall be paid, leaving £5,759 to be carried forward.

You will, I am sure, be pleased to note the strength of the cash position, funds in hand at March 31, 1938, amounting to over £116,000 after all the major items of capital expenditure had been met.

ORE RESERVE INCREASED

At March 31, 1937, the estimated proved and probable ore in your company's leases was 242,800 tons, which with a further 23,200 tons in the leases of our subsidiary, Lake View South (G.M.K.), Limited, made up the total of 266,000 tons of which I advised you last year.

After providing 46,009 tons for our treatment plants during the year, the estimate of the ore reserves in our own leases at March 31, 1938, showed the substantial increase of 95,300 tons to a total of 338,100 tons, which is equivalent to more than three and a-half years' supply for our new mill at its present capacity. The ore reserves of the Lake View South were also increased by 10,400 tons to 33,600 tons after milling 1,919 tons.

The grade of the ore suitable for treatment in the small associated mill was considerably in excess of the average of the ore reserves. While that plant was operating, the average grade of the reserves naturally declined. In addition, some relatively large tonnages of lower-grade ore developed during the year were incorporated in the reserves, with the result that their average grade at the end of the year was reduced to 6.6 dwts. per ton.

As a consequence of preparatory work, the mill has been kept fully supplied with ore from the time it started operating, and I am pleased to inform you that the preparatory stages of our development work are now practically completed.

LOWER WORKING COSTS

The Chairman then gave an exhaustive survey of the exploration work carried out during the year, and, continuing, he said:—Concurrently with the exploration work a great deal has been done to improve the facilities for handling the ore underground and generally to modernise working conditions. It has been possible to effect a substantial reduction in working costs, and it is hoped that further improvement will be made during the current year. The cost of treatment in the new mill has come up to our best expectations, averaging approximately 11s. 6d. per ton to the end of March, while for April and May the corresponding figure was 10s. 4d. per ton.

In conclusion, the Chairman said: Your property has been fully equipped and modernised well within the cost originally anticipated, which has left our cash position in a highly satisfactory state. The power and treatment plants have shown their ability to function efficiently and economically at the full capacity for which they were designed, and the ore reserve position has been greatly strengthened at some sacrifice in grade, against which we shall enjoy lower working costs resulting from the operating improvements that have been effected and the large increase in milling capacity. It is our intention to continue the vigorous policy of development which has rewarded our efforts in the past and encourages us for the future.

The report and accounts were adopted.

GOLD EXPLORATION AND FINANCE COMPANY OF AUSTRALIA, LIMITED

INCREASING REVENUE

The fourth ordinary general meeting of this company was held, on the 19th instant, in London.

The Right Hon. L. S. Amery, P.C., M.P. (chairman of the company), in the course of his speech, said:—Our income for the year from interest and dividends, at £24,272, shows an increase of £4,291 over that of last year, while administration charges, less transfer fees, amounted to £8,497, a further reduction of over £1,000. Thus the net revenue for the year was £15,775, which has been applied to reducing the debit balance brought forward on profit and loss account to £5,791.

The balance sheet reflects the policy of eliminating doubtful propositions and concentrating on the exploitation of properties which preliminary investigation and exploration have, in the opinion of our technical advisers, proved capable of profitable operation. The provision we consider it advisable to make for losses is a large one, and emphasises the inevitably speculative nature of operations in the earlier stages of a company like ours, formed for mining exploration. We feel, however, that the process of elimination is practically complete and that we are left with interests in a group of promising properties from which, with only moderate good fortune, we should receive a reasonable reward for our patience.

"Interests in properties" account has been written down by £37,197. This represents the elimination of two items, namely, the difference between book-value and sale price of the Costerfield gold/antimony proposition, and the total expenditure in connection with the Victorian Deep Leads.

In regard to the latter, the position, as I stated last year, was that, although drilling had given encouraging results, a large amount of capital was required to prove these values by actual production. Our resources had been curtailed by the failure of the Bendigo venture to meet expectations, and circumstances being far from favourable for raising the necessary capital elsewhere, we and our partners (Gold Mines of Australia) decided to relinquish the leases rather than incur, for an indefinite period, the non-productive expenditure which would be involved in retaining them.

SUCCESS AT KALGOORLIE

It is a pleasure to turn from the reverse at Bendigo to the success we have achieved at Kalgoorlie. There we hold about 370,000 shares, representing, say, 30 per cent. of the issued capital of Gold Mines of Kalgoorlie. This company made a working profit of £55,772 for the year to March 31st last, or £12,636 over that of the previous period, and increased its dividend to 6d. per share, while the prospects of a further expansion of its profits appear to be satisfactory. The company completed its new mill with a capacity of 8,000 tons monthly during the year, and it is highly creditable to the management to be able to record that the mining and milling costs and recoveries already compare very favourably with the best being accomplished at other mines in this field.

Apart from the Bendigo disappointment, I think I am entitled to claim that the company has made good progress. With the Victoria Gold Dredging Company commencing operations all our present major interests will this year be in production and the drain of financing non-revenue-producing exploration should soon end. Our cash balance at the end of the financial year was practically £100,000, and by the end of June I am glad to say it had increased to £140,000, which, of course, does not include the Gold Mines of Kalgoorlie dividend. With the exception of Central Norseman Gold Corporation, which will probably need some further finance in order to develop its property on the scale which we are advised its potentialities justify, we appear to have reached the end of the major capital expenditure to be provided by us on the properties in which we are now interested.

CURRENT YEAR'S PROSPECTS

Subject to no unforeseen adverse influence I expect our revenue for the current year to show a substantial increase, while costs continue to be subjected to the closest scrutiny. Meanwhile, with our direct and indirect interests in Gold Mines of Kalgoorlie, Cox's Find, Central Norseman, Triton, Victoria Gold Dredging and Morning Star, we have reached a position which fully justifies our confidence in the future.

When we have a clearer view of the results of development in the deeper ore-bearing zone of Central Norseman and of the actual yields from the Victoria Gold Dredging areas, we shall be in a better position to formulate a scheme for the adjustment of our capital to meet ascertained losses, and we shall then lose no time in submitting definite proposals to you.

The report and accounts were unanimously adopted.

CONSOLIDATED TIN SMELTERS, LIMITED

DIVIDEND OF 5 PER CENT.

The ninth ordinary general meeting of Consolidated Tin Smelters, Limited, was held, on the 20th instant, at the Institute of Chartered Accountants, London.

Mr Ernest V. Pearce, Assoc.Inst.M.M. (chairman and managing director) said that the average quota release sanctioned under the International Tin Control Scheme during the period covered by the accounts of their subsidiary companies was the highest since the inception of the Tin Restriction Scheme. Supplies of ore were consequently in excess of the preceding year. Such being the case they should rightly look for material increases in the dividends received from their subsidiary companies, but unfortunately factors such as increased taxation, rising costs of materials and further reductions in smelting charges had operated against such increases.

The net income from subsidiary companies and investment totalled £223,180—a decrease of only £264 on the preceding year. Interest and sundry receipts, income tax recovered and transfer fees together showed an increase of £2,108, the net result being that their total revenue increased by £1,844. The directors recommended the payment of a dividend of 5 per cent., leaving £92,215 to be carried forward.

The quota releases during the period covered by the accounts of their subsidiary companies averaged 102½ per cent. of standard tonnages. The quota releases fixed for the first six months of their current accounting periods would average approximately 50 per cent. of standard tonnages, so that it was obvious that during the current year the supplies of ore available for smelting must show a very considerable decrease. With such variable conditions obtaining the wisdom of conserving their resources could not, he thought, be questioned.

The Buffer Pool, which was in reality a Producers' Pool, had been formed with the definite object of effecting stabilisation of the price within reasonable limits. It would be operated in conjunction with the Tin Control Scheme, and if its object could be attained it should prove of immense value both to producer and consumer.

The report was adopted.

CITY OF SAN PAULO IMPROVEMENTS AND FREEHOLD LAND COMPANY, LIMITED

EXCHANGE DIFFICULTIES

The twenty-sixth ordinary general meeting of the City of San Paulo Improvements and Freehold Land Company, Limited, was held on Thursday, 21st instant, in London, Mr Herbert Guedalla, F.C.A., presiding.

The chairman, after dealing with the balance sheet, said that the profit for the year of £97,360 did not include any dividend from the subsidiary, The San Paulo Mortgage and Finance Company, Limited, whose profit of £5,620 had been carried forward. The charge for difference in exchange was only £14,914 compared with £38,848 in the previous year, but if remittances had been obtained with which to pay outstanding debenture interest, the exchange difference would have been considerably larger, particularly as there was now a tax of 6 per cent. on remittances.

With regard to the land, the current selling prices showed in milreis an increase over book value of 33 per cent. of the sales; 52 acres were sold during the year, and the new register of property showed that the company owned 394 acres fully developed, with 964 acres partly developed. The construction of the Stadium at Pacaembu had been the subject of further negotiations and the Municipality of San Paulo now intended to complete a more ambitious scheme which would involve twice the cost of the original contract; 15 houses were sold during the year, 4 only remaining at the date of the balance sheet. It was not proposed to build any more. The debtors amounting to £848,018 represented amounts repayable over a term of years.

The San Paulo Mortgage and Finance Company, Limited, had been granted a moratorium on June 2, 1938, by their debenture holders having regard to the impossibility of obtaining remittances. It was impossible to gauge the exact position of Brazil with regard to exchange, and one had to await with patience the conclusions of an economic committee set up by the President of Brazil. In the meantime it was impossible to consider reorganising the balance sheet on a different exchange basis, one difficulty being that the main asset of freehold land would take many years to dispose of. The question of remittances was also important.

The report and accounts were adopted.

CURRENT STATISTICS

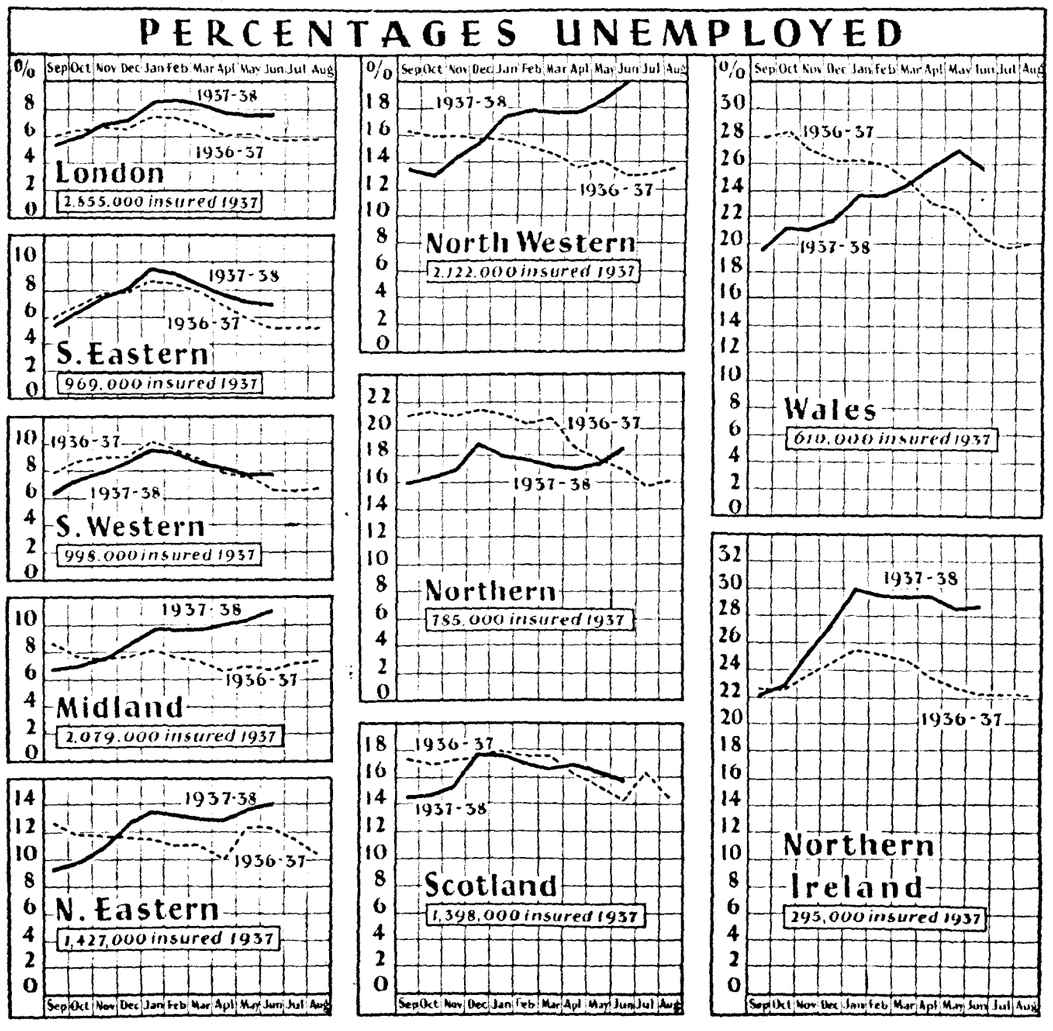
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All tables appear regularly except those whose titles are printed in italics, which are special to this issue.

Where Are the Workless?—I.

In the following charts we draw attention to the recent course of unemployment in the ten administrative divisions into which the United Kingdom is divided by the Ministry of Labour. The percentages for 1936–37 (indicated by a dotted line) are in each case based on the total numbers aged 16–64 insured against unemployment under the general scheme (excluding agriculture) in July 1936; and the percentages for 1937–38 (shown by a continuous line) on the numbers insured in July 1937. In addition, the percentages for 1937–38 are too low compared with those for 1936–37 as a result of the change in the method of counting the unemployed, which came into operation in September 1937. These provisos should be taken into account in any conclusions that may be drawn. Next week a similar series of diagrams will indicate the varying levels of unemployment since 1936 in a number of selected industries.



Finance

GOVERNMENT RETURNS

For the week ended July 16, 1938, total ordinary revenue was £14,226,000, against ordinary expenditure of £12,936,000. Thus, excluding sinking fund allocations, the deficit accrued since April 1st last is £116,021,000, against a deficit of £74,594,000 a year ago.

ORDINARY AND SELF-BALANCING REVENUE AND EXPENDITURE

Revenue	Receipts into the Exchequer (£ thousands)			
	April 1, 1937, to July 17, 1937	April 1, 1938, to July 16, 1938	Week ended July 17 1937	Week ended July 16 1938
ORDINARY REVENUE				
Income Tax	23,724	22,165	3,448	4,442
Sur-tax	5,480	6,650	280	270
Estate, etc., duties	27,690	23,240	1,560	1,480
Stamps	5,200	5,180	380	350
N.D.C.	...	2,200	...	210
Other Inland Rev.	120	220	...	50
Total I. Revenue	62,214	59,655	5,668	6,802
Customs	65,256	63,912	3,691	4,343
Excise	32,800	29,400	4,700	1,300
Total Customs and Excise	98,056	93,312	8,391	5,643
Motor duties	5,906	5,771	807	804
P.O. (net receipt)	5,030	2,220	850	750
Crown Lands	...	...	...	...
Receipts from Sun. Loans	260	280	...	...
Misc. receipts	1,739	1,522	...	27
	1,957	1,829	408	200
Total Ordinary Rev.	175,162	164,589	16,124	14,226
SELF-BAL. REVENUE Post Office and Broadcasting*	18,820	21,380	950	850
Total	193,982	185,969	17,074	15,070

Expenditure	Issues out of the Exchequer to meet payments (£ thousands)			
	April 1, 1937, to July 17, 1937	April 1, 1938, to July 18, 1938	Week ended July 17 1937	Week ended July 18 1938
ORDINARY EXPENDITURE				
Int. & Man. of Nat. Debt	86,805	86,122	506	185
Payments to N. Ireland	1,837	1,880	...	...
Other Con. Fund Services	1,427	1,177	...	1
Total	90,069	89,179	506	186
Supply Services†	159,687	178,495	9,400	12,750
Total Ord. Expend.	249,756	267,674	9,906	12,936
SELF-BALANCING EXPENDITURE Post Office and Broadcasting Votes	18,820	20,530	950	850
Total	268,576	288,204	10,856	13,786

* Revenue required to meet expenditure.
† Excluding Post Office and Broadcasting.

After raising Exchequer balances by £96,886 to £2,621,617, the other operations for the week (as shown below, but excluding £240,000 issued to sinking funds and receipts of £2,000,000 under the Eire Agreement) reduced the gross National Debt by £2,953,000 to about £8,262 millions.

WEEK'S CHANGES IN DEBT

(£ thousands)

NET INCREASE IN DEBT		NET REPAYMENTS, ETC.	
% Nat. Def. Ln.	400	Treasury Bills	993
Nat. Savings Certs.	500	N. Atlantic Ship.	30
		Pub. Dep. Adv.	2,430
		P.O. & Tel. (Mon.) Acts	400
			15
	900		3,853

AGGREGATE ISSUES AND RECEIPTS

The aggregate issues and receipts from April 1, 1938, to July 16, 1938, are shown below :—

(£ thousands)

Ordinary Exp.	280,610	Ordinary Rev.	164,589
Inc. in balances	258	Eire receipts*	3,000
		Gross borr. 115,270	
		Less Snkg. Fds. 1,991	
		Net borrowing	113,279
	280,868		280,868

* Receipts under Sec. 2 (3) of Eire (Confirmation of Agreement) Act, 1938

FLOATING DEBT

(£ millions)

Date 1937	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt	Floating Assets
Mar. 31	674·6*		23·5	...	698·1	...*
July 17	548·0	307 5	24·7	...	880·2	332·2
Dec. 31	889·7*		39·4	55·7	984·9	...*
1938						
Apr. 16	522·0	306·8	28·6	1·5	858·9	335·4
„ 23	532·0	296·1	27·2	...	855·3	323·3
„ 30	545·0	288·6	36·5	...	870·2	325·1
May 7	560·0	281·6	35·9	8·0	885·4	317·5
„ 14	570·0	278·1	39·2	...	887·3	317·3
„ 21	570·0	276·0	41·8	...	887·8	317·8
„ 28	570·0	281·4	40·8	...	892·2	322·2
June 4	575·0	308·7	43·9	2·0	929·6	352·6
„ 11	580·0	310·7	41·6	...	932·3	352·3
„ 18	585·0	303·4	40·1	...	928·5	343·5
„ 25	583·0	305·7	44·7	...	933·4	350·4
„ 30	851·0*		42·4	41·5	934·9	...*
July 9	573·0	298·3	43·1	...	914·5	341·4
„ 16	568·0	302·3	40·7	...	911·1	343·0

* Owing to inequalities between Treasury bill payments and maturities at the end of the quarter, it is impossible to separate tender and tap issues or to calculate floating assets.

TREASURY BILLS

(£ millions)

Date of Tender	Amount: Offered	Amount: Applied for	Amount: Allotted	Average Rate %	Per Cent. Allotted at minimum Rate
1937				s. d.	
July 16	35·0	79·0	35·0	10 0·99	45
Dec. 31	50·0	80·5	50·0	10 11·59	47
1938					
Apr. 8	50·0	85·2	50·0	10 2·65	56
„ 15	45·0	85·6	45·0	10 2·82	41
„ 22	45·0	88·5	45·0	10 2·95	41
„ 29	45·0	80·3	45·0	10 1·99	60
May 6	45·0	87·8	40·0	10 0·69	29
„ 13	30·0	73·5	30·0	10 1·12	29
„ 20	35·0	74·3	35·0	10 1·11	35
„ 27	45·0	69·0	45·0	10 9·37	57
June 3	50·0	83·1	50·0	12 1·04	51
„ 10	50·0	86·0	50·0	12 9·19	58
„ 17	50·0	80·5	48·0	11 5·68	69
„ 24	45·0	66·7	45·0	10 9·18	57
July 1	45·0	84·8	45·0	10 5·33	40
„ 8	45·0	85·2	45·0	10 5·43	40
„ 15	45·0	90·7	45·0	10 5·21	37

Bills are paid for during following week, on any working day at applicant's option. When normal length is 92 days, bills paid for Saturday are 91-day bills and there are *no* Monday maturities. When normal length is 90 days, bills paid for on Monday are 89-day bills. Bills paid for in February are 89-day bills, except those paid for each Tuesday, which are 88-day bills.

On July 15th, applications at £99 17s. 4d. per cent. for bills to be paid for on any day except Saturday of the following week were accepted as to about 37 per cent. of the amount applied for. Applications at higher prices were accepted in full. Applications for bills to be paid for on Saturday at £99 17s. 5d. per cent. and above were allotted in full. £45·0 millions of Treasury bills are being offered on July 22nd.

NATIONAL SAVINGS CERTIFICATES

Sales in	Number	Purchase Price
		£
26 weeks to :—		
July 3, 1937†	17,161,475	12,871,106
July 2, 1938*	17,105,975	12,829,481
Week to :—		
July 3, 1937	630,810	473,108
June 25, 1938	552,935	414,698
July 2, 1938	655,191	491,393

† After adjustments to June 19th. * Between June 19, 1937, and June 30, 1938, sales as adjusted amounted to 33,327,025 certificates; the unadjusted total for the 54 weeks ending July 2, 1938, amounts to 32,313,659 certificates. *N.B.*—Net Exchequer receipts, week to June 25, £309,000; July 2, £500,000.

BANK OF ENGLAND RETURNS

JULY 20, 1938

ISSUE DEPARTMENT

	£		£
Notes Issued :		Govt. Debt	11,015,100
In Circln.	487,110,055	Other Govt. Securities	188,499,693
In Bnkg. Department	39,301,695	Other Secs.	473,675
		Silver Coin	11,532
		Amt. of Fiduciary Issue	200,000,000
		Gold Coin & Bullion	326,411,750
	526,411,750		526,411,750

BANKING DEPARTMENT

	£		£
Props. Capital	14,553,000	Govt. Secs.	109,821,164
Rest	3,481,289	Other Secs. :	
Public Deps.*	22,484,516	*Disc., etc.*	*9,304,918*
Other Deps. :		*Securities*	*23,085,732*
Bankers	*107,339,269*		32,390,650
Other Accts.	*34,669,455*	Notes	39,301,695
	142,008,724	Gold & Silver Coin	1,014,020
	182,527,529		182,527,529

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

THE WEEK'S CHANGES

(£ thousands)

Both Departments	Amt. July 20, 1938	Compared with Last Week	Compared with Last Ye
COMBINED LIABILITIES			
Note circulation	487,110	– 994	6
Deposits : Public	22,485	+ 9,266	+ 4,
Bankers'	107,339	– 5,666	+ 10,
Others	34,669	– 820	– 1,
Total outside liabilities	651,603	+ 1,785	+ 5,
Capital and rest	18,034	+ 20	–
COMBINED ASSETS			
Govt. debt and securities	309,336	– 186	+ 6,
Discounts and advances	9,305	– 1,009	+ 3,
Other securities	23,559	+ 2,967	– 4,
Silver coin in issue dept.	12	+ 2	+
Gold coin and bullion	327,426	+ 32	+
RESERVES			
Res. of notes & coin in banking department	40,317	+ 1,027	+ 6,
Proportion of reserve to outside liabilities—			
(*a*) Bnkg. dept. only ("proportion")	24·5%	+ 0·3%	+ 2·1
(*b*) Gold stocks to deposits and notes ("*reserve ratio*")	50·3%	+ 0·1%	+ 0·2

COMPARATIVE ANALYSIS

(£ millions)

	1937	1938			
	July 21	June 29	July 6	July 13	July 20
Issue Dept.:					
Notes in circ.	493·1	485·2	488·2	488·1	487·
Notes in banking dept.	33·3	41·2	38·2	38·3	39·
Govt. debt and securities	195·1	200·0	199·9	200·0	199·
Other secs.	4·9	0·0	0·0	0·0	0·
Gold	326·4	326·4	326·4	326·4	326·
Deposits:					
Public	17·5	10·5	12·5	13·2	22·
Bankers'	97·2	125·5	115·7	113·0	107·
Others	38·1	36·1	36·0	35·5	34·
Total	152·8	172·1	164·2	161·7	164·
Bkg. Dept. Secs.:					
Government	107·4	119·5	111·9	109·6	109·
Discounts, etc.	5·8	7·3	10·7	10·3	9·
Other	23·3	21·1	20·4	20·6	23·
Total	136·6	147·9	143·0	140·4	142·
Banking dept. reserve	34·2	42·1	39·1	39·3	40·
"Proportion"	22·4	24·4	23·8	24·2	24·
Reserve ratio†	50·1	49·8	50·2	50·4	50·

† Gold stocks in both departments to deposits and notes in circulation. * At this date, Government debt was £11,015,100 : silver coin in Issue Department, £11,532; capital, £14,553,000; rest, £3,481,289.

OVERSEAS BANK RETURNS

NOTE.—A return of the Bank of Spain appeared in *The Economist* of May 28th last, and of the Banque Mellié Iran, in the issue of June 25th. The latest return of the Bank of Roumania appeared in *The Economist* of April 23rd; Egypt and Lithuania, of June 25th; Argentina, of July 2nd; International Settlements, of July 9th; Canada, Czechoslovakia, Denmark, Greece, Japan, Latvia, Netherlands, New Zealand, Norway and Poland, of July 16th.

U.S. FEDERAL RESERVE BANKS

Million $'s

12 U.S.F.R. BANKS	July 22, 1937	June 23, 1938	July 14, 1938	July 21, 1938
RESOURCES				
Gold certifs. on hand and due from Treas.	8,834	10,636	10,635	10,633
Total reserves	9,163	11,057	11,046	11,050
Total cash reserves	319	412	401	406
Total bills discounted	12	10	9	7
Bills bt. in open mkt.	3	1	1	1
Total bills on hand	15	10	10	8
Industrial advances	22	17	16	16
Total U.S. Govt. secs.	2,526	2,564	2,564	2,564
Total bills and secs.	2,563	2,591	2,590	2,588
Total resources	12,490	14,308	14,396	14,351
LIABILITIES				
F.R. notes in actual circulation	4,198	4,109	4,134	4,124
Aggregate of excess mr. bank res. over reqts.	870	2,780	3,150	3,040
Deposits — Member-bank reserve account	6,858	7,922	8,273	8,201
Govt. deposits	184	929	628	723
Total deposits	7,300	9,295	9,273	9,279
Cap. paid in and surplus	306	309	309	309
Total liabilities	12,490	14,308	14,396	14,351
Ratio of total res. to deposit and F.R. note liabs. combined	79·7%	82·5%	82·4%	82·4%
U.S.F.R. BANKS AND TREASURY COMBINED RESOURCES				
Monetary gold stock	12,404	12,957	12,979	12,989
Treasury and Nat. Bk. currency	2,553	2,710	2,716	2,717
LIABILITIES				
Money in circulation	6,436	6,402	6,444	6,433
Treasury cash and deposits with F.R. Bks	3,711	3,222	2,943	3,045

NEW YORK FEDERAL RESERVE BANK.—Million $'s

	July 22, 1937	June 23, 1938	July 14, 1938	July 21, 1938
Total gold reserves	3463·8	4536·6	4569·1	4612·6
Total bills discounted	5·8	3·3	2·8	2·4
Bills bt. in open mkt.	1·1	0·2	0·2	0·2
Total U.S. Govt. secs.	725·0	745·8	780·1	780·1
Total bills and securts.	737·8	753·6	787·4	786·9
Deposits — Member-bank reserve account	3000·6	3708·1	3921·6	3949·1
Total res. to dep. and Fed. Res. note liabilities combined	84·2%	87·3%	86·7%	86·8%

FEDERAL RESERVE REPORTING MEMBER BANKS.—Million $'s

	July 7, 1937	June 8, 1938	June 29, 1938	July 6, 1938
ASSETS				
Loans, total	9,734	8,625	8,321	8,252
Investments	12,483	12,319	12,240	12,224
Reserve with Federal Reserve banks	5,278	6,355	6,574	6,577
Due from domestic bks.	1,743	2,388	2,415	2,428
LIABILITIES				
Deposits : *demand* (adjusted)	14,855	15,034	15,036	14,801
Time	5,244	5,230	5,239	5,229
U.S. Government	477	520	465	463
Inter-bank	5,786	6,218	6,100	6,281

AUSTRALIAN COMMONWEALTH BANK.—Million £'s

ASSETS	July 12, 1937	June 13, 1938	July 4, 1938	July 11, 1938
Gold and English stg.	16·01	16·01	16·00	16·01
Other coin, bullion, &c.	5·66	5·54	5·12	5·56
Money at short call—London	31·23	26·91	23·13	22·11
Short-term loans	3·70	...	...	...
Secrts. and Treas. bills	76·59	87·10	89·91	89·74
Discounts and advances	10·34	12·68	13·91	14·01
LIABILITIES				
Notes issued	47·04	49·03	49·03	49·03
Res. pm. on gold sold	7·75	7·75	7·75	7·75
Deposits, etc.	84·20	83·75	84·37	83·69

NATIONAL BANK OF BELGIUM

Million belgas

ASSETS	June 16, 1937	June 30, 1938	July 7, 1938	July 14, 1938
Gold	2,777	2,836	2,877	2,911
Silver and other coin	53	52	48	47
Foreign exchange, etc.	742	752	797	817
Bills and securities	841	805	774	753
Advances	74	75	61	57
LIABILITIES				
Notes in circulation	4,109	4,163	4,186	4,173
Deposits : Govt.	15	43	10	8
Other	279	228	270	319

BANK OF FRANCE.—*Million francs*

ASSETS	July 15, 1937	June 16, 1938	July 7, 1938	July 14, 1938
Gold	48,859	55,808	55,808	55,808
Advances on gold coin	1,099	...	...	...
Bills : Commercial	9,980	6,730	6,233	5,921
Bought abroad	869	760	744	744
Advances on securities	4,160	3,520	3,564	3,560
Thirty-day advances	775	673	529	660
Loans to State without interest : (*a*) general	3,200	3,200	3,200	3,200
(*b*) provisional	23,887	40,134	†40134	†40134
Negotiable bonds, Sinking Fund Dept.	5,641	5,575	5,574	5,574
Other assets	4,627	4,108	4,194	4,221
LIABILITIES				
Notes in circulation	88,415	99,414	101504	101100
Deposits : Public	2,962	3,258	3,226	3,335
Private	9,067	14,966	12,309	12,657
Other liabilities	2,654	2,872	2,940	2,731
Gold reserve to sight liabilities	48·6%	47·4%	47·6%	47·6%

† Of which *fcs.* 18,050 millions under Conventions whose permissible limit is Fcs. 30,000 millions.

REICHSBANK

Million Reichsmarks

ASSETS	July 16, 1937	June 15, 1938	July 7, 1938	July 15, 1938
Gold	69·0	70·8	70·8	70·8
Of which depstd. abroad	19·4	20·3	20·3	20·3
Res. in foreign currencs.	5·9	5·7	5·8	5·6
Bills of exchange and cheques	4814·5	5387·5	5838·8	5693·7
Silver and other coin	213·4	227·9	169·1	195·2
Advances	36·9	64·7	43·1	49·0
Investments	403·4	844·9	846·2	846·6
Other assets	704·8	1170·1	1123·6	1097·4
LIABILITIES				
Reserves	493·0	514·4	514·4	514·4
Notes in circulation	4666·0	5845·0	6195·8	6080·1
Other daily maturing obligations	707·2	1009·9	970·0	941·4
Other liabilities	231·9	252·2	267·1	272·5
Cover of note circulatn.	1·60%	1·30%	1·23%	1·26%

NATIONAL BANK OF BULGARIA

Million levas

ASSETS	June 30, 1937	May 31, 1938	June 23, 1938	June 30, 1938
Gold holdings	1,797	1,994	1,994	1,994
Balances abroad and foreign currencies	415	815	829	855
Discounts and advances	1,109	961	935	965
Advances to Treasury	3,523	3,495	3,495	3,468
LIABILITIES				
Reserves	1,214	1,202	1,201	1,201
Notes in circulation	2,394	2,350	2,238	2,313
Sight liabs. and deposits	3,298	3,996	4,163	4,052

BANK OF DANZIG

Million Danzig gulder

ASSETS	July 15, 1937	June 15, 1938	June 30, 1938	July 15, 1938
Gold coin and bullion	28·12	28·95	28·95	28·95
Danzig subsid. coin	4·58	3·89	3·40	3·52
Balances abroad and foreign bills	2·40	6·79	8·06	7·27
Discounts	13·79	13·30	13·89	13·53
LIABILITIES				
Notes in circulation	30·48	31·73	35·49	34·11
Deposits on demand	15·62	22·46	17·44	21·62

BANK OF ESTONIA

Million Estonian krones

ASSETS	July 7, 1937	June 7, 1938	June 30, 1938	July 7, 1938
Gold coin & gold bullion	34·19	34·25	34·25	34·25
Net foreign exchange	17·85	14·93	15·82	15·21
Home bills discounted	12·01	10·14	9·74	9·51
Loans and advances	9·15	9·98	12·84	9·69
LIABILITIES				
Notes in circulation	41·67	46·41	46·77	45·30
Sight dep. and current accounts, of which	37·49	32·05	34·94	31·82
(*a*) Government	27·70	17·92	16·78	16·60
(*b*) Bankers	7·90	11·93	15·49	12·88
Reserve to current liabilities	65·7%	62·7%	61·3%	64·1%

BANK OF FINLAND

Million F. Marks

ASSETS	July 7, 1937	May 31, 1938	June 30, 1938	July 8, 1938
Gold reserve	602·9	620·4	620·5	620·6
Gold abroad not in gold reserve	37·4	...	...	...
Foreign correspondents	1973·0	2197·7	2081·1	2022·9
Foreign bills, etc.	93·8	19·3	42·7	54·3
Inl. bills and home loans	1062·1	1585·4	1562·7	1545·4
Finnish & foreign bonds	529·2	438·9	412·1	411·0
LIABILITIES				
Notes in circulation	1811·3	2183·5	2104·8	2055·3
Sight deposits : Govt.	229·6	292·0	140·7	107·2
Other	1007·5	1050·2	1096·3	1211·4
Ordinary cover to sight liabilities	76·7%	74·3%	74·1%	74·2%

BANK OF JAVA.—Million florins

ASSETS	July 17, 1937	June 18, 1938	July 9, 1938	July 16, 1938
Gold and silver	132·65	136·18	136·86	136·83
Discounts, advances & other investments	75·97	75·23	77·84	71·74
Foreign bills	5·07	2·96	2·62	2·98
Other assets	72·05	47·32	46·07	52·59
LIABILITIES				
Notes in circulation	197·42	186·78	192·88	190·02
Deposits and bills	74·93	62·58	57·95	61·52

NATIONAL BANK OF HUNGARY

Million Pengo

ASSETS	July 7, 1937	June 7, 1938	June 30, 1938	July 7, 1938
Metal reserve :				
Gold coin and bullion	84·1	84·1	84·1	84·1
Foreign exchange	54·7	73·9	71·9	72·2
Token money	7·5	7·8	7·4	6·8
Inl. bills, wts., & secs.	372·6	452·0	438·8	392·9
Advances to Treasury	109·1	120·0	119·9	120·3
LIABILITIES				
Notes in circulation	405·5	557·8	581·1	539·9
Current accounts, deposits, etc.	184·9	244·4	205·5	204·3
Cash certificates	92·9	69·7	69·7	69·7

RESERVE BANK OF INDIA

Million Rupees

ASSETS	July 9, 1937	June 10, 1938	July 8, 1938	July 8, 1938
Gold coin & bullion	444	444	444	444
Rupee coin	572	605	636	643
Balances abroad	175	34	36	12
Sterling securities	803	761	721	721
Indian Govt. rupee securities	274	324	323	323
Investments	81	67	66	66
LIABILITIES				
Notes in circuln. : India	1,833	1,740	1,702	1,696
Burma	29	78	73	74
Deposits : Govt.	98	175	179	139
Banks	316	142	169	197
Gold and sterling to liabilities	59·6%	56·5%	54·8%	54·7%

NATIONAL BANK OF JUGOSLAVIA

Million dinar

ASSETS	July 8, 1937	June 8, 1938	June 30, 1938	July 8, 1938
Cash reserve :				
Gold at home and abroad	1,684	1,828	1,834	1,835
Other foreign exchange	777	349	446	431
Discounts and advances	1,622	1,549	1,534	1,548
Government advances	2,250	2,241	2,241	2,241
LIABILITIES				
Notes in circulation	5,502	6,027	6,036	6,007
Sight liabilities	2,245	2,458	2,418	2,448

BANK OF PORTUGAL

Million escudos

ASSETS	May 26, 1937	May 11, 1938	May 18, 1938	May 25, 1938
Gold	914·4	917·4	917·4	917·4
Balances abroad	613·7	569·7	576·4	562·4
Discounts	312·6	351·7	351·9	347·3
Securities	124·4	120·6	120·6	120·6
Government loans	1042·9	1040·3	1040·3	1040·3
LIABILITIES				
Notes in circulation	2006·3	2009·6	1975·4	1982·4
Deposits : Government	499·1	548·3	550·5	551·1
Bankers'	615·0	614·8	651·8	650·4
Other	100·0	83·6	82·3	78·4
Foreign commitments	44·5	59·6	58·4	57·2

SOUTH AFRICAN RESERVE BANK

Million £'s

ASSETS	July 2, 1937	June 1938	June 1938	July 1, 1938
Gold coin and bullion	23·23	22·72	22·72	22·68
Bills discounted :				
Home	0·04	0·03	0·02	0·02
Foreign	4·77	6·85	8·25	5·25
Investments	1·73	1·72	1·72	1·72
Other assets	12·46	11·01	11·10	12·15
LIABILITIES				
Notes in circulation	17·04	17·67	15·93	18·08
Deposits : Government	1·58	1·44	2·73	1·96
Bankers'	17·57	20·75	17·80	18·10
Cash reserves to liabilities to public	58·5%	50·5%	55·8%	57·3%

BANK OF SWEDEN.—Million Kronor

ASSETS	July 7, 1937	June 7, 1938	June 30, 1938	July 7, 1938
Gold reserve	465·2	524·0	525·1	525·6
Govt. secs. : Swedish	2·0	36·1	41·1	45·9
Foreign	49·7	40·4	41·3	41·8
Gold abroad not in gold reserve	68·9	78·2	90·0	89·9
Balances with foreign banks	207·5	267·2	248·3	245·6
Bills payable in Sweden	12·6	12·7	12·5	12·2
Bills payable abroad	651·7	507·7	524·2	526·4
Advances	27·6	20·8	22·0	22·4
LIABILITIES				
Notes in circulation	806·5	909·3	971·9	898·1
Deposits : Government	162·1	397·1	392·1	340·4
Com. banks	686·1	397·2	373·5	492·3
Other	10·3	6·0	6·2	2·9

SWISS NATIONAL BANK

Million francs

ASSETS	July 15, 1937	June 15, 1938	July 7, 1938	July 15, 1938
Gold	2624·4	2831·8	2801·7	2786·2
Foreign exchange	66·3	380·4	390·0	379·1
Discounts, etc.	7·1	5·6	5·1	5·1
Advances	29·0	21·4	21·7	21·1
Securities	14·9	95·1	95·1	95·0
LIABILITIES				
Notes in circulation	1482·2	1472·1	1511·0	1496·3
Deposits	1363·4	1854·8	1778·2	1767·2

N.B.—Exchange Equalisation Fund and assets included in returns December 31, 1936, onwards at 538,583,653 frs.

CLEARING BANKS

LONDON
(£ thousands)

	Month of June			Week ended Wednesday		Aggregate from January 1 to	
	1937	1938	Change †	July 21, 1937	July 20, 1938	July 21, 1937	July 20, 1938
Number of wkg. days:	26	25	%	6	6	168	169
Town	3,251,533	2,738,543	− 12·4	659,461	622,188	21,350,822	18,880,368
Metropolitan...	180,485	163,422	− 5·8	42,460	40,406	1,237,593	1,186,827
Country	317,374	287,214	− 5·9	73,238	69,311	2,141,752	2,090,350
Total	3,749,392	3,189,179	− 11·6	775,159	731,905	24,730,167	22,157,545

† Based on average working day.

PROVINCIAL
(£ thousands)

	Month of June			Week ended Saturday		Aggregate January 1 to	
	1937	1938	Change †	July 17, 1937	July 16, 1938	July 17, 1937	July 16, 1938
No. of working days :—	26	25	%	6	6	166	167
BIRMINGHAM	10,853	9,866	− 5·5	2,667	2,703	77,315	69,112
BRADFORD.....	4,280	3,169	− 23·0	756	557	30,330	22,781
BRISTOL	5,896	5,174	− 8·8	1,255	1,217	36,686	35,868
HULL	3,770	3,202	− 11·7	915	861	26,239	24,104
LEEDS	4,191	3,538	− 12·2	1,043	891	29,899	28,174
LEICESTER	3,282	2,753	− 13·1	820	781	21,893	20,161
LIVERPOOL ...	27,683	22,434	− 15·7	6,162	5,632	204,129	151,404
MANCHESTER ...	48,340	35,423	− 23·8	10,725	8,659	319,648	269,048
NEWCASTLE ...	6,165	5,945	+ 0·3	1,487	1,331	41,478	43,759
NOTTINGHAM	2,175	1,916	− 8·4	542	525	15,181	14,468
SHEFFIELD	4,622	4,271	− 3·9	943	898	31,557	32,018
Total : 11 Towns .	121,257	97,691	− 16·2	27,315	24,055	834,355	710,897
DUBLIN	...	...	...	5,205	7,470	†170,633	‡185,067

† Based on average working day. ‡ 29 calendar weeks.

MONEY RATES

LONDON

	July 14, 1938	July 15, 1938	July 16, 1938	July 18, 1938	July 19, 1938	July 20, 1938	July 21, 1938
Bank rate (changed from 2½% June 30, 1932)	% 2	% 2	% 2	% 2	% 2	% 2	% 2
Market rates of discount							
60 days' bnkrs.' drafts	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16
3 months' do.	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16
4 months' do.	9/16	9/16	9/16	9/16	9/16	9/16	9/16
6 months' do.	9/16–5/8	9/16–5/8	9/16–5/8	9/16–5/8	9/16	9/16	9/16
Discount Treasury Bills							
2 months'	17/32	17/32	17/32	17/32	17/32	17/32	17/32
3 months'	7/32–9/16	17/32	17/32	17/32	17/32	17/32	17/32
Loans—Day-to-day ...	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1
Short	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1
Deposit allwncs. : Bk.	1/2	1/2	1/2	1/2	1/2	1/2	1/2
Discount houses at call	1/2	1/2	1/2	1/2	1/2	1/2	1/2
At notice	5/8	5/8	5/8	5/8	5/8	5/8	5/8

Comparison with previous weeks

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1938	%	%	%	%	%	%	%
June 23...	1/2–1	9/16–19/32	9/16–5/8	9/16–5/8	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 30...	1/2–1	9/16	9/16	9/16–5/8	2–2 1/2	2 1/4–2 1/2	2 1/2–3
July 7...	1/2–1	9/16	9/16	9/16–5/8	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 14...	1/2–1	17/32–9/16	9/16	9/16–5/8	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 21...	1/2–1	17/32–9/16	9/16	5/8	2–2 1/2	2 1/4–2 1/2	2 1/2–3

NEW YORK

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

	July 21, 1937	June 22, 1938	June 29, 1938	July 6, 1938	July 13, 1938	July 20, 1938
Call money	% 1	% 1	% 1	% 1	% 1	% 1
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 :—	Selling Rates					
Members—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Non-mem.—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Commercial accept., 90 dys.	1	1	1	1	1	1

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.—Quotations for the following centres were given on the dates indicated. Rates for other centres appeared on page 49 of the issue of July 2nd.

Bolivia. Banking exchange rate on London was 140 bolivianos per £ on June 22, 1938.

Colombia. Sight selling rate on New York was 180·05 pesos per 100 U.S. dollars on June 25, 1938. This rate applies to holders of exchange permits buying in the "open" market.

Ecuador. Sight selling rate on New York was 14·80 sucres per U.S. dollar on June 24, 1938.

Paraguay. Exchange is quoted on Buenos Aires; the sight selling rate was 70·75 Paraguayan pesos per Argentine "free" paper peso on June 22, 1938.

EXCHANGE RATES

LONDON—SPOT

(a) Active Exchanges

(Range of the day's business)

London on	Par of Exch. per £	July 15, 1938	July 16, 1938	July 18, 1938	July 19, 1938	July 20, 1938	July 21 1938
New York, $...	‡4·862 3/8	4·93–931/32	4·92 5/8–4·93 1/8	4·92 1/4–92 5/4	4·91 5/8–92 1/4	4·91 1/4–92 1/4	4·91 3/8–92 1/8
Montreal, $ ...	4·862 3/8	4·96–963/4	4·95 3/4–4·96 1/4	4·95–955/4	4·93 7/8–94 7/8	4·93 1/8–94 1/4	4·93–94
Paris, Fr.....	124·21	1783 1/16–5/8	1781/4–5/8	1781 1/16–1/4	1781/16	1781/16–1/4	1781/16–1/4
Brussels, Bel...	35·00a	29·12–15	29·11–14	29·11–14	29·08–12	29·07–11	29·08–11
Milan, L.....	92·46	93 3/8–13/16	93 3/8–3/4	93 1/2–3/4	93 7/16–5/8	93 3/8–5/8	93 5/16–9/16
Zurich, Fr. ...	25·22 1/2	93·70i	93·70i	93·65i	93·58i	93·48i	93·51i
Athens, Dr....	375	540–55	540–55	540–55	540–55	540–55	540–55
Amst'd'm, Fl.	12·107	8·95 3/4–96 1/2	8·95 1/4–96	8·94 3/4–95 1/4	8·94 3/4–95 1/2	8·94 1/2–95 1/4	8·94 1/2–95 1/8
Berlin, Mk. ...	20·43	12·26–28	12·26–28	12·25–28	12·24–26	12·23–26	12·23–26
Registered Marks	(c)	511/2–561/2	511/2–561/2	511/2–561/2	511/2–561/2	511/2–561/2	511/2–561/2
Br. India Rup.	†18d.	177 5/8–15/16	177 5/8–15/16	177 5/8–15/16	177 5/8–15/16	177 5/8–15/16	177 5/8–15/16
Hong Kong, $	† ...	141 3/16–15/8	141 3/16–15/8	141 3/16–15/8	141 3/16–15/8	141 3/16–15/8	141 3/16–15/8
Shanghai, $...	† ...	81/2–9/16	81/2–9/16	81/2–9/16	81/2–9/16	81/2–9/16	81/2–9/16
Rio. Mil.	†5·899d.	227/32*m	227/32*m	227/32*m	227/32*m	227/32*m	227/32*m
B. Aires, $ ...	11·45	18·97–19·02g	18·97–19·02g	18·95–19·00g	18·90–98g	18·90–96g	18·91–97g
Valparaiso, $..	40	16·12h 124e(l)	16·12h 124e(l)	16·12h 124e(l)	16·12h 124e(l)	16·12h 124e (l)	16·12h 124e (l)
M'video, $ ...	†51d.	191/2–201/2	191/2–201/2	191/2–201/2	191/2–201/2	191/2–201/2	191/2–201/2
Lima, Sol. ...	17·38	201/2–211/4f	201/2–211/4f	21–22 1/2	21–22 1/2	21–22 1/2	21–22 1/2
Mexico, Pes....	9·76	Un'q'td	Un'q'td	Un'q'td	Un'q'td	Un'q'td	Unq't'd
Manila, Pes....	†24·66d.	24–24 1/8	24–24 1/8	24–24 1/8	23 7/8–24 1/8	23 7/8–24 1/8	24–24 1/8
Moscow, Rbls.	...	26·13 1/2–14 1/4	26·12 1/4–12 7/8	26·10 1/4–10 7/8	26·10 1/4–10 7/8	26·04–04 5/8	26·08 1/2–09

Usance: T.T., Rio de Janeiro, Lima, Valparaiso (90 days). *Sellers. †Pence per unit of local currency. ‡ Par 8·2331/32 since dollar devaluation on February 1, 1934. (a) Prior to devaluation on April 2, 1935. (c) Per cent. discount. (e) Latest "export" rate. (g) Official rate is $15 sellers. (h) Average remittance rate for importers. (i) Rate for payments to the Bank of England, for account Controllers of Anglo-Italian debts. (l) Nominal. (m) Official.

(b) Other Exchanges

London on	Par of Exch. per £	July 15, 1938	July 20, 1938	July 21, 1938
Helsingfors, M.	193·23	226 1/2–227	226 1/2–227	226 1/2–227
Madrid, Pt.....	25·22 1/2	80–150 (l) 77j	80–150l 77j	100–200l 77j
Lisbon, Esc.	110	110–110 3/8	110–110 3/8	110–110 3/8
Budapest, Pen.	27·82	24 3/8–25 1/8	24 1/2–25	24 1/2–25
Prague, Kc.	$164 1/2j	142 3/8–7/8	142 1/8–5/8	142 1/8–5/8
Danzig, Gul.	25·00	26–26 3/8	25 7/8–26 3/8	25 7/8–26 3/8
Warsaw, Zl.....	48·38	26–26 3/8	25 7/8–26 3/8	25 7/8–26 3/8
Riga, Lat.	25·22 1/2	24 3/4–25 3/4	24 3/4–25 3/4	24 3/4–25 3/4
Bucharest, Lei	813·8	660–685	660–680	660–680
Constantinople, Pst. ...	110	618* 620k	618* 620k	618* 620k
Belgrade, Din.	276·32	212–222	212–222	212–222
Kovno, Lit	48·66	28 5/8–29 1/8	28 5/8–29 1/8	28 3/8–29 1/8
Sofia, Lev	673·66	390–420	390–420	390–420
Tallinn, E. Kr.	18·159	17 5/8–18 3/4	17 3/4–18 3/4	17 5/8–18 3/4
Oslo, Kr.	18·159	19·85–95	19·85–95	19·85–95
Stockholm, Kr.	18·159	19·35–45	19·35–45	19·35–45
Copenhagen, Kr.	18·159	22·35–45	22·35–45	22·35–45
Alexandria, Pst.	97 1/2	97 3/8–5/8	97 3/8–5/8	97 3/8–5/8
Kobe, Yen	†24·58d.	13 15/16–14 1/16	13 15/16–14 1/16	13 15/16–14 1/16
Singapore, $	† 28d.	27 7/8–28 1/8	27 7/8–28 1/8	27 7/8–28 1/8
Batavia, F.	12·11	8·93–96	8·92–95	8·92–95
Bangkok, Baht	†21·82d.	22–22 1/4	22–22 1/4	22–22 1/4

Usance: T.T., except Alexandria (Sight). * Sellers. † Pence per unit of local currency. ‡ Par 197·10 5/16 since koruna devaluation on February 17, 1934. Rate for payments to the Bank of England :—(j) Under Anglo-Spanish Agreement. (k) Under Anglo-Turkish Agreement. (l) Nominal.

LONDON—FORWARD

(Closing quotations)

London on		July 15, 1938 Per £	July 16, 1938 Per £	July 18, 1938 Per £	July 19, 1938 Per £	July 20, 1938 Per £	July 21, 1938 Per £
New York cent.	1 Month	(p) 9/32–7/32	(p) 9/32–7/32	(p) 1/4–5/16	(p) 9/32–7/32	(p) 9/32–7/32	(p) 5/16–5/16
	2 „	1/2–5/8	1/2–5/8	1/2–5/8	1/2–5/8	1/2–5/8	1/2–5/8
	3 „	11/16–9/16	11/16–9/16	11/16–9/16	5/8–5/8	11/16–5/8	11/16–9/16
Paris, francs	1 Month	(d) 1/2–5/8	(d) 1/2–5/8	(d) 1/2–5/8	(d) 9/16–11/16	(d) 1/2–5/8	(d) 1/2–5/8
	2 „	1 1/2–1 3/4	1 1/2–1 3/4	1 5/8–1 7/8	1 1/2–1 3/4	1 5/8–1 7/8	1 5/8–1 7/8
	3 „	2 5/8–2 7/8	2 11/16–2 13/16	2 1/2–2 3/4	2 1/2–2 3/4	2 3/8–2 5/8	2 3/8–2 5/8
Amsterdam, cent.	1 Month	(p) 7/8–5/8	(p) 7/8–5/8	(p) 7/8–5/8	(p) 7/8–5/8	(p) 3/4–5/8	(p) 5/8–5/8
	2 „	1 1/8–1	1 1/8–1	1 5/8–7/8	1 1/8–1	1 1/8–1	1 1/8–1
	3 „	2–1 1/2	2–1 1/2	1 7/8–1 3/8	2–1 1/2	2–1 1/2	2–1 1/8
Brussels, cent.	1 Month	(d) 8–10	(d) 7–9	(d) 6–8	(d) 5–7	(d) 5–7	(d) 5–7
	2 „	20–23	17–21	17–19	16–19	13–15	13–17
	3 „	32–36	30–34	26–29	24–28	23–27	24–28
Geneva, cent.	1 Month	(p) 2–1	(p) 2–1	(p) 2–1	(p) 2–1	(p) 2–1	(p) 2–1
	2 „	3 1/2–2 1/2	3 1/2–2 1/2	3 1/2–2 1/2	3 1/2–2 1/2	3 5/8–2 5/8	4–3
	3 „	5–4	5–4	5–4	5 1/4–4 1/4	5 1/2–4 1/2	5 1/8–4 1/8

(p) Premium. (d) Discount.

EXCHANGE RATES—*cont.*

NEW YORK

New York on	Par of Exch. per cent.	July 14, 1938	July 15, 1938	July 16, 1938	July 18, 1938	July 19, 1938	July 20, 1938
London :—*	Old Par						
60 days ...	4·8666	4·92 3/32	4·92 11/32	4·92 5/32	4·91 17/32	4·90 31/32	4·91 5/32
Cables ...	New Par	4·93 1/8	4·93	4·92 3/4	4·92 5/16	4·91 5/8	4·92 1/8
Demand...	8·2397	4·93 1/4	4·92 7/8	4·92 5/8	4·92 1/16	4·91 1/2	4·92
Paris, Fr.....	6·63	2·76 3/4	2·76 5/8	2·76 9/16	2·76 5/16	2·76	2·76 1/8
Brussels, Bel.	23·54	16·93	16·93 1/2	16·93	16·92	16·91	16·91
Switz'l'd. Fr.	32·67	22·87	22·88	22·90 1/2	22·89 1/2	22·88	22·89 1/2
Italy, Lira.....	8·91	5 26 1/4	5 26 1/4	5 26 1/4	5 26 1/4	5 26 1/4	5 26 1/4
Berlin, Mk. ...	40·33	40 19 1/2	40 20	40 19 1/2	40 17 1/2	40 16	40 17
Vienna, Sch...	23·82	...	...	...	...	...	...
Madrid, Pt....	32·67	...	...	...	...	...	...
Amst'd'm Gldr	68·06	55 06 1/2	55 05	55 04	55 01	54 95 1/2	54 99 1/2
Cop'h'gn, Kr.	145·37	22·03	22·01	22·00	21·98	21·95	21 97
Oslo, Kr. ...		24·79	24·78	24·77	24·72	24·71	24·72 1/2
St'h'lm, Kr.		25·44	25·42	25·41	25·37 1/2	25·35	25·37
Athens, Dr....	1·29 1/2	0·90 5/8	0·90 1/2	0·90 1/2	0·90 1/2	0·90 1/4	0·90 1/4
M'treal, Can. $	169·31	99·340	99·355	99·430	99·485	99·625	99·665
Yo'hama, Yen	84·40	28·77	28·77	28·77	28·72	28·68	28·71
Shanghai, $ ...	...	18·75	18·68	18·68	8·56	18·68	8·75
B. Aires, Peso	...	30·61	30·56	30·56	0·52	30·49	10·52
Rio, Mil. †...	11·96	5·90	5·90	5·90	5·90	5·90	5·90

Usance: T.T. * Dollars per £1. † Official.

IMPORTS AND EXPORTS OF GOLD AND SILVER

Week ended July 21, 1938

Imports From	Bullion	Coin	Exports To	Bullion	Coin
GOLD	£	£	GOLD	£	£
British S. Africa ...	1,252,964	199,515	Finland	23,320	...
British E. Africa ...	54,045	...	Sweden	769,592	145
British India	...	365,826	Germany.....	3,404	4,064
Canada.....	...	244,137	Netherlands	125,224	269,617
Netherlands	6,842	57,164	France	1,480	328,115
Belgium	590,189	...	Switzerland	1,087,438	52,028
Mexico.....	...	175,000	Morocco	...	3,576
Total*	1,936,126	1,073,576	Total*	2,010,833	659,238
			SILVER		
			British W. Africa ...	...	1,820
			Aden and Dep.	...	24,870
			Sweden	1,970	...
			France	13,126	...
			Egypt	690	7,914
			Arabia-Saudi	...	8,899
			United States ...	...	860,000
			Total*	19,687	903,722

* Including other countries.

MONTHLY STATEMENT OF LONDON CLEARING BANKS

(000's omitted)

Average Weekly Balance June, 1938	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	45,898	2,060	8,171	3,406	40,394	9,910	59,787	3,489	32,347	37,237	3,947	246,646
Balances with and cheques in course of collection on other banks in Great Britain and Ireland	11,122	637	2,646	2,433	10,502	3,369	15,470	322	8,261	10,244	1,729	66,735
Items in transit	...	...	...	...	4,035	834	...	...	...	...	...	4,869
Money at call and short notice	26,812	2,542	7,430	8,877	24,454	6,901	22,084	4,083	22,070	22,622	5,793	153,668
Bills discounted	61,502	1,127	3,811	427	46,825	3,960	73,162	1,532	39,930	56,338	819	289,433
Investments	95,319	8,472	29,666	10,743	106,035	32,048	125,072	14,246	84,112	112,275	11,609	629,597
Advances to customers and other accounts	198,545	10,352	30,816	9,087	168,071	43,455	215,356	17,179	142,154	130,775	14,698	980,488
Liabilities of customers for acceptances, endorsements, etc.	14,105	725	7,205	3,190	36,461	7,413	18,041	211	8,683	18,298	1,658	115,990
Bank premises account ...	7,407	412	1,580	740	7,521	2,688	9,757	641	7,333	5,169	1,069	44,317
Investments in affiliated banks and subsidiary companies	6,994	...	...	...	3,525	...	7,874	...	2,514	2,993	...	23,900
	467,704	26,327	91,325	38,903	447,823	110,578	546,603	41,703	347,404	395,951	41,322	2,555,643
Ratio of cash to current, deposit and other accounts	10·75	8·73	10·45	10·07	10·46	10·38	11·93	9·30	10·09	10·37	10·67	10·73
LIABILITIES												
Capital paid up	15,858	1,000	2,976	1,060	15,810	4,160	15,159	1,500	9,479	9,320	1,875	78,197
Reserve fund	10,750	1,000	2,976	530	9,500	3,500	12,410	1,140	8,500	9,320	800	60,426
Current, deposit and other accounts	426,991	23,602	78,168	33,833	386,045	95,486	500,993	37,518	320,742	359,000	36,989	2,299,367
Acceptances, endorsements, etc.	14,105	725	7,205	3,190	36,461	7,413	18,041	211	8,683	18,298	1,658	115,990
Notes in circulation	...	...	...	...	7	19	...	1,334	...	13	...	1,373
Reduction of bank premises account	...	...	...	290	...	...	...	...	...	...	...	290
	467,704	26,327	91,325	38,903	447,823	110,578	546,603	41,703	347,404	395,951	41,322	2,555,643

BANK STATEMENTS

COUTTS AND CO.

LIABILITIES (£000's)	June 30, 1937	June 30, 1938
Capital issued	1,000	1,000
Reserve fund	1,000	1,000
Current, deposit and other accounts	24,451	23,438
Acceptances, etc.	515	704
Total	26,966	26,142

ASSETS (£000's)	June 30, 1937	June 30, 1938
Cash with Bank of England	2,547	2,854
Balances with other banks	715	705
Money at call, etc.	1,625	2,202
Investments	8,904	7,571
Bills discounted	1,253	1,346
Advances	10,995	10,348
Premises	412	412
Acceptances, etc.	515	704
Total	26,966	26,142

MIDLAND BANK LIMITED

LIABILITIES (£000's)	June 30, 1937	June 30, 1938
Capital paid up	14,248	15,159
Reserve fund	11,500	12,411
Current, deposit and other accounts	487,595	498,561
Acceptances and confirmed credits	14,044	9,332
Engagements	7,727	8,132
Total	535,114	543,595

ASSETS	June 30, 1937	June 30, 1938
Cash, etc., with Bank of England	50,917	59,385
Balances on other Banks	15,984	15,998
Money at call, etc. ...	35,792	27,566
Investments	117,999	125,515
Bills discounted	32,661	25,008
British Treasury Bills	27,128	38,548
Advances	214,388	215,696
Acceptances, etc.	21,770	17,465
Premises	8,858	8,825
Other properties, etc.	935	778
Yorkshire Penny Bank	937	937
Capital reserve and undivided profits of subsidiary banks ...	7,745	7,874
Total	535,114	543,595

Investment

TRANSPORT RECEIPTS

BRITISH RAILWAY TRAFFICS

	Gross Receipts, week ended July 17 (£'000)					Aggregate Gross Receipts, 28 weeks (£'000)				
	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts
L. M. & S.—										
1937	*730*	*495*	*219*	*714*	*1,444*	*13,517*	*13769*	*7,337*	*21,106*	*34,623*
1938	718	426	218	644	1,362	13,524	13006	7,169	20,175	33,699
L. & N. E. (a)—										
1937	*468*	*344*	*230*	*574*	*1,042*	*8,856*	*9,506*	*7,010*	*16,516*	*25,372*
1938	459	292	194	486	945	8,743	9,032	6,786	15,818	24,561
Great Western—										
1937	*288*	*199*	*111*	*310*	*598*	*5,649*	*5,525*	*3,168*	*8,691*	*14,340*
1938	288	178	95	273	561	5,593	5,272	3,084	8,356	13,949
Southern—										
1937	*405*	*66*	*26*	*92*	*497*	*8,625*	*1,738*	*878*	*2,618*	*11,241*
1938	407	60	29	89	496	8,584	1,687	851	2,538	11,122
Total—										
1937	*1892*	*1104*	*586*	*1690*	*3,581*	*36,647*	*30538*	*18,391*	*48,929*	*85,576*
1938	1872	956	536	1492	3,364	36,444	28997	17,890	46,887	83,331

(a) Week ended July 16.

CUMULATIVE AND WEEKLY COMPARISONS

(000's omitted)

	L.M.S.	L.N.E.R.	Great Western	Southern
Cumulative Figures				
Gross increase, second half 1937, over second half 1936	+ 1,443	+ 1,099	+ 647	+ 372
Gross decrease, first half 1938, over first half 1937	— 780	— 638	— 318	— 105
Gross decrease, second half 1938, over second half 1937 :—				
2 weeks to July 17, 1938 ...	— 144	— 173	— 73	— 14
Weekly Figures				
Av. weekly decrease, 2nd half 1938	— 72·0	— 86·5	— 36·5	— 7·0
Latest week compared with 1937 ...	— *82*	— *97*	— *37*	— *1*
Latest week compared with average 1927-30	— *169*	— *184*	— *85*	— *14*

IRISH RAILWAY TRAFFICS

Company	Gross Receipts, week ended July 15 (£'000)			Aggregate Gross Receipts 28 weeks (£'000)		
	Pass.	Goods	Total	Pass.	Goods	Total
Belfast & Co. Down—						
1937	*7·6*	*0·4*	*8·0*	*68·1*	*13·9*	*80·0*
1938	6·7	0·3	7·0	62·5	11·9	74·4
Great Northern—						
1937	*20·6*	*8·5*	*29·1*	*273·6*	*264·8*	*538·4*
1938	18·9	9·2	28·1	271·2	244·6	515·8
Great Southern—						
1937	*47·3*	*36·4*	*83·7*	*908·5*	*1152·0*	*2058·5*
1938	46·7	37·6	84·3	914·4	1092·3	2006·7

SUEZ CANAL RECEIPTS

(For headings, see Overseas Traffics table.)

		1938					
Transit Receipts‡ ...	27	July 10	£ 231,700	— £ 41,200	£ 5,066,200	— £ 912,100

‡ 10 days.

OVERSEAS WEEKLY TRAFFIC RECEIPTS

INDIAN

Name	Weeks	Ending	Gross Receipts for Week 1938	+ or —	Aggregate Gross Receipts 1938	+ or —
		1938	Rs.	Rs.	Rs.	Rs.
Bengal & N.Western	13	June 30	‡9,92,499	— 87,149	1,05,02,814	— 4,91,725
Bengal-Nagpur	13	30	‡26,10,000	+1,27,721	2,45,81,565	— 1,26,223
Bombay, Bar. & C.I.	14	July 10	‡28,31,000	+ 62,000	3,50,79,000	— 8,36,000
Madras & S. Mah....	13	June 30	‡21,22,000	+ 55,547	1,99,95,288	+ 7,98,661
S. Indian	13	30	‡14,94,912	— 1,08,523	1,43,32,012	+ 97,820

‡ 10 days.

CANADIAN

		1938	$	$	$	$
Canadian National	28	July 14	3,188,221	— 582,533	88,907,140	—13367039
Canadian Pacific...	28	14	2,439,000	— 236,000	66,109,000	—5,993,000

SOUTH & CENTRAL AMERICAN

		1938					
Anglo-Arg. Trams.	28	July 15	$642,378	+ 37,881	18,510,999	+ 609,689
Antofagasta	28	17	£13,920	— 1,960	450,550	— 19,850
Argentine N.E.	2	16	‡197,000	+ 34,300	421,500	+ 40,000
			*£12,221	+ 2,128	26,148	+ 2,482
B.A. and Pacific.....	2	16	‡1,181,000	— 162,000	2,672,000	— 566,000
			*£73,263	— 10,050	165,757	— 35,112
B.A. Central	52	June 25	$113,000	— 51,800	5,904,000	—1,435,800
B.A. Gt. Southern...	2	July 16	‡2,005,000	+ 28,000	4,638,000	+ 88,000
			*£124,380	+ 1,737	287,717	+ 5,459
B.A. Western	2	16	‡631,000	— 134,000	1,440,000	— 278,000
			*£39,144	— 8,313	89,329	— 17,246
Central Argentine....	2	16	‡1,763,300	— 744,250	3,927,350	—2,141,150
			*£109,386	— 46,169	243,632	— 132,825
Central Uruguayan	1	9	¢154,489	+ 21,334	191,194	+ 5,600
			*£18,004	+ 2,955	22,281	+ 1,305
Leopoldina	28	16	M1798000	+ 34,000	45,947,000	—3,665,000
			£20,752	— 2,621	524,110	— 110,567
Mexican Railway§ ...	28	14	$308,200	+ 26,200	563,300	+ 18,700
Nitrate	28	15	d£4,463	+ 1,555	85,296	— 4,457
United of Havana ...	2	16	£16,369	— 3,251	33,902	— 11,800

*Converted at average official rate 16·12 pesos to £. ‡ Receipts in Argentine pesos. † Fortnight. ¢ Converted at official rate. d Receipts in Uruguayan currency. e Converted at "controlled free rate." § 9 days.

LONDON TRANSPORT BOARD

	Receipts	Compared with prev. Year
	£	£
Week ending July 16, 1938, before pooling	566,200	— 300
Total, 3 weeks to date	1,719,500	+ 8,700
L.P.T.B. receipts 52 weeks to June 25, 1938	29,388,200	+ 657,100
L.P.T.B. receipts, 52 weeks to June 26, 1937	28,732,000	+ 255,000
L.P.T.B. receipts, year to June, 1937, after pooling	30,247,378	+ 522,655
London Transport Pool receipts, year to June 30, 1937...	41,377,929	+ 771,590

MONTHLY TRANSPORT & POWER RETURNS

Company	Months	Ending		Receipts for Month 1938	+ or —	Aggregate Receipts 1938	+ or —
M'chester Ship Canal	6	June 30	Gross	£104,584	— 9,906	658,539	— 7,032
Mexican Light and Power Co., Ltd.	5	May 31	Gross	$667,610	— 72,409	3,680,265	+ 5,667
			Net	$159,940	+ 6,522	1,051,032	+ 7,880
Singapore Traction Co., Ltd.	6	June 30	Gross	$200,000	Nil	1,864,000	126,000

DIVIDEND ANNOUNCEMENTS

Rates are actual, unless stated per annum or shown in cash per share. Rate for previous year refers to total dividend, unless marked by asterisk to indicate interim dividend.

Company	*Int. or †Final	Total	Payable	Prev. Year
RAILWAYS	%	%		%
Costa Rica Rly.	...	2	...	2
BANKS				
Bank of Montreal.....	2	...	Sept. 1	2
TEA & RUBBER				
Beaufort Borneo Rbr.	...	4	...	5
Dhamai Tea (Def.) ...	...	25	...	22½
East Asiatic Rubber...	...	10	...	7½
Ieram Rubber	...	7½	Aug. 12	6¼
Pahang Para Rubber..	...	2·08	Aug. 12	2·08
Prye Rubber	...	2½	Aug. 3	2½
MINING				
Ipoh Tin	15⅝	21⅞	Aug. 6	21⅞
Naraguta Tin.....	(a)5†	(a)10	Aug. 16	10
Tin Flds. of Nigeria..	6¼†	7½	Aug. 9	7½
Do.	1¼*	...	Aug. 9	1¼*
INDUSTRIALS				
Af. & Euro. Invest....	5*	...	Sept. 14	5*
African Theatres	10*	...	Aug. 31	10*
Anchor Chemical ...	...	10	...	6¼
Bell and Nicholson ...	5*	...	July 28	‡4*
Blythe Colour Works.	5*	...	July 29	5*
Bradleys (Chester) ...	a 25*	...	Sept. 1	5*
Brew. & Com. Invest.	8¼†	12	...	12
Commercial Gas	2½*	...	Aug. 15	2½*
Cont. & Indus. Trust	3½†	5½	Aug. 5	5½
Cornercroft	12½†	17½	...	15
Darnell (J.) and Son....	5*	...	Aug. 13	5*
Davies and Metcalfe...	5*	...	...	5*
Eastwoods Cement....	7½†	12½	...	16
Ebonite Container ...	4†	8	...	18
Flettons	7½*	...	July 30	7½*
Fodens	...	5	...	Nil
For. & Col. Invest. ...	2*	...	July 30	2*
Gen. Cons. Invest. Tr.	2*	...	July 25	2*
General Hydraulic Pwr	2*	...	Aug. 31	2½*
Grahams Trading ...	...	2½	July 29	Nil
Hall Telephone Accs.	5*	...	July 29	5*
Harvey and Thompson	10†	15	...	15
Hollychrome Bricks ..	9†	15	...	18
Honywood Hotels ...	...	33¼	July 28	33¼
Imp. Col. & Fin. Ag.	4½†	7	Aug. 2	7
Inns and Co.	5†	...	July 30	7*
Jamay (John) and Sons	...	45	...	45
Land Revenues Trust	3†	5	...	5
McEwan (Wm.) & Co.	7¼†	14	Aug. 27	13½
Marshall (Thomas) ...	6*	...	Aug. 1	7½*
Mather and Platt	4*	...	...	4*
Metal Closures	5*	...	...	Nil*
Met. Electric Supply..	(a)5*	...	Aug. 9	3*
Metropolitan Trust ...	8*	...	...	8*
Newcastle Gas	2½*	...	Aug. 6	2½*
New Investment.....	11†	15	Aug. 2	15
Nigerian Electricity...	4†	7½	July 30	7½
North Central Wagon	9†	15	...	15
Northern Corporation	6*	...	July 30	6*
Olds Discount	5*	...	Aug. 12	5*
Randall (H. E.)	2½*	...	July 29	2½*
Redfern's Rubber Wks	5*	...	Aug. 15	5*
S. African Distills. ...	12½†	18½	...	20
South Met. Gas	2½*	...	Sept. 2	2½*
Sparrow Hardwick ...	3*	...	...	3*
Steel Barrel	8†	14	...	12½
Super Oil Seals	10*	...	Aug. 12	15*
Tilling and B.A.T.....	‡4*	...	...	5*
Tottenham Gas	3½*	...	Aug. 11	3½*
Union Steel (S.A.) ...	3*	...	Aug. 30	3*
United City Prop. Tst.	4½†	7½	...	7½
U.S. and Gen. Tst. ...	2*	...	Aug. 15	2*
U.S. Invest. Corp. ...	2*	...	Aug. 13	2*
Wandsworth Gas ...	3½*	...	...	3½*
White (John)	5*	...	Aug. 13	5*
Yorkshire Brick	...	3	...	6

‡ Free of income tax.

THE WEEK'S COMPANY RESULTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation: Dividend Prefce. Amount	Dividend Ordinary Amount	Dividend Ordinary Rate	Carried to Reserve, Depreciation, etc.	Balance Forward	Corresponding Period Last Year: Net Profit	Corresponding Period Last Year: Dividend
Banks		£	£	£	£	£	%	£	£	£	%
Hibernian Bank	June 30*	27,850	39,605	67,455	...	30,000	12	10,000	27,455	40,715	12
Munster and Leinster	June 30*	44,339	68,379	112,718	...	45,000	12†	22,500	45,218	69,171	12†
National Bank of Australasia	Mar. 31	157,540	347,401	504,941	...	300,000	6	50,000	154,941	325,627	5½
Provincial Bank of Ireland...	June 30*	38,246	37,393	75,639	...	24,469	12½	11,000	40,170	37,681	12½
Queensland National.....	June 30	20,381	79,171	99,552	...	78,750	4½	...	20,802	74,820	4½
Breweries											
Kay's Atlas Brewery	June 30	39,983	14,546	54,529	2,920	9,219	10	2,000	40,390	15,496	10
Parker's Burslem Brewery...	June 2	36,409	85,625	122,034	9,071	47,919	16	24,059	40,985	69,689	14
South African Distilleries ...	June 30	1,491	239,548	241,039	41,250	185,000	18½	12,500	2,289	253,386	20
Threlfall's Brewery	June 30	334,650	348,512	683,162	26,514	247,504	18	87,187	321,957	352,683	18
Financial Land etc.											
Brick Investments	June 30	3,926	10,512	14,438	7,395	1,863	5	1,250	3,930	9,463	5
City of Lon. Bwy. & Invest.	June 30	89,086	183,779	272,865	153,181	33,326	8	...	86,358	185,245	20(t)
Gt. Nthn. Teleg. (Holding)	June 30	232	84,983	85,215	...	84,978	23½	...	237	84,973	23½
McDougalls Trust	June 30	37,818	176,819	214,637	50,000	125,139	10	...	39,498	179,025	10
Oceana Development	Dec. 31	5,059	1,495	6,554	...	...	...	...	6,554	5,863	Nil
Oregon Mortgage	May 31	20,561	11,369	31,930	9,956	...	...	...	21,974	17,664	Nil
Parana Plantations	June 30	9,759	*Dr. 6,888*	2,871	...	...	...	1,824	1,047	(a)	(a)
United City Propty. Trust...	June 30	10,174	34,465	44,639	11,662	15,848	7½	5,721	11,408	26,544	7½
Hotels and Restaurants											
Hyde Park Hotel	Apr. 30	...	11,237	11,237	3,347	...	...	...	7,890	2,712	Nil
Iron, Coal and Steel											
Avery (W. and T.)	Mar. 31	65,080	161,354	226,434	11,257	95,027	15	55,000	65,150	166,644	15
Braithwaite and Co.	Mar. 31	24,186	28,425	52,611	8,438	3,948	2½	14,750	25,475	26,574	Nil
Davy, etc., Engineering	Mar. 31	21,859	50,571	72,430	...	34,500	7½	...	37,930	42,082	7½
Grovesend Steel.....	Mar. 31	96,288	379,061	475,349	...	275,000	55	101,293	99,056	362,990	50
Head, Wrightson and Co....	Apr. 30	7,420	85,233	92,653	7,590	22,838	10	50,000	12,225	52,698	5
Richardsons, Westgarth & Co.	Mar. 31	...	13,273	13,273	...	...	...	7,861	5,412	(a)	(a)
Sheffield Steel Products.....	Mar. 31	*Dr. 34,618*	18,824	*Dr. 15,794*	...	...	...	...	*Dr15,794*	1,015	Nil
Motor Cycle & Aviation											
Fodens, Ltd.	May 31	*Dr. 13,881*	(n) 58,757	44,876	...	11,143	5	15,000	18,733	45,470	Nil
Handley Page	Dec. 31	16,888	210,126	227,014	19,915	62,232	30†	125,000	19,867	100,810	50(e)
Rubber											
Anglo-Java	Mar. 31	16,216	128,613	144,829	...	39,960	3	82,500	22,369	109,002	7½
Bidor	Mar. 31	2,738	6,211	8,949	...	4,500	9	...	4,449	6,150	12
Central Johore	Mar. 31	1,053	8,973	10,026	...	6,729	15	...	3,297	7,280	15
Castleton.....	Mar. 31	15,467	26,714	42,181	...	21,304	6	5,789	15,088	37,265	10
East Asiatic.....	Mar. 31	27,789	73,836	101,625	...	80,000	10	*Dr. 3,000*	24,625	69,758	7½
Kuala Reman	Mar. 31	549	3,471	4,020	...	...	...	...	4,020	5,545	Nil
Lambak	Mar. 31	12,302	22,126	34,428	...	15,000	7½	7,350	12,078	18,914	7½
Malayan	June 30	1,356	4,594	5,950	...	2,952	6	1,500	1,498	3,319	6
Padang Jawa	Mar. 31	1,395	1,022	2,417	...	...	...	...	2,417	3,389	4
Port Dickson-Lukut	Mar. 31	17,118	15,459	32,577	...	12,323	5	9,400	10,854	16,198	6
Prye	Mar. 31	867	6,704	7,571	...	*2,481*	2½	4,000	1,090	5,198	2½
Selangor United	Mar. 31	10,842	11,899	22,741	...	9,000	10	1,700	12,041	11,402	10
Sungei Tiram	Mar. 31	1,415	4,793	6,208	...	3,099	6	1,000	2,109	7,033	10
Shipping											
Furness, Withy and Co. ...	Apr. 30	213,813	620,681	834,494	55,312	217,500	5	350,000	211,682	544,744	3
Tankers, Ltd.	Mar. 31	6,016	33,796	39,812	22,679	...	...	12,500	4,633	109,759	Nil
Shops and Stores											
Barratt and Company	June 30	23,028	126,351	149,379	35,000	44,000	11	43,531	26,848	133,236	11
Tea											
Bowlana	Mar. 31	766	2,353	3,119	...	...	...	1,500	1,619	1,275	Nil
Ceylon Amalgamated	Mar. 31	*Dr. 26,618*	2,428	*Dr. 24,190*	...	...	...	...	*Dr.24190*	1,868	Nil
Textiles											
Harben's, Ltd.	Apr. 30	18,884	*Dr. 15,678*	3,206	...	...	...	22,724	*Dr.19518*	13,519	Nil
Trusts											
British Steamship Invst.....	June 30	236,157	*123,909*	360,066	13,425	86,925	6½	...	259,716	108,296	11(v)
Brit. Industr. and General ...	June 30	10,640	20,413	31,053	21,751	...	...	...	9,302	17,743	Nil
Land Revenues Trust.....	June 30	*5,215*	14,126	19,341	*3,735*	7,901	5	1,309	6,396	19,421	5
Lon. Elec. and Gen. Trust...	June 30	14,897	35,048	49,945	*18,900*	13,200	5	5,000	12,845	28,790	5½(b)
Melville Trust	May 31	12,340	29,152	41,492	15,645	4,102	2	4,000	17,745	26,867	2
Palmerston Investment	June 30	2,084	8,464	10,548	...	8,160	6	...	2,388	10,718	6
Other Companies											
Airscrew Co.	Mar. 31	21,601	22,414	44,015	4,500	8,850	20	7,000	23,665	40,200	30
Bennis Combustion	Apr. 30	2,970	24,907	27,877	6,000	7,500	10	11,000	3,377	17,082	10
Cornercroft, Ltd.	June 18	2,829	25,022	27,851	3,600	15,750	17½	5,000	3,501	(a)	(a)
Cropper and Company	June 30	10,737	41,804	52,541	11,002	17,822	10	12,500	11,217	40,182	10
Crossley Brothers	Apr. 30	27,686	62,839	90,525	24,203	6,338	2½	30,000	29,984	*45,453*	*Nil*
Crossley-Premier Engines...	Apr. 30	5,924	43,311	49,235	8,250	15,625	12½	18,931	6,429	40,884	12½
Decca Record.....	Mar. 31	*Dr.148745*	15,080	*Dr.133665*	...	...	...	...	*Dr133665*	273	Nil
Eastwoods Cement.....	Mar. 31	11,977	26,864	38,841	...	25,000	12½	2,000	11,841	56,595	16
Evans (W.) & Co. (M'nchstr.)	Apr. 30	11,723	13,312	25,035	5,454	8,156	7½	...	11,425	25,846	12½
General Theatre.....	Mar. 31	54,494	122,698	177,192	...	62,500	15	58,100	56,592	137,292	15
Gloucester Rly. Carriage ...	May 31	7,026	17,862	24,888	...	11,419	3	10,000	3,469	9,201	2½
Hecht, Levis and Kahn ...	Mar. 31	...	132,540	132,540	20,000	50,000	20	62,540	...	190,418	35
Hoffnung (S.) and Co.	Mar. 31	16,994	48,994	65,988	*25,312*	16,875	7½	3,460	20,341	46,030	7½
Saker, Bartle (South Africa)	Mar. 31	11,528	25,079	36,607	12,375	...	...	23,000	1,232	57,151	10
Thorn Electrical	Mar. 31	5,080	31,537	36,617	2,234	14,500	20	11,350	8,533	28,640	20
Tilbury Contracting etc. ...	Mar. 31	32,946	118,689	151,635	...	70,000	17½	47,924	33,711	117,227	17½
Total Profits, 1938, in £'000's:	*No. of Cos.*	*1,554*	*223,377*	*283,965*	*36,871*	*118,404*	...	*62,643*	*66,047*	*199,454*	...
To July 16		*60,588*	*227,636*	*289,685*	*37,539*	*120,553*	...	*63,985*	*67,608*	*203,624*	...
To July 23		*1,614*	*62,049*								

* For half-year. † Free of income tax. (a) No comparable figure. (b) Absorbed £10,058. (e) Absorbed £62,232. (n) Eleven months. (t) Paid on shares. (v) Includes special bonus 5 per cent.

Special Statistics

OVERSEAS TRADE RETURNS

IMPORTS (Value C.I.F.)

	Month ended June 30		Six Months ended June 30	
	1937	1938	1937	1938
	£	£	£	£
I.—Food, Drink and Tobacco—				
A. Grain and Flour	7,254,751	7,317,655	43,034,178	39,858,601
B. Feeding-stuffs for Animals	866,789	973,952	5,541,254	5,773,735
C. Animals, Living, for Food	553,281	1,002,886	3,304,787	3,669,129
D. Meat	7,776,310	8,231,259	42,148,522	45,604,459
E. Dairy Produce	6,455,137	7,295,980	32,669,892	39,809,150
F. Fresh Fruit and Vegetables	4,632,419	4,639,319	20,417,825	21,892,475
G. Beverages and Cocoa Preparations	2,973,322	3,564,655	21,757,538	20,408,286
H. Other Food	4,640,789	4,697,366	26,175,581	25,129,670
I. Tobacco	664,002	712,136	4,768,930	8,909,263
Total, Class I	35,816,800	38,435,208	199,818,507	211,054,768
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	1,790	937	11,814	7,284
B. Other Non-Metalliferous Mining and Quarry Products and the like	515,670	424,712	2,374,134	2,438,208
C. Iron Ore and Scrap	1,220,420	751,016	4,793,256	7,873,393
D. Non-Ferrous Metalliferous Ores and Scrap	1,628,849	1,258,637	8,819,488	8,778,099
E. Wood and Timber	6,093,984	4,203,136	19,811,040	16,705,196
F. Raw Cotton and Cotton Waste	3,653,598	1,660,828	26,363,640	16,125,883
G. Wool, Raw and Waste, and Woollen Rags	5,632,248	4,200,202	34,029,292	27,064,366
H. Silk, Raw, Knubs and Noils	168,163	146,531	973,176	1,241,808
I. Other Textile Materials	937,208	652,711	7,715,334	6,355,341
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	2,710,964	2,605,180	18,833,989	17,438,998
K. Hides and Skins, Undressed	1,749,040	851,514	12,537,172	9,449,176
L. Paper-making Materials	1,360,729	1,185,065	6,700,646	8,437,469
M. Rubber	1,021,983	919,774	4,661,492	6,766,656
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	728,492	583,136	5,032,330	4,606,017
Total, Class II	27,423,138	19,443,379	152,656,803	133,287,894
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	2,193	228	76,826	3,271
B. Pottery, Glass, Abrasives, etc.	753,295	627,071	3,950,416	3,738,941
C. Iron and Steel and Manufactures thereof	1,449,446	754,549	5,938,433	9,915,767
D. Non-Ferrous Metals and Manufactures thereof	5,459,145	3,346,669	26,367,452	21,057,161
E. Cutlery, Hardware, Implements and Instruments	697,678	595,881	3,762,343	3,573,854
F. Electrical Goods and Apparatus	341,479	231,581	1,960,496	1,473,552
G. Machinery	2,117,257	1,726,004	11,809,405	11,434,259
H. Manufactures of Wood and Timber	749,324	507,774	3,860,518	3,283,851
I. Cotton Yarns and Manufactures	268,533	235,974	1,601,809	1,607,188
J. Woollen and Worsted Yarns and Manufactures	324,516	262,325	2,189,709	1,855,713
K. Silk Yarns and Manufactures	199,929	136,212	1,308,203	1,083,159
L. Manufactures of other Textile Materials	568,459	563,127	3,997,732	3,662,482
M. Apparel	612,935	547,197	4,285,221	4,471,782
N. Footwear	162,839	202,176	1,238,801	1,533,028
O. Chemicals, Drugs, Dyes and Colours	1,099,839	903,611	6,521,208	5,962,958
P. Oils, Fats and Resins, Manufactured	4,890,853	3,719,894	22,952,520	23,461,874
Q. Leather and Manufactures thereof	920,285	532,780	5,080,139	3,188,858
R. Paper, Cardboard, etc.	1,315,833	1,065,021	7,461,409	7,369,747
S. Vehicles (including Locomotives, Ships and Aircraft)	527,672	308,520	3,450,630	2,551,766
T. Rubber Manufactures	56,919	66,205	377,611	403,451
U. Miscellaneous Articles wholly or mainly Manufactured	1,914,029	1,744,626	10,758,758	10,610,627
Total, Class III	24,432,418	18,077,425	128,949,639	122,243,289
IV.—Animals, not for Food	280,702	324,022	1,250,518	1,447,264
V.—Parcel Post	234,113	222,600	1,425,325	1,584,433
Total	88,187,171	76,502,634	484,100,792	469,617,648

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.)

	Month ended June 30		Six Months end June 30	
	1937	1938	1937	19
	£	£	£	£
I.—Food, Drink and Tobacco—				
A. Grain and Flour	152,677	129,574	901,951	8
B. Feeding-stuffs for Animals	59,004	47,541	404,335	3
C. Animals, Living, for Food	84,894	345	86,692	
D. Meat	73,714	82,984	503,337	5
E. Dairy Produce	109,987	97,831	527,673	5
F. Fresh Fruit and Vegetables	4,844	4,686	262,091	
G. Beverages and Cocoa Preparations	1,150,055	1,085,395	7,377,986	6,3
H. Other Food	960,826	839,156	5,623,420	5,2
I. Tobacco	375,851	371,134	2,483,875	2,4
Total, Class I	2,971,852	2,658,646	18,171,360	16,4
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	3,289,863	3,102,064	16,646,639	18,2
B. Other Non-Metalliferous Mining and Quarry Products and the like	124,447	73,044	680,996	4
C. Iron Ore and Scrap	78,766	8,464	578,323	1
D. Non-Ferrous Metalliferous Ores and Scrap	350,546	152,156	1,716,901	1,1
E. Wood and Timber	8,391	7,208	53,647	
F. Raw Cotton and Cotton Waste	81,893	41,429	543,247	2
G. Wool, Raw and Waste, and Woollen Rags	764,311	493,478	5,534,479	2,9
H. Silk, Raw, Knubs and Noils	1,238	177	4,631	
I. Other Textile Materials	64,636	56,884	319,997	3
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	354,218	203,882	2,123,140	1,5
K. Hides and Skins, Undressed	132,632	68,960	1,100,284	6
L. Paper-making Materials	178,746	83,231	931,521	5
M. Rubber	44,847	17,331	198,443	1
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	176,968	147,579	1,583,233	1,3
Total, Class II	5,651,502	4,455,887	32,015,481	27,7
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	337,855	127,592	1,884,899	1,3
B. Pottery, Glass, Abrasives, etc.	901,536	805,203	4,783,163	4,7
C. Iron and Steel and Manufactures thereof	4,377,453	3,313,309	23,169,274	22,2
D. Non-Ferrous Metals and Manufactures thereof	1,243,574	845,557	7,547,137	6,0
E. Cutlery, Hardware, Implements and Instruments	865,781	734,788	4,550,846	4,5
F. Electrical Goods and Apparatus	1,027,364	1,028,908	5,822,531	6,7
G. Machinery	4,171,125	4,834,534	22,953,116	29,1
H. Manufactures of Wood and Timber	119,516	84,701	649,680	5
I. Cotton Yarns and Manufactures	5,858,084	3,688,931	34,277,401	25,8
J. Woollen and Worsted Yarns and Manufactures	2,978,891	1,796,523	17,647,931	13,3
K. Silk Yarns and Manufactures	138,212	101,003	732,928	6
L. Manufactures of other Textile Materials	1,878,728	1,144,110	10,143,158	7,6
M. Apparel	700,323	464,883	4,891,144	4,0
N. Footwear	162,552	119,620	1,014,228	9
O. Chemicals, Drugs, Dyes and Colours	2,307,385	1,715,994	12,586,595	11,0
P. Oils, Fats and Resins, Manufactured	555,945	456,920	2,985,588	2,7
Q. Leather and Manufactures thereof	459,101	293,896	2,723,376	1,8
R. Paper, Cardboard, etc.	737,105	528,008	3,737,460	3,4
S. Vehicles (including Locomotives, Ships and Aircraft)	3,172,615	4,143,413	18,451,964	21,7
T. Rubber Manufactures	147,859	157,494	865,531	8
U. Miscellaneous Articles wholly or mainly Manufactured	2,532,147	2,386,646	13,612,974	13,9
Total, Class III	34,673,151	28,772,033	195,030,924	183,5
IV.—Animals, not for Food	52,253	41,388	342,956	2
V.—Parcel Post	1,024,257	965,571	5,653,524	5,2
Total	44,373,015	36,893,525	251,214,245	233,1

OIL OUTPUTS

Trinidad Consolidated Oilfields, Ltd.—Output for June, 80,678 barrels, an increase of over 21 per cent. on the May output and the largest monthly output since the formation of the company.

Trinidad Leaseholds, Ltd.—Oil produced during June, 42,960 tons; oil purchased during June from other companies 74,108 tons.

British Controlled Oilfields, Ltd.—Total output for week ended July 2nd: 12,693 barrels. Total output for June: 54,323 barrels. Shipments for June: 36,489 barrels. Total output for week ended July 9th, 12,962 barrels. Total output for week ended July 16th, 13,260 barrels.

British Burmah Petroleum Co., Ltd.—Output of crude oil 41,211 barrels for June 1938

Trinidad Petroleum Developme Company, Ltd.—Output for week end July 2nd: 60,950 barrels. Output June: 249,253 barrels. Deliveries for Ju including purchased oil: 275,912 barre Output for week ended July 9th, 61,1 barrels. Week ended July 16, 60,524 barre

Kern Oil Company, Ltd.—Total outp during June, 187,478 barrels, or appro

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MONTHLY TRADE SUPPLEMENT

Parliamentary Balance-Sheet

ON Friday of this week Parliament adjourned for some three months, and the Session which began last October has now virtually ended. It has been a Session largely taken up by questions of defence and diplomacy, and the introduction of a Budget of nearly £1,000 millions, though received with comparative calm by Members of Parliament and taxpayers, was evidence enough of the strain which the country is being compelled to undergo. Almost to a man, we have come to recognise that the possibility of war cannot be ignored, and a very large part of Parliament's time has been occupied in debating foreign policy, re-armament and precautions against air raids. The Opposition have never adopted the pacifist platform; but even had they done so in the calm of the nineteen-twenties, the resumption of the armaments race abroad and the return to power-politics would quickly have caused them to modify their attitude. In the Session now closing their main objectives have been to urge upon the Government the need for more speed and efficiency in the supply of arms and defensive equipment, but at the same time to demand a policy in foreign affairs based upon principles of collective action and international law.

It would be a mistake, however, to dismiss the Session which has been adjourned as one wholly devoted to preparing for war. There have, for example, been triumphs and tribulations in the Imperial field. The Anglo-Irish Agreement, which largely owed its consummation to the mutual patience and good sense of Mr Malcolm MacDonald and Mr de Valera, was a notable step towards a final settlement of the oldest outstanding problem in British politics. It was the Government's greatest success of the Session. On the other hand, murder and execution in Palestine and riot in the West Indies have served to illustrate once more the troubles which beset an Imperial Parliament. During the recess two Commissions will investigate these grave and crucial problems. To devise remedies for the radically unsound economies of the West Indian Islands, and to resolve the competing claims of Jew and Arab in the Palestinian Mandate will tax statesmanship to the full. The trade discussions with Australia have ended in "No change," while the Anglo-American negotiations are making haste slowly.

At home, too, the Session has been by no means entirely sterile. The Session's legislation has not been exciting; but it has included definite contributions to social reform. The main improvement in the condition of the people in recent months, apart from the considerable gains in wages derived from the period of high prosperity which only slackened last autumn, has been the spreading custom of granting paid holidays to workpeople; and the recent Act empowering Trade Boards and other wage-fixing bodies to provide for this concession in labour settlements represents the first small instalment of an official policy to encourage the eventual provision of paid holidays for all. Health insurance has been extended in scope during the Session to

bridge the gap which had previously existed between the school medical services and the national scheme. The qualifying age for blind persons' pensions has been lowered, and an Act to provide for the effective regulation of wages in goods road transport has met an urgent need. Finally, at almost the last moment, Sir Samuel Hoare has given an outline of his long-awaited programme of prison reform, while there has been laid on the table for consideration next Session the text of a Bill for dealing with the evils of sharepushing and financial fraud. The familiar process of piecemeal betterment by statute has continued.

It must not, however, be thought that the recording angel will have no criticisms of the Government's policies to enter in his book, even in purely domestic and unmilitary matters. For one thing, there is an excessively long list of important measures which, owing to the over-riding claims of discussions of foreign policy and defence, have had to be postponed. And in the economic sphere, the Government is still apparently unable to impose its will upon vested interests in matters of industrial reorganisation. An inordinate amount of time has been spent since the autumn, in both Houses, upon the Coal Bill, because of strenuous and prolonged opposition from sectional interests; and, in the event, the ruthlessly deployed forces of the mineowners were successful in emasculating the crucial section of the measure relating to amalgamations. Nor has any further progress been made with the proposals to rationalise the distribution of electricity which aroused such a storm of interested protest last year. Indeed, the closing Session has given little comfort to those who believe that one crucial test of governmental effectiveness to-day is the ability of Ministers and Parliament to legislate for individual trades and industries with the benefit of the whole community, rather than the wishes of the interests directly concerned, chiefly in mind.

These are, however, minor episodes of a period in which Parliament was almost wholly absorbed in foreign affairs and national defence. Throughout the year the Government's policy on these matters has been subjected to strong criticism from all points of the political compass. The Anglo-Italian Agreement (which has not yet come into force) is widely suspect. There has been deep dissatisfaction that the policy of non-intervention in Spain has been so rigidly interpreted as to permit the bombing of British ships without retaliation or effective protest. The events which led to the reconstruction of the Cabinet on the resignation of Lord Swinton and the importance attributed to the Sandys Case were due to the critical attitude of men of all parties towards the slow progress of rearmament in the air and on land.

Nevertheless, the widespread distrust of the Government's policy on these vital questions has not been translated into any serious threat to the Government's majority. There has been no overt split in the Cabinet or revolt in the Tory party. Mr Churchill remains a lone wolf. Mr Eden has not sought to form and lead a pack of dissentients. The leaders of the Labour party still lack national stature, and their policy has not yet fired the popular imagination. The Opposition groups which have come together on the issues of diplomacy and defence do indeed represent a widely held view that the Government's opportunist policy lacks both principle and, save in the shortest run, expediency. But they are too divided in their creeds, philosophies and programmes, too jealous of their sectional importance, to constitute a real menace to the Government—unless the Prime Minister and his defence Ministers fail to deliver the goods they have promised.

In the past Session Mr Chamberlain's administration has perhaps rocked, but it has never looked like falling. Seats have been lost at by-elections; but there is no sign of a great swing to the Opposition. The Prime Minister has staked his all on his policy of appeasement abroad coupled with re-armament. On this issue the attitude of the country is one of suspended judgment, poised between alarm at the totalitarian challenge to democracy and to the interests of the British Empire and relief that the dogs of war are still leashed. In defence and foreign policy Mr Chamberlain still has a chance to make good. If he has not so far succeeded, he has not so far manifestly failed. The fate of his Government at the next election—when it comes—will be determined by the outcome in the field in which he has chosen to put his fortune to the test.

A Lighter Atmosphere

"The atmosphere is lighter, and throughout the Continent there is a relaxation of that sense of tension which six months ago was oppressive."

THUS Mr Chamberlain, in a speech to the House on Tuesday, which will send both his critics and his supporters off to their vacations in a slightly better humour with themselves and with the world. It is true that international affairs are still in a parlous state; and that, in the Prime Minister's phrase, Tuesday's debate was mainly concerned with "two ferocious wars" which are actually raging and with an area in which there is a dispute that constitutes "a potential threat to the peace of Europe." Indeed, the present relaxation of tension has been compared to one of those lulls that occur at the centre of a hurricane in which for a time a ship may drift before plunging from this peaceful vortex into the other side of the storm. But analogies may prove misleading, and it is more useful to inquire if there is any ground for tempered optimism.

Supporters of the Government, who, Micawber-like, believe that something will turn up to rescue Britain and the free countries of the world from their difficulties if only war is kept at bay, are gratified that after several months of crisis the danger of general war is still being averted. This reflection will not satisfy those who believe that the only way of maintaining peace is stoutly to defend certain principles of international dealing and to resist aggression wherever it may arise. But these, too, may find some comfort in recent events and in the Prime Minister's survey of them.

The King's visit to Paris, we are now told, and the conversations that accompanied it, produced no new undertakings nor any change of Anglo-French policy. But it certainly strengthened the feeling of solidarity between the French and British peoples, and in so doing has undoubtedly reinforced the confidence of our neighbours across the Channel. The mission of Lord Runciman to Prague, at the invitation of the Czech Government, and with the approval of the French and British Cabinets, is also a hopeful development. Some of the Peers in Wednesday's Debate in the Lords felt that it would be difficult for the former Cabinet Minister to avoid acting as an authorised representative of Great Britain, and Lord Cecil rightly pointed out how much stronger his position would have been if he had gone as a nominee of the League of Nations. But the Prime Minister has insisted that he is merely to be an observer and an "honest broker" between the opposing parties, and on this footing his mission has been accepted not only by the two parties in Czechoslovakia but by Berlin. The gap between the two disputants is wide, but Lord Runciman may be relied upon to make a great effort to bridge it. Meanwhile, not the least of the advantages of his visit is the virtual certainty that the Sudeten question will not produce an acute war crisis so long as it is *sub judice* in this rather unusual way.

Apart from these two visits there were three very welcome comments in the Prime Minister's speech. The first is that in which he disposed of the suggestion that the British Government has been hustling the Czechs. Far from this being the case, His Majesty's Government has neither pressed the Czech Cabinet to hasten their nationalities legislation unduly, nor to make concessions to the Sudeten German party which would imperil the integrity of the State. Indeed, Mr Chamberlain and his colleagues have actually urged that the presentation to the Parliament in Prague of the new reforms should be delayed until they have been submitted to Herr Henlein and his Party. Unless this had been urged from without, M. Benes and his colleagues could not have run the risk of holding their hand; for if at any moment a crisis like that of May 21st had arisen without any specific offer having been laid upon the table, the world would have accused the Czech Government of refusing to make any concessions where concessions were due, and it could have been represented that it was they who were the intransigent party.

Secondly, the Prime Minister had an interesting comment to make on the vexed question of the coming into force of the Anglo-Italian Agreement. In reply to an intervention by Mr Attlee he explained to the House that the Agreement could not be effective if it stood alone, and that throughout it had been regarded as the basis for a wider appeasement. If there was no settlement in Spain which removed events in that country from the category of a danger to peace, the Agreement would not be brought into effect. This did not necessarily mean that the Agreement would be operative as soon as a certain number of volunteers had been withdrawn, but if and when that desirable end is achieved, the Government will consider what is then the position. "I should like," he said "to see what happens when the volunteers are withdrawn."

There will naturally be much speculation what the Prime Minister implied by this comment. It may be presumed that he means that there must not be left behind in Spain a situation which might be a military menace to France. It certainly suggests that there will be no premature rushing into the Anglo-Italian Agreement, and though the Prime Minister had some kind words to say about Italy's behaviour in regard to other matters, such as propaganda and the withdrawal of troops from Libya, his speech was a warning to Mussolini that the Government is not as complacent as at one time it seemed towards the effect of the dictators' intervention in Spain.

Thirdly, the Prime Minister hinted—and the suggestion was repeated by Lord Halifax on Wednesday—that although the Government did not see its way to make an outright loan to China, "another way" of helping her had been proposed which was not open to the same objections as a direct loan, and this was being examined by the relevant Government departments. This "other way" may perhaps be not unconnected with export credits. It was revealed later in the debate that certain subjects are to be discussed between the British Ambassador in Tokio and the Japanese Foreign Minister, and Great Britain would indeed be glad to take any opportunity of offering its services to bring about a suspension of hostilities. But the Prime Minister insisted that many British interests were involved in China and they would not allow them to be sacrificed. Help for China, no matter in how modest a form, would have a great moral effect in stiffening China's resistance. The critics both in the Lords and in the Commons would be glad to see this help given more promptly and in the most effective form, but it is something gained that Mr Chamberlain accepted the implication that China is entitled to receive from members of the League of Nations such help as they are able to give.

These various signs of greater firmness on the part of the Government are obviously associated with Mr Chamberlain's evident conviction that our military strength is steadily growing. The specific points we have mentioned will by no means allay all the apprehensions about our foreign policy which have been expressed time and again during the Session. It cannot be said, for example, that Mr Chamberlain fully met the arguments of Sir Archibald Sinclair who, in opening the debate, called for assurances that our national arms and resources would not be used merely for narrow British interests, but, before it was too late, for safeguarding the system of justice, law and freedom hitherto upheld by free countries in association. The Opposition were also very critical of the pressure put on France to close the Pyrenees frontier and to acquiesce in the crushing of the Spanish Peoples' Government in Spain. Other criticisms also were strongly pressed in both Houses of Parliament. Nevertheless, Tuesday's debate unquestionably revealed a slight move by Mr Chamberlain towards the viewpoint of those who have consistently criticised the policy of acquiescence; and if this really is the trend of the Prime Minister's mind, we may yet find that to-day's lull does not mean that we are in the calm centre of the hurricane, but that we are actually sailing into smoother seas.

American Trade with the Colonies

From the start of the negotiations for a Trade Agreement between the United States and the United Kingdom, it has been the contention of the American Government that strictly Anglo-American trade cannot be considered in isolation from the trade of the United States both with the self-governing Dominions and with the Colonial Empire. The Dominions can speak, and have spoken, for themselves. The following article deals with the hardly less important trade between the United States and the British Colonies.

THE United States must needs be interested in the British Colonial Empire, so long as her motor-car and other industries depend on its supplies of rubber and tin. Her interest was particularly marked at the time of the Stevenson rubber restriction plan of 1922-28, and the policy of the various regulatory schemes now in existence is still a matter of intimate concern to the United States. The question of American trade with British Colonies, as a whole, has special importance to-day, since the heavy surplus of imports which the United States takes from the Colonies normally largely counterbalances her enormous export surplus with the United Kingdom. In 1937 the United States had an export surplus of $328 millions in trade with the United Kingdom, but an import surplus of $246 millions with the British Colonial Empire.

This balance has, however, been seriously upset in the present year. Compared with 1937, American exports to the United Kingdom have risen very rapidly, whereas imports from the United Kingdom have been halved. Imports from the Crown Colonies have also shrunk in value, helped by the fall in prices; imports from the Gold Coast and Nigeria were only a quarter their size in 1937, partly, no doubt, as a result of the slump in exports of cocoa.

No less than three-quarters of the total American imports

from British Colonies come from British Malaya, and consist almost exclusively of rubber and tin. Indeed, Malaya was second only to Canada as a source of American imports in 1937. Her importance is strikingly illustrated by the fact that American imports from Malaya in 1937 amounted to $235 millions, whereas imports from the next two British Colonies in order of importance—the Gold Coast (cocoa and manganese) and Ceylon (rubber and tea)—were only $21 millions each. The chief other Colonies from which the United States drew supplies were Nigeria (cocoa and palm oil), Hongkong (tin and tungsten), Southern Rhodesia (chrome ore), Trinidad (cocoa), and Kenya and Uganda (coffee).

Rubber alone accounted for more than half the total American imports from the British Colonies in 1936. No less than one-third of the world's rubber is used in the manufacture of American motor tyres. In the case of rubber, however, as of tin and cocoa, there is little room for complaint on the part of Colonial exporters, since all three commodities are admitted free of duty into the United States. Indeed, the boot is if anything on the other leg, thanks to the international rubber and tin restriction schemes, although these have not aroused anything like the same antagonism in the United States as the Stevenson rubber scheme of the 1920's. On the other hand, American imports of vegetable oils, which are important for many British Colonies, have been subjected to protective duties in the interests of domestic producers of cotton-seed oil.

The United States buys over twenty-five times as much from British Malaya as she sells to her. The disproportion in this case is exceptional. But the United States has import surpluses with practically all British Colonies except the West Indies—and there invisible American imports in the shape of tourist expenditure are important. American exports to the British Colonies are therefore comparatively small, amounting to approximately $76 millions, or little over 2 per cent. of total American exports, in 1937. The United States is, in fact, probably less concerned with the absolute size of her exports to those territories than with the general principle of securing equality of treatment for American products in foreign markets. That is to say, in British Colonial markets, as in the United Kingdom market, the United States objects not so much to the absolute height of the tariff as to the preferences accorded to British goods.

In 1896 Joseph Chamberlain, then Colonial Secretary, could justly claim that

> We in our colonial policy, as fast as we acquire new territory and develop it, develop it as trustees of civilisation for the commerce of the world. We offer in all these markets over which our flag floats the same opportunities, the same open field to foreigners that we offer to our own subjects, and upon the same terms.

This was perfectly true in 1896 of the position since the 1860's, when the last preferences in British colonial tariffs had been abolished. But by 1903 an exception had already been made to the principle of the Open Door. In that year a preferential duty was imposed on tin ore exported from the Federated Malay States and Johore—a measure designed to protect the smelting industry in the Straits Settlements at the expense of the United States. In 1912, preferences were granted to Canadian goods by the majority of the West Indian Islands—once again a move of particular interest to the United States. By 1922 some 26 out of 55 Crown Colonies were granting preferences; yet it was calculated by the United States Tariff Commission in that year that only 5 per cent. of the trade of the British Colonial Empire was affected by Imperial Preference. Ottawa, in fact, although it did not introduce the principle of discrimination into British colonial tariffs, extended its application very widely. An even more striking development was the imposition of anti-Japanese textile import quotas in the summer of 1934.

There are, however, important exceptions to this general tendency towards discrimination. In most of the African Colonies British goods are given little or no preference. The Open Door is maintained in Kenya, Uganda, Nyasaland, Zanzibar and part of Northern Rhodesia by the Congo Basin Convention, and also in Nigeria and the Gold Coast in spite of the lapse of the Anglo-French Convention guaranteeing this in 1936. It is also maintained in the A and B Mandates—Palestine, Tanganyika, the Cameroons and Togoland.

Moreover, the British Government has offered,

> without prejudice to the principle of colonial preference . . . to enter into discussion with any Powers which may approach the United Kingdom Government for an abatement of particular preference in non-self-governing colonial territories where these can be shown to place undue restriction on international trade. This offer must, of course, be made subject to such reservations as may be necessary to secure reciprocal advantages to colonial products and to meet the competition of excessively low-cost producers.

This offer was announced by Mr Eden at Geneva on September 21, 1937, when referring to the report of the League Committee on Raw Materials. But so far it has not resulted in any application being put forward.

Imports into British Colonies from the United States embrace a wide variety of products, and it is quite impossible to state definitely how far diversion has occurred, and to what extent it has been due to Imperial Preference. The chief items concerned would appear to be motor vehicles, mineral oils and machinery. Textiles are of comparatively minor importance to the Americans in most of these markets, the field being left to Lancashire and Japan. Motor vehicles should provide a good test case as to the effects of Imperial Preference, since in the Anglo-Canadian Agreement signed at Ottawa most of the Colonies (except, of course, those pledged to maintain the Open Door) undertook to grant a 20 per cent. preference to British motor-cars. It is certainly significant that in British Malaya, Ceylon and Jamaica, the United States has lost ground, whereas in three Open Door Colonies—Nigeria, the Gold Coast, and Kenya and Uganda—she has actually improved her position.

It would, however, be a mistake to infer too much from this one instance, since mineral oils provide a contrary example. In this case, there has in many Colonies been an equally striking fall in the American share, irrespective of whether they grant Imperial preference on mineral oils; and the fall in the American share has usually been counterbalanced by a rise in the share of the Netherlands East Indies, the Netherlands West Indies, or Iran.

A more general indication is provided by changes in the American share of the total imports of various Colonies since Ottawa. Between 1931 and 1936 this fell from 29 per cent. to 16 per cent. in the case of Jamaica, from 18 per cent. to 16 per cent. in Trinidad, from 4 per cent. to 2 per cent. in Ceylon, and from 2½ per cent. to 2 per cent. in British Malaya. These are all Colonies granting preferences to British goods. Yet in two Open Door Colonies the American share has fallen rather more—in Nigeria from 9 per cent. to 5 per cent. and in the Gold Coast from 17 per cent. to 10 per cent.

Enough has been said to show the extreme difficulty of deciding precisely how much effect the colonial preferences have had on American trade. Some effect they must have had; and some modifications of existing preferences may be expected in the Agreement. But any serious reduction of the American import surplus with the British Colonies is unlikely so long as the American export surplus with the United Kingdom is maintained. The United States is probably mainly concerned with preventing the present international rubber and tin controls from repeating the faults of the Stevenson scheme.

Plato on Juries

In a recent case, which lasted over three weeks, the jury complained of the long interruption to their own affairs. Another juryman recently complained in court that he had been kept hanging about the courts for a week without even being called. The Lord Chief Justice silenced his complaint by promptly ordering his removal from court. The following, which seems to be a passage from Plato's Republic, is of some topical interest.

AND now we have decided what justice is, there remains for us, I think, another task before our deliberations are complete

What is that?

Must we not decide how justice shall be administered, and with what manner of person the duty of judging our lawsuits shall rest?

I think we should.

Well, in the first place, shall we agree to train some of our most able youths in the study of the law, bidding them devote five years to the pursuit of legal knowledge and to the understanding of its peculiar methods of argumentation and its obscurest terms? They will thus become what may be called our professional lawyers, skilful in the art of telling truth from falsehood, expert in choosing rightly between conflicting stories, capable of applying sound principles to confused facts. From these men we will choose our advocates to argue this way and that in our courts of law, and from the best of them we will select judges who shall adjudicate between our litigants. In this way shall we not build up a great judicial system, and may we not hope that the professional lawyers, who should know, will themselves be convinced that it is incomparably better than any other system past or present?

With their training they should be good.

Yes, but let us consider further. While we choose our judges from these professional lawyers, would we not do well to leave to others the actual work of judging—to men and women not trained in the law, but chosen at random from the lists of citizens—putting by force a dozen such into a box together and trusting their intelligence or, as the case may be, their stupidity, to discern the truth? Do you agree?

Perhaps I do.

And to encourage these men we will invent (shall we?) a myth to tell them, declaring that this involuntary work of theirs can only be done by persons like themselves of untrained minds. We will flatter them and say that their common sense is the envy of the civilised world; that this duty of theirs transcends in importance the earning of their daily bread and the support of their families; that they should deem it a privilege to "kick their heels," as the saying is, at our public courts for a week till their turn comes and to spend a month thereafter listening at an obol a day while the professional lawyers wrangle between themselves at many talents a day. As this conscription of their labour for a month or more may involve the ruin of their respective businesses—a thing they may perhaps dislike—a myth of this sort that we could tell the jurymen will be helpful and even necessary. Do you agree?

I should say undoubtedly.

But remembering that the judges are trained professional lawyers with large incomes, we must leave, I think, the last word to them: and if after a month the untrained men and women decide that 50 talents is a right award to the successful litigant whose cause has been tried, while the judges think the award should be 25 talents, then the view of the expensive judges will naturally override the month's deliberations of the cheap, untrained citizens? Should they not?

I think they should.

And from whom shall we choose those untrained minds? Shall all be liable for service or shall some be exempt? The professional lawyers, for instance? Should not they be exempt? In virtue of their profession they will naturally be exempt from any special taxes levied in a national emergency, and would it not also be natural that they should be exempt from this conscription of their time and labour for the jury box? What do you think?

I think it would.

We will therefore free from this service the professional lawyers, and place the burden on the remaining citizens. It may perhaps happen that one of these remaining citizens will complain that the thing is unfair; he may argue that he ought not to be taken from his business and his income for a month while the lawyers make large fees from the suit which is ruining him; he may hint that lawyers are exempt because they make the laws themselves and are loth to lose a month of their income, as he must lose a month of his. To such an one we will say, will we not, that he does not understand the beauty of our judicial system or the high-mindedness of our professional lawyers? We will tell him that he is a bad citizen, and if he persists in his complaints, the professional lawyer who is in charge of the court will order his forcible removal. If necessary, we will have him kept in custody until he is ready to step into the jury box, calm and in a fit state to listen patiently to the arguments in court and administer justice fairly, serenely and impartially. All that we must do, must we not?

In certain cases it will, I should say, be very necessary.

We will, in a word, stand no nonsense from the ordinary citizen who is not a professional lawyer?

We will not.

And by doing all this shall we not be achieving a treble purpose? First, we shall be relieving from a burdensome and expensive duty a most highly-deserving class of professional men. Secondly, we shall be teaching citizens of smaller importance the great lesson of serving the State to their own detriment. Thirdly, we shall establish a system in which facts of the greatest complication and difficulty will be judged by men and women of untrained minds, who, as the days and weeks pass and the professional lawyers practise on them the arts and tricks of advocacy, will grow more and more confused as to what it is all about; whose irritation over the whole affair will be in proportion to the length of time they are kept in the court; whose sense of justice, weak perhaps at the opening of the case, will be strengthened day by day as they ponder and brood over the injustice which is, they will think, being inflicted on themselves. All this we shall have done, shall we not?

I think we shall.

And if, after we have done all this, some grumbling critic—a writer, perhaps, in a weekly financial newspaper—should declare, in his coarse way, that our talk about the magnificence and splendour of the judicial system we have built up is ballyhoo; that the administration of our courts, so far from being perfect, is tardy, obscure, expensive, partial, pedantic; that our jury system, if it be really necessary, is in itself the gravest possible criticism of the competence of our professional judges; that it imposes an intolerable and unfair burden on those citizens who have to serve; and that any one who knows the ropes can evade a jury summons after it has been served on him—if he should say all that, what, Glaucon, do you think should be our answer?

To tell you the truth, Socrates, I do not know.

And to tell you the truth, I answered, no more do I.

Topics of the Week

The Anglo-American Trade Agreement.—Rumour has been very busy with the negotiations for a Trade Agreement between the United Kingdom and the United States. The discussions have taken longer than was expected, and it is an open secret that considerable difficulties have had to be overcome. It is believed, in fact, that a stage has been reached at which the British delegation had to seek further authority from the Cabinet. The American negotiators, it appears, have not been ungenerous in offering concessions to British goods entering the United States. But they have asked in return for concessions in the British tariff which the Ottawa Agreements make it difficult to concede. There is no reason to suppose, as one rumour has alleged, that a breakdown, or even a substantial modification of the scope of the Agreement, is in prospect, and both the British Prime Minister and the American Secretary of State have in the last few days expressed themselves as being satisfied with the progress being made. Indeed, there are many people in this country who will welcome the American insistence. The aspect of the Ottawa Agreements which has always excited most criticism is the tendency they showed to seek advantages for inter-Imperial trade, not by lowering the tariff barriers put in its way, but by raising them against foreign goods. Such a penalisation of foreign trade would be against the interests of the United Kingdom even if a self-contained economic unit could possibly be formed out of the Empire. But both geography and politics prohibit any such possibility—geography because we cannot take all the Empire's exports nor the Empire all ours; and politics because, as the recent negotiations with Australia have shown, the Dominions are not prepared to give British manufacturers as free a market as their own foodstuffs and raw materials enjoy in the United Kingdom. If, then, the American insistence, backed by all the commercial and political hopes that have been attached to the conclusion of an Agreement, can succeed in reversing, even in only minor degree, the restrictive policies of Ottawa, the United Kingdom will be the gainer fully as much as the United States.

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The Coal Industry's Difficulties.—On twenty-four days of the expiring parliamentary Session foreign policy has been debated—and Monday last was the twenty-third of the days devoted to the coal industry. In place of the interminable and often detailed discussions of legislation which have previously characterised the Session's coal debates, an opportunity was afforded for a general survey from the Secretary for Mines of the industry's present position. It was made quite clear by Captain Crookshank and successive speakers that the short-lived revival in export trade, upon which large sections of the industry depend, had spent its force last year. In the first half of this year, the volume of coal exports fell by a million tons compared with the same period last year; and in the whole of 1938 output is hardly likely to exceed 230 million tons by any appreciable margin, compared with 241 million tons last year and 287½ million tons in 1913. Other countries, including Germany, have lost ground in export markets since the new year, and it is evident that a major cause of the recent decline is trade recession. On the other hand, both German and Polish exports have made great inroads into neutral markets since 1933, and the Government has at present under consideration a plan put forward by representatives of the British coal industry to meet the subsidised competition of these countries by imposing a levy on inland sales to be employed, with the addition of an Exchequer contribution, for the assistance of the British export trade. The plight of the coal industry merits sympathy: the worst features of our changing industrial structure, in the shape of long unemployment and poverty, are visible in the coal areas. Yet, in the domestic market the industry has already been organised by statute to take advantage of its monopolistic position, and its power to fix selling prices has this year imposed heavy burdens upon domestic consumers, notably the railways. If subsidising exports will involve raising prices to home purchasers, there are obvious objections to such a course on grounds of equity.

* * *

It is indeed true that German and Polish prices are from 4s. to 5s. a ton lower than British in common markets; but it is equally the case that average British export prices are now 5s. 6d. more per ton than in 1934. Foreign subsidies do not tell the whole story of falling exports: trade recession and the relative inefficiency of the British industry, which has recently so stoutly resisted reorganisation, must be taken equally into account. There may be strong arguments in the present position for special measures of retaliation, but competitive subsidies are the worst possible mode of economic warfare; and, in any case, countries like Germany are much better placed than we are to conduct such a campaign, because of their machinery of currency manipulation. The only sovereign remedies for the coal industry's problems are extensive reorganisation at home and, perhaps, an endeavour to bring Germany into the international consortium for the division of the world's markets. Germany's hunger for more and more foreign exchange is a potent obstacle to such an arrangement; and the proposed subsidy might serve, *faute de mieux*, as a bargaining weapon. But an important general issue is involved: industrial interests are lining up to receive subsidies to-day just as since 1931 they have clamoured for tariffs. The logs are rolling merrily, and we have at least the right to expect that the strictest conditions should be imposed for State assistance, before subsidies become an addiction rather than a rare and desperate expedient.

* * *

Flying for All.—A week which has witnessed record outward and homeward Atlantic flights by "Mercury"—the upper component of the Short-Mayo flying-boat carrier—brings us the promise that we shall all soon be mounting up with wings like eagles. The Air Minister and Under-Secretary for Air announced last Sunday the Government's new scheme for securing the maximum number of air pilots in this country. Apart from workers under the Air Raids Precaution scheme, and members of the Auxiliary and Voluntary Reserve of the Royal Air Force, men and women between the ages of 18 and 50 will now be enrolled in a Civil Air Guard and will begin tuition in October, learning to fly at recognised air clubs all over the country and at greatly reduced terms. There are 77 light aeroplane clubs in the country, of which 53 receive the subsidy; and these 53 have 7,157 members, of whom 3,148 hold their "A" Licence. Until now, any civilian who wanted to learn to fly—outside the Service Reserve—had to join a club or school, and pay upwards of £2 an hour for dual instruction and £1 10s. for solo work. An average tuition period for an "A" Licence of 12 hours' dual and the requisite three hours of solo would cost at least £35, by the time subscriptions had been paid. The Government paid £25 to every recognised Club when a member obtained his "A" Licence; and the sum so obtainable by a Club in one year was limited to £2,000. Under the Civil Air Guard system, no such limit is set for Clubs; the grant is increased to £50 per new "A" Licence obtained on the heavier "standard" machines, and to £30 for licences gained on lighter machines. This means that, on the average, flying can be learned for 5s. per hour on heavier types and 2s. 6d. per hour on lighter types, in the middle of the week. At week-ends, to avoid congestion, these fees will be doubled. After taking the "A" Licence, the Government grant per hour of flying will be £2 per hour instead of 10s. as hitherto, for a maximum of 10 hours per year. The Guard is to be administered by five honorary Commissioners; Lord Londonderry is to head them, and one is to be a woman. The response to this announcement has overwhelmed the clubs, who now find themselves short of machines and instructors. For that reason it is hoped to spread tuition over the mid-week days by the sanction of employers. This is a sensible and cheap scheme, which is already promising the Government a surprisingly large supply of pilots whose activities at home, in the air and on the ground, would be very useful in wartime.

* * *

Prague and the Nationalities Statute.—The announcement by Mr Chamberlain on Tuesday that Lord Runciman is to be "observer and adviser" of both parties in the delicate negotiations between the Czechoslovak Coalition Government and Sudeten German Party has been received in Prague with warm satisfaction. This is mainly because Czechoslovak opinion is virtually unanimous that the followers of Herr Henlein do not want, and do not intend to help to create, a working agreement with the Prague Government within the bounds set by the integrity, administration and defence of the country as a sovereign State. It is freely stated that the next few weeks are vitally important, as the German National-Socialists are expected to wait until the German harvest is garnered before resuming active intervention through the Sudeten German Party. Accordingly, Lord Runciman's presence is widely and warmly welcomed in Prague as helping to secure at least peaceful discussions and negotiations for a few more weeks or even months. The hectic military activities reported from the former Austrian frontier regions on the German side indicate the necessity for a breathing-space.

* * *

Meanwhile, the draft text of the still unsettled Nationalities Statute was published on Tuesday. The Coalition Parties have not yet agreed to all its provisions; but the Henlein Party leaders have characterised it as "wholly unacceptable." It grants the Germans proportionate representation for education, contracts, civil service, etc.; but does not define the percentage of population required to make German an official language. The Administrative Reform Bill, of which the text has not yet been published, is said to provide provincial self-government in all matters save police, defence, foreign policy and certain legal jurisdictions (e.g. criminal law, civil rights) for Bohemia, Moravia and Slovakia, thus abolishing the predominance of Czechs in the governance of the State. It proposes to substitute administratively devolved provincial diets and local councils for the central administration; to give every nationality equal rights and proportionate shares in State activities and contracts. The third Bill, the language law, will equalise the language rights. On the other hand, the Prague Government reasonably insists that no Czechoslovak citizen, of whatever nationality he be, shall be deprived of his rights, guaranteed by the State, as a result of the exercise of provincial or local powers. This of course challenges the Henlein Party's doctrine, root and branch, which has continuously and intransigently demanded totalitarian rule "in the spirit of National Socialism" over all areas where Germans are living. This is the crux of the problem, and always has been; for it is a question of the State's integrity and existence. It is impossible to give the Henlein Party totalitarian control of non-Germans and of frontier regions even yet undefined—and as to drawing ethnographic lines, indefinable. It seems equally impossible for Herr Henlein and his German superior officers—among whom is Herr Hitler—to lose prestige by seeing democratic rights and administration guaranteed to Czechoslovak citizen-kinsmen whom, as recently as last week-end in Austria, Herr Hess claimed for Germany. Thus, two utterly sundered mentalities, outlooks, even civilisations, have to be accommodated in a cribbed and confined space. Compromise in the British sense, as advocated by Lord Halifax on Wednesday, is scarcely possible; for it spells not accommodation but ruin to either cause. Dr Hodza's Minorities Statute may give Herr Henlein the 50 per cent. of his demands which have to do with national and minority rights; but it is the 50 per cent. of "ideological" demands which formed the stumbling-block long before mention of Lord Runciman's name.

* * *

"Killing no Murder."—If Austria made her fortune by happy marriages, she lost it by murder most foul. As a sequel to the murder of the Archduke Franz Ferdinand and his wife, Austria lost her empire. As a sequel to the murder of Chancellor Dollfuss, she lost her independence even in the pitiful "home farm" that was left to her in a Peace settlement which bereft her of the rest of her once great estate. The very name of Austria has recently been expunged from the map of Europe by the Austrian-born German conqueror of Austria's home provinces; and the whole former domain of the Monarchy is now partitioned between successor-states organised on the principle of a Staatsvolk which is the dominant, if not the exclusive, national element in each parochial commonwealth. Meanwhile the Nazis have been celebrating with jubilation the very process to which they take such strong objection where the Czechs, instead of the Nazis, happen to be the beneficiaries. They have chosen to commemorate their triumph over the Schuschnigg regime, and over the supernational outlook for which that regime stood, by glorifying the murderers of Dr Dollfuss. Last Sunday, at Klagenfurt, a public ceremony was staged in honour of these two murderers (Planetta and Holzweber), as well as for the eleven other Austrian Nazis who were fairly tried, condemned to death, and hanged for their share in the abortive Putsch of which Dr Dollfuss was the victim. These political criminals were eulogised as heroes and martyrs in an oration by Herr Hess. It is true enough that the Third Reich has benefited territorially from these thirteen men's work to an extent that is not incomparable with Serbia's territorial gains from the ultimate consequences of the crime committed twenty years earlier by Prinsep. In Jugoslavia, however, they have at least been more discreet, and the murderers of the Archduke have only been commemorated by an inconspicuous plaque. In Austria, at the Prince-Bishop's cathedral in Salzburg, the very Church whose last ministries were denied to his son, Dollfuss, by his murderers, celebrates a Requiem Mass for the murderers themselves. Is this that eschewment of politics which the Bishop of Gloucester commends to the dissident German Protestants? If so, is it a foretaste of the kind of Christian unity to which the Lord Bishop bids us look forward?

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Mr Roosevelt on Tour.—Mr Roosevelt's tour of the United States reached the end of its first stage with his departure for a cruise in the Pacific Ocean, and the American political world is waiting for the results to come to hand. Other Presidents in the past have made tours of the country for political purposes; but very few have avowed their intentions as clearly as Mr Roosevelt. For one thing, this autumn's elections do not concern the Presidency, and it has always been thought a little bit contrary to the spirit of the separation of powers for the head of the Executive to try to influence the composition of the Legislature. And for another thing, Mr Roosevelt's intention was not mainly to get Democrats rather than Republicans elected to Congress, but to get the right sort of Democrats. His concern was not so much with the eventual elections as with the party primaries, which are always supposed to be matters in which not even the national headquarters of the party has a right to meddle. But Mr Roosevelt has never been a conventional President and in his last broadcast he specifically claimed that he had the right, as head of the Democratic Party, to exert such influence as he could upon the character of the Democrats sent to Congress. At one time, those Democrats who have voted against New Deal legislation feared that the President was going to disown and attack them in their own constituencies. But he evidently deemed it more prudent to punish them only by the omission of praise, and the object of his tour was to help his most devoted followers, such as Senator Bulkley in Ohio, Senator Barkley in Kentucky, Senator Thomas in Oklahoma, Congressman Maverick in Texas and Senator McAdoo in California. The only one of these States which has yet gone to the primary polls is Texas, where several of the President's friends were narrowly defeated. But it is doubtful how far Texas can be taken as representative. Local rather than national issues have always been dominant there, and the State is much under the influence of the Vice-President, Mr Garner, who is now in barely-disguised opposition to Mr Roosevelt. In the country at large, there has been a perceptible rise in the President's stock in recent weeks, partly but by no means entirely due to the revival of business optimism. It seems probable that the loss of Congressional seats by the Democrats in November will be so small as to make the election a victory for Mr Roosevelt. It would be fortunate if there were any signs that such a demonstration of his continued grip on political power would lead to any relaxation, on his part or his opponents, of the embittered misunderstanding which now impedes the restoration of American business to a sound footing.

* * *

Japan, China and Britain.—Lord Halifax, in the Lords' debate on foreign policy on Wednesday, confirmed what the Prime Minister told his hearers in another place on Tuesday about the Government's attitude to the war in China and the two antagonists. Lord Halifax warned Japan that a continuance of Japanese impediments and discrimination against British trade in the parts of China occupied by Japan would void the assurances given by the Japanese Government to the British Government; and a system such as obtained in Manchukuo would also be accounted a voidance of Japan's engagements to this country. His Majesty's Government were considering "the possible action open to them if they do not secure adequate consideration of their interests which they have a right to protect." Among alternatives are not only economic and financial assistance to China, but economic impediments to Japanese trade in British countries, such as were advocated this week both in the Lords and Commons by Conservatives, as well as members of other parties. Meanwhile, in China, the Japanese divisions on the Yangtse have taken Kiukiang, less than 150 miles from Hankow, and are pressing the retreating Chinese. Hankow may be the next objective, though there is reason to suppose that the Japanese may operate from Kiukiang to cut the vital Canton-Hankow railway near Changsha, or to Nanchang, the key-town on their Kiangsi flank. In any case, the Japanese armies are now 400 miles inside China; the trouble on the Russian-Manchukuo border is clearly very serious; and the economic resources of Japan are becoming more and more mortgaged. Yet the end of the war they lightly undertook over a year ago seems more remote than ever.

* * *

Mr Eden and the Future.—Mr Eden's latest speech at Kenilworth has set a pretty problem for political soothsayers. It would be fanciful to read too much into a single speech. Mr Eden's sudden switch from diplomatic issues to the problems of unemployment and the Special Areas may be no more than an indication that Members of Parliament, even for relatively prosperous Midland constituencies, must show themselves to be as conscious of domestic as of international questions. Nevertheless, the ex-Foreign Secretary must realise that, since his momentous departure from the Cabinet, a fierce light of publicity has beaten down upon his utterances. It may be that his appeal for a national effort to abolish poverty was no more than a further indication of his disinclination to embarrass Mr Chamberlain on questions of foreign affairs until the policy represented by the Anglo-Italian Agreement has had a chance to succeed—or fail. But Mr Eden is a man of high principle; and his words at Kenilworth were stirring words. It was Disraeli's insistence upon the paramount importance of social reform which enabled the Conservative party last century to meet and defeat the Liberals on their own ground under the new conditions of democratic politics created by the extension of the franchise. Mr Eden is by no means the only one in the Conservative party to-day who fervently believes that the first aim of government should be to plan industry, agriculture, education and the health services in such a way as vastly to improve the nutrition, security and conditions of life of the people. Mr Chamberlain's party does not lack sympathy and honest endeavour in these respects; but it is not overburdened with the boldness and courage and insight for which Mr Macmillan and Mr Amery, like Mr Eden, have lately called. If Mr. Eden is indeed to succeed in the fullness of time to Lord Baldwin's legacy of leadership, the philosophy outlined in his Kenilworth speech may serve as a fitting foundation for a new and more inspiring Conservatism.

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The Distressed Areas.—"The problem of the Special Areas is not disappearing; it is spreading." Mr Eden's words at Kenilworth were timely. Unemployment statistics, the researches of the Pilgrim Trust and the stark revelations in the recent Report of the Unemployment Assistance Board have revealed only too clearly that last year's relative prosperity did little more in the distressed regions of the North and Wales than throw into relief their distress and poverty. True, there was some amelioration as exports revived and re-armament activity was accelerated; and the continued liquidation of redundant labour by migration and transference mitigated despair among the young people of the Special Areas. But the tide of recession has been running fast since the New Year, and a fresh awareness of these sore burdens upon our economy is urgently needed. There are some small signs of hope in the work in progress under the ægis of the Commissioners for the Special Areas. In April, 1937, the Commissioner for England and Wales was empowered to make contributions to the rent, rates and income tax of new enterprises; up to June 30th last this assistance had been offered to 59 factories. Since 1934, the Commissioners' total commitments for all purposes have amounted to £16,223,000. On the Team Valley Trading Estate just short of 60 factories have now been completed and tenants are available for 44 more. At Treforest, 19 factories are already occupied and 21 are under construction. The search for new industries to redress the balance of the old order of declining staple trades is proceeding with some success. But the scale of operations is sadly small in comparison with the problem involved. The Team Valley factories, for instance, employ only 1,100 workpeople, and more than half of these are

women and juveniles, new entrants into a labour market glutted with elderly and middle-aged miners and workers in the heavy trades. In Lancashire, too, where there is no Special Area, the seventh annual Report of the Industrial Development Council, published this week, reveals that the recent reversal in the trend of the county's trade has seriously impaired the value of the Council's efforts to readjust the economic structure of the region by stimulating the growth of new industrial enterprises. The Council call for more definite control of industrial location than hitherto to serve as the basis of a serious attempt to restore without delay the industrial and economic balance of the county. Local effort is not enough. It must be that some industries and areas decline while others rise, but the State's responsibility to ensure that the scars of economic change shall be as little deep and lasting as possible is inescapable.

* * *

Europe's Northern Neutrals.—At the instigation of Dr Munch, Danish Minister of Foreign Affairs, in Copenhagen last week-end, the heads of the foreign departments of Belgium (M Spaak), Luxembourg (M. Beck), Finland (M. Holsti), Netherlands (M. Ratijn), Norway (M. Koht) and Sweden (M. Sandler) met him for discussion. The interchange of views which took place broadened the basis of the recurrent counsel taken by the heads of the Scandinavian foreign departments among themselves, when at home or at Geneva. The Copenhagen discussions expressed the feelings of 35 million people, traditionally used to democratic government. Their combined foreign trade exceeds that of France and Germany, equals that of the United States, and is only slightly less than that of Great Britain. Nature prevents these seven States from forming a self-sufficient unit. They all need markets outside their own borders, and if asked to assist in abolishing the present numerous restraints on international trade they would willingly respond. The seven States are not tied to one another by any form of military alliance. Their aim is to keep out of any warlike conflicts between European powers. They have to admit with regret that the League of Nations has been too weak and has lacked the character of a universal institution. But on the other hand, much work performed by the League is of great practical value to the peoples of the world, and to this they willingly lend their hand, simultaneously hoping for a reconciliation between the Great Powers before it is too late for an international organisation embracing all the peoples of the world to be created. In view of the dangers inherent in the present armaments race they have agreed to consider any possibility to re-open negotiations for an international agreement on this subject. In particular, they want to support any endeavour to restrict aerial bombardment. The developments of the last few years which led to the present situation have compelled them to exempt themselves from certain obligations under the Covenant. They consider themselves released from any obligation under Article 16 (the Sanctions Clause), admitting at the same time that all other members of the League should enjoy the same privilege. They have put on record, in their *communiqué*, their belief that it is in the interest of the League that this right to free judgment in the matter of sanctions should be expressly stated, and they have intimated that they mean to take an active part in expounding this point of view at Geneva.

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Reverberations from Copenhagen.—The decisions at Copenhagen have been received with undisguised jubilation in Berlin and undisguised dismay in Moscow. In this country, the Government and their supporters must, in their hearts, be as downcast as the Opposition. The worst of it is that even the most convinced and stout-hearted upholder of the League in this country cannot have the face, in the light of his own Government's record, to blame our seven small neighbours for taking this line now. The reversion of these seven States, in Switzerland's wake, to their pre-war policy of neutrality is a fearful indictment of Anglo-French statesmanship; but it is another question whether for these states, any more than for us, a pre-war policy of isolation is practical politics under post-war conditions. Dr Munch himself, perhaps unintentionally, made this point when, the moment before declaring that "all seven States were definitely determined never to take part in any conflict between the Great Powers," he referred to the magnitude of their combined foreign trade. Is it likely that a group of States with aggregate exportable resources of such importance would be left in peace to enjoy their neutrality in a future European war by a Germany for whom it would once more be a matter of life and death to obtain foreign supplies from quarters where a British blockade would be only partially effective? Would Sweden really be able to neutralise her iron ore, or Denmark her foodstuffs? And what about the strategic key-positions that the Oslo States, unluckily for them, happen to occupy on the war-map of Europe—Scandinavia offering a bridge between Great Britain and Russia, while the low countries lie in the fairway between Great Britain and Germany. Is not Belgium's fate in 1914 a warning that, in an age of totalitarian warfare, neutrality is a thing of the past?

* * *

Mexico and the Powers.—On Thursday of last week the State Department at Washington sent a strongly worded Note to Mexico, requesting a settlement of the outstanding agrarian debt caused by continuous expropriations of lands belonging to American *hacendados*. The Note invoked arbitration under the 1929 treaty if no settlement were forthcoming. Since August 30, 1927, no agrarian claims could be lodged with the Mixed Commission; and since 1928 the Mexican bonds have been in default. Even the compensation decreed in January of last year fell into arrears forthwith, and no payments have been made. Consequently the American Administration, in electing to broach matters with Mexico on outstanding debts for compensation of American citizens, has inserted the thin end of a wedge which—if matters lead on to the present oil dispute—may prise Mexico apart from her northern "good neighbour" and best customer. Meanwhile, it is confirmed that the recent £2,000,000 deal in Mexican oil, undertaken by Mr W. R. Davis of New York, was on account of Germany; for the current number of the German *Four Years' Plan*, the organ of Field-Marshal Goering's economic organisation, jumps to the defence of President Cárdenas's regime in justifying the German purchase. That regime, says the paper, is erroneously termed Communist; on the contrary, it resembles National Socialism because its *raison d'être* is to free the country from the yoke of foreign capital and revive the old institution of small property holdings. (On this definition, the arch-exponents of National Socialism are the Russian Communists of 1917!) The Davis transaction is giving rise to continuous shipments, in British and Norwegian tankers, of oil from stock in Minatitlán to Holland, Scandinavia and Germany; and Japanese tankers are expected there shortly. The legal ownership of this oil has yet to be determined: it may be that if it gets into British or Dutch vessels the title to it may be found deficient. But in any

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case President Cárdenas, despite a gradual worsening of Mexico's domestic and foreign trading situation, is getting 40 per cent. of the £2,000,000—as and when it arises from sales—in cash; the balance in German equipment. For that, he is jeopardising the far more valuable commercial link with the United States. This play—half drama, half farce—is not yet within sight of a *dénouement*.

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The Wheat Harvest.— The wheat year closes on July 31st, a month after the publication of the official July estimates of the next year's crop in North America. From this dividing point it is thus possible to look both backwards over the last season and forward over the next. The 1937–38 season was marked by very low exports, due to poor harvests, from Canada and Argentina. Australia and the United States, on the other hand, increased their exports—this being the first reappearance of the United States as an exporter after two seasons with an import surplus. Total world production (excluding Russia, China and Brazil) was estimated at about 3,805 million bushels, compared with 3,510 million bushels in 1936–37. This increased production was shared by the European importing countries, whose purchases from abroad will amount by the end of the month to about 420 million bushels, or 56 million bushels less than in 1936-37. The carry-over will thus be increased and will start the new season at a figure considerably higher than the 234 million bushels of a year ago.

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The season 1938–39 is going to see a bumper crop in the United States, the official estimate being 967 million bushels, compared with the average of 641 million bushels in the five preceding years. The Canadian crop is also expected to be larger than the average and may reach 370 million bushels. Unless, therefore, there is a crop failure in the Southern hemisphere, the supply in the free market will be large. Demand may also show some increase. The European crop, it is true, seems to have recovered from the late frosts and prolonged drought of the early spring and, except in the Mediterranean area, will probably be well up to the average; but the failure of the Argentine maize harvest may react on the demand for wheat, and there is always the possibility of Government purchases for storage. There will clearly be no wheat famine next year. Those concerned would be happier if they could feel equally confident that there will be no glut.

* * *

Palestine and Syria.—The dreadful tale in Palestine continues to unfold. In the Mount Carmel district, on July 20th, the Jewish settlement at Kiryat Maroshet was rushed by an armed mob of Arabs who managed, before they were beaten off, to stab to death two families in their homes. On the 21st a party of Jews who were boring for water in the nighbourhood of the Dead Sea were attacked by Arabs who killed three Jews and wounded two; while on the same day, at Tiberias, three Jews on a housetop were wounded by a bomb. The toll of the 27th—spread over a number of small fights—was eight Jews and Arabs killed, and about 20 persons wounded (including one British soldier). July 25th witnessed, at Haifa, the worst bombing outrage that has been perpetrated. Here, as at Jerusalem a few days back, the bomb was thrown into a crowded Arab market. This infernal machine killed 39 Arabs and three Jews and wounded 45 Arabs, and that day's total casualties at Haifa—the riots included—amounted to 47 killed and 52 injured.

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The week's history in Palestine is bad enough, but simultaneous events in Syria and Egypt which, in themselves, are happily not of the same tragic seriousness, still serve to remind us that Palestine's situation in the heart of the Arab world is perhaps the most menacing of all the factors in the present Palestinian crisis. In Egypt the Wafdists of Nahas Pasha's following have launched a political and financial campaign on behalf of the Palestinian Arabs who are "struggling to safeguard the integrity of their country." No doubt this move is primarily to be explained in terms of Egyptian domestic politics. A party which finds itself in the wilderness is snatching at an opportunity of embarrassing a party in office which is anxious to remain on good terms with Egypt's British ally, but which at the same time will be sensitive to a charge of ignoring the tribulations of an Arab people under British rule just on the other side of Egypt's western frontier. At Damascus, on the 22nd, the absolute and immediate independence of Syria, in anticipation of the expiry of the French mandate, was proclaimed by the Syrian Prime Minister, Mardom Bey, at the close of a congress of the Syrian Nationalist Bloc. This gesture has, of course, nothing directly to do with Palestine, but is an expression of Syrian discontent over French concessions to Turkish residents in regard to the future of the Alexandretta district. But any exacerbation of national feeling in Syria is likely to produce rapid effects on the Palestinian side of the border.

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Penal Reform.—On his translation to the Home Office, Sir Samuel Hoare speedily made a deep impression by his earnest and energetic efforts to reform the prison system which in many of its details, inherited from an earlier age, gravely conflicts with modern views of the social purpose of punishment. The congestion of Parliamentary time has not permitted the Home Secretary to proceed with his promised legislation for more enlightened treatment of juveniles and recidivists. But he has taken full advantage of his administrative authority to introduce experimental reforms into prison routine, and the survey of this work which he gave to the Commons on Wednesday was a record of unmistakable progress. Prison life has been stripped of some of its more glaring marks of needless inhumanity; prison clothes have been improved; more opportunities have been provided for prisoners to receive visits from friends; more facilities for reading have been afforded; and the experimental introduction of small earnings for convicts' work has been successful in adding purpose to their labours and small comforts in their lives. Old, gloomy and out-of-date prisons are to be discarded and, altogether, there are many signs that Sir Samuel has embarked upon a wholesale overhaul of a key position in our communal life. The Home Secretary is no sentimentalist. He appreciates the paramount need to protect society against evil-doers. But he believes that crime is in large part a reflection on society itself, and he is far from satisfied that our present methods of dealing with criminals are conducive either to social security or to the desired regeneration of the offenders themselves. It is to be hoped that Sir Samuel will be given the chance to put his views into practice on the widest scale. If so, it is not unlikely that he will rank among the outstanding reformers of our time.

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Labour's Gesture.—Last year, the Labour Opposition marked their conversion to the need for re-armament by abstaining from voting against the Defence Estimates. This year they have gone further, and have not voted against the Civil Estimates. Once a year, two hours on each of two days are conventionally spent by Members of the Commons in ceaselessly tramping through the lobbies to record votes upon the expenditure of millions of pounds. So long as the Government's majority is reasonably secure, and the present Cabinet's majority is quite unassailable, the results of the voting are foregone conclusions, and the negative voice of the Opposition is simply symbolical of their constitutional duty and political inclination to oppose and criticise the Government of the day. In any other sense, the four hours so spent are wholly wasted, and to the ordinary man unobsessed by formalistic notions the Labour Party's decision to abstain from challenging divisions seems the merest common sense. The views of the Opposition on defence and social policy are well known; their obligation to oppose is well enough fulfilled in debate and at question time during the Session; and their votes are cast against the Government in the day-to-day divisions of Parliament to reinforce their speeches by evidence of their application to duty. The Estimates divisions, on the other hand, have become a farce, and serve, *inter alia*, as a means for negligent and absentee Members to amass credit marks by swelling the number of their apparent attendances. Indeed, the practice of the Opposition doggedly dividing against all the Votes was instituted as recently as 1906 by a Conservative minority vexed by the Liberals' great success at the Election of that year, and it has never been a very praiseworthy addition to Parliamentary precedent.

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The L.C.C. and the Rating System.—Mr Herbert Morrison, having inflicted one Waterloo on the Government, has now found another battlefield—that of local taxation. At its last meeting before the summer recess, held on Tuesday, the London County Council decided to promote, in the next session of Parliament, a Bill to give it the power to levy a tax on site values. Theoretically, there is everything to be said for this scheme; it discourages the land speculator from holding land off the market and ensures the most economic use being made of land. In fact, almost the only justification of the present system of rates on the "annual value" of property is that it has been familiar to the English people for more than three hundred years. In an urban area, the case for taxing site values is at its strongest. Ever since the foundation of the L.C.C., the Council has been struggling to reform the rating system. But its Bill of 1901 came to naught, and the report of the Royal Commission on Local Taxation of the same year was inconclusive. The present agitation began after the election of the Labour Council in 1934; called upon to report, the Finance Committee condemned the present rating system as unfair in its incidence, and a letter was accordingly written to the Minister of Health urging its early reform. Six months later, Sir Kingsley Wood replied that the Government were unwilling to move on this matter. Seeing that this inactivity has continued, the Council has now taken things into its own hands, and is proposing to remedy the present unsatisfactory position, at least as far as London is concerned, by a special Bill, which bears a very strong resemblance to the Bill of 1901. It will empower a separate valuation to be made of the annual site value of each property; on this, a site rate of two shillings in the £ will be levied on ground landlords. This is estimated to yield £3,000,000, only a fraction of the total required, but it is intended to introduce the new system gradually. Whether it is ever introduced will, of course, depend on the Government, which will probably hold that so important a change in a national system should not be made in a local Bill. But whatever happens, this Bill is probably due for at least as lively a death as Waterloo Bridge, and it is very good that Parliament should be reminded of the inequitable and illogical basis on which the finances of our local authorities rest.

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Railway Accidents in 1937.—The Chief Inspecting Officer of Railways' report to the Minister of Transport shows that so far as the casualty list is concerned, more passengers were killed in train accidents during 1937 than in any year since 1915. Last year's high death roll of 49 passengers was mainly due to the two accidents at Batter-sea Park and Castlecary. The number of train accidents during the year was 16, which does not compare too unfavourably with the experience of previous years. This distinction is important, for once an accident occurs the size of the casualty list is largely a matter of chance. This not only shows that 1937 was an unlucky year, but also proves the need of investigating every accident regardless of the number of casualties arising from it. The most interesting paragraph in the report is that discussing methods of preventing accidents. The Inspecting Officer emphasises the need of "proving" distant signals by interlinking them with the block instruments, the wider use of automatic train control, the value of track circuiting, and the use of more powerful tail lamps. These recommendations, incidentally, cover the Battersea Park and Castlecary disasters, and the report mentions certain steps taken or in contemplation by the Southern Railway as the result of the former disaster. The real lesson is that the necessary safeguards are already in operation at many places on the British railways, but there is still need of their universal adoption. Accidents of all kinds to railway servants and also level-crossing accidents show a welcome tendency to decrease, and the Inspecting Officer points out that the latter risk is negligible compared with the other risks of the road. The conclusion is that the existing high standard of safety is being maintained, but there is still need for further propaganda among passengers and staff. The comment might have been added that the provision of universal safety measures is now an economic rather than a technical question.

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The War in Spain.—News from the Spanish fronts this week has been varied and surprising. First, the insurgents under the "radio General," Queibo de Llano, have awakened to activity on the long dormant Estremadura front in the south-west and have apparently pocketed an unsuspecting Government force. Secondly, and more important, the insurgents' "big push" to the south on the Teruel-to-the-sea front has been halted, with, so it is reported, very heavy losses among the Italian troops, all of whom are said to have been employed on this drive. In some cases counter-attacks have been successful; and Valencia is accorded another respite. Most important, however, is the Government's successful surprise attack upon the insurgents' rearguard in Catalonia on the Ebro. By crossing the river in many places, Government forces have smartly pushed ahead, taking many prisoners—all Spanish. Thus, the gains by General Franco on the Teruel-Sagunto coast sector have been matched by losses in the north; and the venture has cost him and his Italian allies very dear. Meanwhile, bombing of British and other merchant ships goes on, a Danish and a British ship being sunk this week while on their legitimate and peaceful avocations. General Franco has agreed to investigation of such bombings, and the Spanish Government have agreed to facilitate inquiries into bombing of open towns. The Spanish conflict bids fair to last a long time yet. With its persistence vanish hopes, either of inaugurating the Plan to withdraw alien volunteers or of the inception of the Anglo-Italian Pact conditional on substantial withdrawal of them.

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A Famous Economist.—The name of Weber is well known to all who pursue social studies in every country. The reputation of Max Weber was world-wide; and the contribution to knowledge and practical wisdom made by his brother, Professor Alfred Weber, one of the greatest of Heidelberg's scholars, who celebrated his seventieth birthday on Friday of this week, has been similarly notable. Educated in the Berlin circle of Friedrich Naumann, the Liberal social reformer, and trained by such eminent economists as Schmoller and Böhm-Bawerk, he became Professor of Political Economy first at the University of Prague in 1904, and then at Heidelberg in 1907. Since the war Professor Weber has turned from economics to sociology; his latest writings have been concerned with the relation between culture and social, political and economic conditions, with the crisis of capitalism and the future of democracy, and they have all been significant. But it is Professor Weber's great pre-war work on the theory of industrial location which has left the deepest mark on modern thought and policy. No Government today can ignore the pressing problems which arise from the rise and decline of industries, the movements of population and the growth of towns. Even now, a Royal Commission is examining these questions as they affect Britain, and, like all students of industrial location, it will have found the theories of Alfred Weber woven firmly into the accepted pattern of argument about this fundamentally important topic.

Overseas Correspondence

From Our Special Correspondents

United States

Relief and Politics

WASHINGTON, July 15.—Future historians of the New Deal are likely to devote much study to the dominant part played in politics by Federal relief. Roosevelt won in 1936, so his opponents complained, because he had "bought" the election with the taxpayers' money, and he is about to "buy" another election in the same way.

Since 1936 the country has suffered the steepest business decline in its history, which in normal political circumstances would be enough to win the next election for the Opposition. But the new depression has led to new Government spending, and so this political maxim has been stood upon its head. "Nobody will vote against Santa Claus," was the proverb that explained the Roosevelt victory two years ago. "You can't beat five billion dollars" is already the Republican apology for the showing expected in November.

Though the Republican line in the November campaign has not been finally clarified, it may consist of little more than a protest against the influence of relief on politics. The charge is outright corruption, not to the point of paying the voter to go to the polls on election day, but by spending large sums on relief projects in districts where the vote will be close. This creates large staffs of Government-paid employees, who are expected to express their gratitude on election day. In some regions Works Progress Administration workers are said to understand quite well that their jobs are "political," and that they have to render political services for them. The late Huey Long used to say about Louisiana that one State employee is "good for" ten votes, and the ratio holds good for the entire country.

To what extent more immediate political pressure is brought into play, and how far a needy person's party affiliations decide whether he is to receive relief, are subjects on which the evidence is scarce and not at all conclusive. In some districts the actual administration of relief has slipped into the hands of State and county professional politicians. Unquestionably, relief is politically used in such districts, but that is not to say that its administration has been debauched. If relief were really failing to reach the needy because they were not going to vote right, then plenty of evidence would be forthcoming to prove it.

The complaint that relief is being used politically applies to the planning of projects, rather than to the actual spending. When the Federal Government is pouring out funds a "good" Congressman, from the local viewpoint, is one who brings a goodly share of that money to his district. It pays a Congressman to stand in with the planners of appropriations, and it makes a questionable campaign issue for him if he has sacrificed his community to his disbelief in the New Deal and its works.

The Republican charge is not so much that relief has been dishonestly administered; they complain rather that it is a new form of political influence, and one which is so powerful that the party in office, so long as it keeps on spending, can never be ousted. In past times the party in power kept the wayward in line by withholding or extending patronage; but this was a bagatelle in comparison with million dollar relief projects, and billion dollar spending programmes.

Dissensions in Both Parties

President Roosevelt's purge of disloyal Democrats has aroused great interest, and is being both exaggerated and distorted. The President holds a dual position, one which the British understand better than Americans. He is the chief executive and therefore the servant of all the people, but he is also the leader of his party. If his party shows defections, it is sound politics to try to prevent the re-nomination of the rebels. But the Republicans would deny this privilege to Mr Roosevelt, and their comments on the purge have apparently led the President to modify his plans. The public seems to dislike the idea of anyone being punished because he departed from the party line on the issue of the Supreme Court or the reorganisation of government.

The public is not party-minded in national affairs. This is natural, since in the past the two parties have not been clearly divided on fundamental national questions. Mr Roosevelt would like to create a genuine New Deal party. He has expressed his desire to have the "liberals" on one side and the "conservatives" on the other. But the political executions and bitter battles which such a reformation would entail are too expensive to be risked in a campaign year. One or two conservatives may be defeated, as a warning to others. But the chief conservative Democrats will espouse the New Deal with lukewarm words for vote-catching, as they did two years ago, and will re-appear in Congress titular Democrats but potential conspirators against the President.

It is clear that the Republicans have not recovered from their debacle of 1936. The tussle between Mr Landon and Mr Hoover goes on, Mr Landon still hoping to gain party control for the liberal wing, Mr Hoover leading the traditionalist Republicans along their familiar conservative path. But it is not a struggle which interests the public, and though Mr Landon feels deeply enough that the Republicans cannot hope to win an election until they can vie with the Democrats in their concern for the under-privileged, he lacks the magnetism and oratory to convert Mr Hoover's followers, or win over those of Mr Roosevelt.

The party leadership in 1940 may go by default to Senator Vandenberg, though he lacks the stature of either Mr Hoover or Mr Landon. Bruce Barton, who combines advertising with popular religious writing, was invited to address the Indiana Republican convention, and struck the popular note which Mr Landon has failed to sustain. At once Mr Barton began to be studied as a possible candidate in 1940. He is serving his first term in Congress from a silk-stocking New York district, and was elected on his promise to try to "repeal a law each day." The combination of advertising with piety in Mr Barton's person makes him appear an unusually characteristic American of the business type, and by no means shuts him out as a Presidential candidate.

It is worth noting that much of the effect of Mr Roosevelt's tour across the continent was lost because of the round-the-world flight of Mr Hughes. The President was not relegated to the inside pages, but the flyers got the larger headlines and more readers. Mr Roosevelt, however, has aroused enthusiasm in the West, and all the polls show a slight rise of the percentage of the public who favour his leadership. The President's popularity is the chief asset of the Democratic party in the campaign, and it is difficult to see how the Republicans are going to concoct one that can begin to offset it before November.

Wall Street as a Barometer

NEW YORK, July 20.—One month has now elapsed since the memorable Monday morning when the stock market began its meteoric advance. Rarely, if ever, has so great a revaluation of the industrial equipment of a country occurred in so short a time; in two weeks, the industrial share indices rose about 30 per cent. From the low point of the year, approximately at the end of March, it is the exceptional share which has not risen at least 50 per cent.; and advances of 100 per cent. are by no means uncommon, especially among the low-priced, non-dividend-paying equities.

Not only was this remarkable change in appraisal not preceded by any visible upturn in general business; even now, a month after the stock market movement started so explosively, visible evidence of recovery is still relatively scanty. This, of course, is far from saying that no reason exists for anticipating a substantial revival. It is rather a reminder of the extreme instability of American markets and of the American economy in general.

In July, 1937, average stock market prices rose some 30 points (say 20 per cent.), apparently on the discovery that mid-summer business was holding up better than had been expected. There was hesitation for a fortnight or so, and then prices plunged downwards some 60 or 70 points between

mid-August and mid-September, although there was no strong statistical evidence of business recession until after the market decline was far advanced. In the same way, in March, 1938, average share prices fell nearly 30 per cent., although there was, as it transpired, no marked change in the level of production between the first and second quarters of the year. In retrospect, it is apparent that the violent rise in July, 1937, was a "false" move, generated by technical conditions within the market; and that the decline which began in August, 1937, was a "true" move, because it was eventually validated by a collapse in production and earnings.

The simple fact is that the stock market has a dubious record as a barometer. It is a nervous reflector of opinion that has been sometimes right and sometimes wrong. But it is more than that; to some extent these violent stock market moves create opinion, and so influence the decisions of business men. Hence it is of some significance that, although there is still little enough statistical evidence of an upturn in business activity or production, yet business men, who in early June were inclined to expect that business would get worse before it got better, now incline to the belief that business will get better without getting worse. It would appear, however, that they are still cautious about converting that opinion into action.

Changing Opinions about Inventories

Business decisions are largely governed by the inventory position. While statistical information is scarce, the general attitude of the business community towards inventories is usually well known. In the sellers' market during the winter of 1936-37, business men favoured the accumulation of stocks, either physically or in the form of forward orders. In the second quarter of 1937, the policy of ordering forward was generally discontinued; and by the autumn of 1937 the policy of reducing stocks was generally in vogue.

The controversy about whether excessive inventories induced the depression or the depression made any given inventory excessive is still unresolved. The simple fact is that by the spring of 1938 any inventory had come to be regarded as burdensome; and, curiously enough, the "inventory problem" was considered much more acute in the second quarter of 1938 than it had been in the third quarter of 1937, in spite of the fact that for the intervening nine months (or longer) business policy had persistently been directed towards reducing stocks. This, in turn, serves as a reminder of the extent to which panic played a part in the collapse of last autumn, and of the fact that in an uncartellised and highly competitive economy, inventory gains and losses play an extremely important role in determining profits.

In general, nothing is so conducive to the idea of enlarging an inventory as the spectacle of rising commodity prices, and nothing is so conducive to the idea of letting an inventory run off as the spectacle of falling prices. But the really important factor is the expectation about future movements. Thus steel prices were maintained from the second quarter of 1937 through the second quarter of 1938; but for at least the last six months, the opinion that steel prices would come down had become an *idée fixe* of the steel-consuming community. It is therefore no paradox that the actual reduction in steel prices was promptly followed by an increase in steel orders, while a *rise* in non-ferrous metal prices provoked an identical response. Both movements convinced a certain number of consumers that little was to be gained by postponing the replenishment of inventories.

Eleven months ago, production was at a high level, far above that of incoming orders. The level of security prices in the middle of August, 1937, was an appraisal of the hope that orders would appear in the early autumn which would maintain the current level of production. This hope was disappointed, and the markets reflected that disappointment several weeks in advance of any marked decline in production.

The situation this July appears to be almost the exact opposite. For more than six months production has been extremely low—presumably below the level of actual sales, since during that time there has been a persistent effort to reduce inventories. In June, it seems that the attitude toward inventories began to change, and orders were placed; these were reflected in rises, first in the price of industrial raw materials (non-ferrous metals, hides, rubber, scrap iron) and then in the volume of steel production.

If one must rationalise the behaviour of the share market, the decline in August, 1937, was an appraisal, not of the existing level of production, but of a future lower level indicated by the absence of incoming orders. Conversely, the advance in June, 1938, appears as an appraisal, not of the current level of production, but of a future higher level, more or less indicated by incoming orders.

More Hopeful Outlook

In this description, the question of inventories has been made to play a leading role. Such an account is an oversimplification. Actually, the change in outlook is perhaps the most important, and certainly the most conspicuous, development of the past month. In early June the business community faced the summer with apprehension and the autumn without enthusiasm. In the middle of July, the business community finds its summer apprehensions mistaken, and confronts the autumn with optimism. This is an almost incredible change for so short a period; but it is entirely characteristic of our economy, which in recent years has witnessed rapidly alternating booms and collapses rather than the slow ebb and flow of the conventional business cycle.

France

Better Fiscal Receipts

PARIS, July 28.—Fiscal receipts were 3,472 million francs in May, of which 3,338 millions were ordinary receipts, an increase of 1,038 millions over May, 1937. This exceeds the revised estimates by 57 millions, whilst the preceding months of the year showed an increasing deficit. The yields of the turnover tax and the tax on dividends were particularly favourable; direct taxes also showed better results.

For the first five months of the year the total receipts from indirect taxes thus reached 15,165 millions, an increase of 3,000 millions in comparison with the same period of 1937. An encouraging feature of the return is the fact that the latest increase in taxes has been followed by a greater increase in receipts than was estimated; this suggests that there has been a certain revival of business.

Apathy in the Capital Market

The yield of the taxes on Stock Exchange transactions is nevertheless disappointing. The turnover remains very low, and it seems as if nothing can wake up the market. The festivities for the British Sovereigns had no effect, despite the frequent references to the Entente Cordiale as a guarantee of peace; neither did the British "mediation" in Central Europe, nor yet the revival of business in the United States. Even the favourable results reported by many companies for the first six months of the year produced little response from the Stock Exchange.

The strike of capital is a source of perplexity for observers, who can find no explanation for this phenomenon except the warnings by the extremists of renewed proletarian action in the autumn. But these fears seem very speculative, now that Communists, Socialists, Radicals and trade union leaders are quite unable to agree on a common policy. On the other hand, the fear of international conflicts certainly does not encourage renewed activity. Markets were also depressed by the pessimistic reviews of the economic recession abroad, which were published a few weeks ago when many people were about to depart for their summer holidays.

Further Decline of Prices

The index of wholesale prices for July 23rd shows a further decline of 3 points to 654, against 657 and 658 in the two preceding weeks. This is principally due to a seasonal

BANK OF MONTREAL
(Incorporated in Canada in 1817 with Limited Liability)
Financial Agents of the Government of the Dominion of Canada in London.
CAPITAL PAID-UP $36,000,000
REST AND UNDIVIDED PROFITS $40,164,863
TOTAL ASSETS IN EXCESS OF $800,000,000
Head Office: MONTREAL
Sir Charles Gordon, G.B.E., *President.*
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reduction in the price of vegetables, which has fallen from 790 to 716 in three weeks :—

WHOLESALE PRICES (1914 =100)

	July 2	July 9	July 16	July 23
General index	*656*	*658*	*657*	*654*
Domestic products	689	689	683	677
Imported products	599	603	610	613
Foodstuffs	662	659	654	645
Industrial products	653	657	660	662

On July 16th the number of unemployed was 350,511, against 353,676 on July 9th and 315,593 a year ago.

Germany

Recovery on the Bourse

BERLIN, July 26.—The decline in share prices, which reached almost panic dimensions on July 18th, has at least temporarily come to an end. In four days of very substantial recovery the losses of the 18th were fully made good, but quotations are still considerably lower than at the beginning of July. Apparently the banks intervened, probably in response to an official hint, for the collapse was having an unfavourable effect on confidence, and was difficult to reconcile with the official thesis that violent fluctuations were a thing of the past.

There is a certain gingerliness in discussing the cause of the break. It is euphemistically attributed to "already known displacements of property" instead of, as it should be, to the virtual expropriation of Jewish property. According to the official analysis of the whole movement, based on an impressive mass of data, quotations of industrial shares, which certainly were very high, have now been brought back to levels ensuring a fair dividend yield. Hence the break, which, in fact, caused serious losses, is finally shown to be a blessing.

According to the banks, some of the worst sufferers were "Aryans," who, losing their heads, sold at the bottom when liquidation by Jews had been nearly completed at tolerable prices. The official attitude seems to have its origin in the fear that the affair might be exploited outside the Reich as a proof of insecurity within.

Privately compiled figures show that the rise in industrial profits last year was erratic and uneven. Net profits of coal, artificial silk and engineering companies increased most, those for coal having actually doubled. But in most other industries the rise did not exceed 10-20 per cent., and in motor-vehicles, shipbuilding, cement, and rubber-linoleum there were declines. Yet, with two exceptions, all groups paid out more in dividends.

These results confirm earlier opinions, some of which were official, that the great rise in profits experienced during five years of recovery has now terminated. For this many reasons are given. Owing to the use of long-derelict machines and inferior workmen, full employment has not led to the fall in costs which might have been expected to accompany a rise in output. In some of the few industries where exact comparison is possible (notably coal-mining), per capita output has recently declined, and this process is expected to continue. Statistical forecasts for the coal industry, while optimistic about increasing production and expanding markets, agree that the additional coal will be mined at a higher cost. Coal output in the first six months of the year was 92,499,000 tons, compared with 89,265,000 in the first half of 1937.

Berlin, London and Prague

The international situation is considered to have improved—which means, in a totalitarian State, that official spokesmen and the Press are relatively calm. The Anglo-French fraternisation in Paris induced no unfriendly comment worth mentioning. On the Spanish question, the Reich apparently feels no need to be demonstrative, since it is believed that the Civil War will soon terminate, naturally, in the desired way. Russia is very much in the background, and as the foreign policies of the Scandinavian and other small Continental States are represented to be entirely anti-League, they are commented on with satisfaction.

The most striking change of the past two months has been in the Sudeten-German question. It is true that this question has not been settled, and may be many Sudeten and Reich Germans do not expect settlement, otherwise than by secession and *Anschluss,* though for tactical reasons a provisional agreement, secretly regarded as temporary, might possibly be concluded. The change is in the official and Press attitude since May 21st.

Immediately before that date, the salient factors were a crescendo of ever greater agitation and incitement (the real cause of the war scare), and a pretence that this question, as the Austrian before it and any other Central European question that may later arise, concerned Germany alone. Berlin did not, of course, object to London's action as long as London could be represented as counselling an intransigent Prague to make concessions. But it was not admitted that London could be an intermediary with a *locus standi* derived from peace treaties or from general interests; and when London appeared to be opposing the Reich's intemperance or menaces, it was made clear that London had nothing to do with the matter. During the past two months, despite occasional whippings up, the agitation and incitements abated; and the Press not only recognised the British Government as an intermediary with a status, but has even implied that the procedure was to "wait and see" what England could achieve. In this atmosphere the despatch of Lord Runciman to Prague has been relatively well taken.

Commercial Agreements

The business situation has changed little. Four trade agreements, covering Austria, but not the Austrian debts, have been virtually concluded with France, and the debts question is now being considered. The financial Press continues to emphasise the fact that those Austrian creditor countries with which debt-service agreements have not been concluded can draw no inferences from the Anglo-German agreement. But it is implied that France and other countries will have to make concessions resembling those made by Britain in regard to old Reich loans. Probably, though it is not announced, the coming into force of the new trade agreements with France is conditional on a settlement about the Austrian loans.

The Bank of Brazil has resumed the purchase of barter-marks, but not for the settlement of cotton and coffee export accounts. There is a marked tendency to play off the United States against Brazil, despite the belief that Brazil, and those other Latin-American countries which have lately shown anti-German tendencies, acted at the behest of Washington. In Berlin a number of commercial agreements have been signed with Turkey, which deal with payments and not with clearing. These include Austrian trade.

The relation between Austrian and German prices continues to be erratic. The valorisation of the schilling before its exchange into marks drove many Austrian prices much above the German level; and in Vienna certain prices are still 20 and 30 per cent., or even more, higher than in Berlin. But butter, most meats, and some other necessaries are cheaper in Vienna, while "controlled" houses and apartments are let at only a fraction of Berlin rents.

The money market shows a normal month-end demand. There have been considerable repayments of Reich short-term liabilities, and this has fed the market. The main feature of the banks' balance sheets for June 30th is the replacement on the assets side of discounts by Treasury certificates. The former declined by Rm. 424 millions, while the latter increased by Rm. 432 millions. In view of the fixed rationing of ordinary Reich Treasury certificate issues, the increase must be made up entirely of the new "delivery certificates," with which (in place of the abolished "special bills") armament and other Reich undertakings are now financed. Industry, that means, has been raising credit on the security of "delivery certificates." In general, a good deal is talked of the increasing demand of industry for credit.

Poland

Friendship with the Baltic States

WARSAW, July 20.—The fact that Polish relations with Latvia have recently shown a marked improvement (this is confirmed from Riga), and that progress is being made towards the "normalisation of relations" with Lithuania, rather indicates that some change has taken place in official policy.

Latvia has always been very suspicious of Polish-German friendship, and Lithuania, until quite recently, was much afraid of Poland. The Poles still disclaim any desire for hegemony over the Baltic States, or for the formation of any sort of neutral bloc with the Baltic and Scandinavian countries. But their evident desire for close friendship with those countries may be regarded by England and France as a healthy symptom—always provided, of course, that the primary object of Colonel Beck's present activities in that region is not simply to consolidate opposition to Article 16 of the League Covenant.

The public appraisal o Polish-German "friendship" has sunk to new low levels since the *Anschluss;* but the Polish Government clearly desires tc maintain its "good neighbour" policy towards Germany, despite growing friction over minorities, the virtual loss of Danzig and the revealing anti-Polish outbreaks which appear periodically in German publications.

Polish-German Clearing Agreement

A new trade and clearing agreement with Greater Germany was signed in Berlin on July 1st. This replaces, as from September 1, 1938, the existing agreements with the Reich and Austria, and is to-run for two and a-half years. Much secrecy is being maintained about its contents—partly, no doubt, because it has disadvantages for Czechoslovakia—but it is known to provide for the establishment of quotas which will permit an annual export on both sides of 260 million zlotys. It will probably not affect the existing arrangement whereby Germany pays to Poland—mostly in goods but partly in foreign exchange—about 60 million zlotys a year for railway transit across the Corridor.

In the calendar year 1937 Polish imports from Germany were officially given as 182 million zlotys, and, from Austria, as 58 millions—a total of 240 million zlotys for commodity exchanges and transit payments combined. Polish exports to those countries in 1937 amounted to 167 and 59 millions respectively—or a total of 226 million zlotys. In the first five months of 1938 Polish imports from Germany and Austria combined were valued at 121 million zlotys, and exports to those countries at 92 million zlotys; while imports from the United Kingdom (which for many years occupied first place in Poland's foreign trade) were valued at 63 millions, and exports to the United Kingdom at 92 million zlotys.

The new agreement gives the Reich important advantages (hitherto only available to Austria) for the export to Poland of manufactured goods. The prospect of being compelled to handle increasing imports of German manufactures—to the detriment, no doubt, of imports from Great Britain and the United States—gives no pleasure to the Jewish merchants, whose influence on Polish trade is still very strong. Polish exports of timber, coal and agricultural products will be increased.

Large Import Surplus

The following are the foreign trade returns for the first half of the year:—

January–June—	Imports	Exports	Balance
	(In Millions of Zlotys)		
1936	458·7	482·0	+ 23·3
1937	594·5	582·2	− 12·3
1938	662·0	555·6	−106·4

These figures show why so much concern is now being felt about the trade position; it will not be easy to maintain imports of raw materials and supplies to provide for the growing needs of the national defence programme without curtailing the requirements of other industries. They also cast considerable doubt on the wisdom of Polish policy in encouraging trade on a barter basis with Germany, from which country it is impossible to obtain industrial raw materials (except scrap iron) or military supplies.

Good Harvest Prospects

It is estimated that this year's harvest of the four principal grains (wheat, rye, barley and oats) will be at least 10 per cent. above last year's—which was affected by drought—and that there will be an export surplus of nearly 1,000,000 metric tons, mostly rye. The system of export premiums on grain and flour, which was abolished early in 1937, will soon be re-established in order to prevent a collapse in internal prices and to make grain exports possible. A processing tax on flour will also be introduced for the first time.

The disastrous peasants' strike in Galicia last August, when over forty peasants were killed and several hundred sent to gaol, was partly a reflection of the poor harvest. There have lately been rumours of another strike being in preparation—this time on a national scale—and the Government will no doubt do its utmost to prevent a serious fall in grain prices, which would add fuel to the political discontent of the peasants.

Spain

Enforcing Exchange Control

BARCELONA, July 24.—The police continue to make frequent discoveries of gold, jewellery and other valuables which have been illegally hoarded in the most unlikely places. Recently a party of foreigners was arrested at the Barcelona aerodrome when on the point of departure for France with over a hundred ounces of gold.

The Government have therefore issued a decree imposing drastic penalties on anybody guilty of offences against the exchange laws. It is expected that this will prove an adequate deterrent, as the profits to be derived from dealings on the "black bourse" do not justify the risk of a long term of hard labour, or even (in extreme cases) of capital punishment.

A period of grace is allowed in which foreign currency or valuables held without permission may be voluntarily surrendered. If this is done the maximum penalty will be confiscation of the articles.

Centralised Control of Shipping

As early as *July 29, 1936,* the Government began to seize ships which belonged to private owners or companies hostile to the Republic. Special organisations were created in each case to manage the ships and obtain cargoes for them. Some vessels belonging to loyal owners were also expropriated, as being necessary for defence purposes.

Two years have now elapsed, during which the process of seizure has continued. The Government have consequently acquired quite an important fleet of merchant ships of various descriptions, and the system of management by numerous *ad hoc* organisations has proved inefficient.

To secure unity in working a decree was passed on July 9th to centralise control over all merchant ships sailing under the Government flag. This control will be exercised by an existing organisation which was set up in October, 1936, to enforce the laws relating to expropriated ships; its new title will be "Official Management of the Spanish Commercial Fleet." The decree expressly states that when peace is restored the Government will consider the question whether it should continue its present abnormal activities in the sphere of shipping.

The function of this body is to manage the whole Spanish carrying trade by sea. It will be run on strictly commercial lines, and its business transactions will be governed by the Spanish commercial code and in accordance with the usages of international shipping. The decree provides for advances from the Treasury if the official management's income should fail to cover expenses.

Among other duties it must maintain exsiting lines and establish new ones where required; set up agencies at home and abroad; put ships at the disposal of other Departments of State; and negotiate charters with Spanish or foreign subjects. It will also have full control over all port facilities.

The organisation will be run by a board of twelve members. Five, including the chairman, will be nominated by the Ministry of Posts and Transport, which also appoints the general manager. There will be four representatives of the staff of the ships, and one each from the Navy Department, the Ministry of Finance and the commercial marine.

The Budget Prolonged

A decree has been passed extending the validity of the 1937 Budget to cover the third quarter of 1938. This procedure is in strict accordance with paragraph 107 of the Spanish Constitution.

Similar extensions were made by the Government of the Right which held office before the Popular Front.

The British and Polish Trade Bank A.G., Danzig

Paid-up Capital: D. Gulden 5,000,000.--
Reserves: D. Gulden 3,527,571.57

Chairman: Sir William Grenfell Max-Muller, G.B.E., K.C.M.G.
Vice-Chairman: Józef 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

British Guiana

Encouragement of British Films

Georgetown, June 14.—Preference for British cultural aims and ideals is shown in a resolution to be discussed at the sixth congress of the Associated West Indian Chambers of Commerce, to be held in Port of Spain, Trinidad, from August 26th to August 29th. The resolution states that:—

> In view of the development of the film industry of the Empire, and recognising the immense influence which the cinema exercises upon commercial and social questions, as well as the great potentialities of Empire-produced films in fostering and consolidating British aims and ideals, this Congress urges that every reasonable encouragement should be given to the exhibition of good British films throughout the British West Indies and British Guiana, and that when possible locally produced films of merit should be protected by quotas or other means.

There is no local film industry in any of the West Indian colonies except Trinidad (where production is on a very small scale), so that the resolution is intended primarily to benefit films produced in the United Kingdom.

The Economic Bonds of Empire

There are several other important resolutions to come before the congress. The congress will, for example, express appreciation of the benefits which have resulted to the British West Indies and British Guiana from the Ottawa Agreements, and pledge its support to all efforts to extend the adoption of Imperial preference. It will also acknowledge the assistance given to West Indian sugar by the Governments of the United Kingdom and Canada, and urge that it be continued on at least the existing scale.

Other resolutions dealing with Imperial preference recommend that the preference to Empire-grown citrus should be continued, and when possible extended, and that the British Government should reconsider the question of according a preference to petroleum produced within the Empire. The preamble points out that

> the Home Government has already accepted the principle of preference for petrol produced from coal in the United Kingdom.

Need for Tourists

Economic stress in the West Indies and increasing anxiety about the outcome of the International Sugar Agreement is reflected in three resolutions which urge the Governments of the various West Indian colonies:—

(1) to do everything in their power to encourage the development of new agricultural industries and to augment the existing ones which are in a state of decline due to uneconomic conditions.

(2) to exercise every possible economy in public expenditure in order that the present burden of taxation may be relieved and the depressed state of industry alleviated.

(3) to prevent the entry into the colonies of aliens who by their methods of acquiring a livelihood and by their standards of living do not become desirable citizens but, to facilitate the transfer of labour from one colony to another.

The immigration laws in these colonies allow the influx of undesirables, but tend to exclude hard-working agricultural labourers who would be an acquisition to colonies where there is a shortage of labour.

It is widely felt, however, that what these colonies need is a new industry, now that sugar production is limited. There is only one such industry, and that is the tourist industry.

Co-operation with British West Indies

For the sake of convenience, the expression "British West Indian countries" is used to include not only the islands of the West Indian archipelago, but also the Bermudas and the mainland colonies of British Honduras and British Guiana. The people of the Bermudas, however, on account of their proximity to the United States, have little of the West Indian outlook of temperament; and at the Southern extreme the majority of the people of British Guiana have always felt that the destiny of their country is to be a great independent British State in South America. Nevertheless, a West Indian Department of the Colonial Office supervises them all; they are all signatory to the Canada-West Indian Trade Treaty, and the Department of Overseas Trade publishes in one volume the economic reports of the two Commissioners who represent the United Kingdom.

Letters to the Editor

Banking and Trade Recession

TO THE EDITOR OF THE ECONOMIST

Sir,—Anything Mr Harrod writes must receive the closest attention. I read his letter not "with scant attention," but several times, and was careful to say "Mr Harrod is confident that public works, *or at least the proposals he makes*, can do no possible harm." As he raised both the issue of public works and interest rates in his letter, I hoped he would enlighten me on both subjects, but he has merely ignored my questions, and as you now confirm his opinion in your leading article on "Policy for Recession" that a reduction in interest rates can, at least, do no harm, I must put the other point of view without further delay.

The War Loan Conversion was the first big attack on interest rates, and it had the effect of reducing many investors from comparative comfort to a state bordering on poverty. Others were merely somewhat embarrassed. Since 1932 the attack on interest rates has continued, and there has been no compensation in the form of a decline in taxes or in the cost of living.

After six years of refunding operations one might imagine that the investor was entitled to a rest, and even to some compensation in a fall in the cost of living. Mr Harrod and his associates think otherwise. They assert that a reduction in the rate of interest is entirely harmless, and they are anxious to effect a further transfer of purchasing power to those who have enjoyed six years of rising prosperity at the expense of those who have already suffered for six years.

Is such a policy equitable, and can it possibly be regarded as harmless? As interest rates were not allowed to rise during the boom, but are to be forced down further in the recession, what is to happen when this policy has been pushed to its extreme?

The policy of large-scale public works also seems to call for much more criticism than it is receiving. From 1932 to 1937 the annual output of steel rose by about 146 per cent. to the record figure of approximately 13,000,000 tons. Iron and steel enjoyed a very great boom, and the steel manufacturers did not fail to take advantage of it. They secured protection in the form of import duties and quotas, and they put up their prices by 38 per cent. between 1933 and 1937.

The rise in iron and steel brought large profits to the iron and steel companies, but it had an adverse effect on other industries, particularly shipbuilding. The shipping industry made a late start in the recovery, but in 1936-37 freights improved rapidly and shipowners were encouraged to build new ships. Some owners were lucky enough to place their orders early. Those who did not were faced with such a rise in the cost of ships (partly if not largely due to the rise in iron and steel) that they had to abandon their plans or place orders abroad.

Freights have fallen again, but not steel, and the possibility of a revival in mercantile shipbuilding is now dreadfully remote. So strongly entrenched are the steel makers that they have maintained their prices at the peak, and the rearmament programme is encouraging them to hold this position. Meanwhile the plight of the shipbuilding industry is partly hidden by the naval programme, but our mercantile business is going abroad. In short, re-armament (a near relation to public works), far from helping our industries, is giving them a feeling of false security, while weakening them. I have mentioned the case of steel merely as an example; similar arguments apply to other industries.

The right policy now is to follow the example of the American steel industry and reduce prices to a more normal level in order to combat recession. Mr Harrod, Mr Keynes and, I am afraid, *The Economist*, prefer a policy of public works which, at the present stage, will inevitably encourage

industrialists to maintain their prices at boom levels, and further reduce our prospects of saving our export business from extinction.

Finally, Mr Harrod is wrong when he attributes to me the view that we should do nothing. Although I do not want large-scale public works at this stage, I am strongly in favour of a policy which aims at removing obstacles from the path of business and which helps our export industries.

Yours faithfully,

London, E.C.2. G. E. Ross.

[We cannot undertake to answer for Mr Harrod. But, speaking for ourselves, it seems a little hard to be criticised for wanting "a policy of public works which, at the present stage, will inevitably encourage industrialists to maintain their prices at boom levels and further reduce our prospects of saving our export business from extinction" after an article which specifically declared a public works programme to be impracticable at the moment. Is it possible that Mr Ross has still not appreciated the difference between a public works policy and a policy of cheap money, which we described as a private works policy? As for the alleged inequity of a further reduction in interest rates, would Mr Ross hold that investors as a whole have suffered rather than gained from the cheap-money period of the last six years, or that even the fixed-interest investor is substantially worse off, in real terms, than a decade ago?—Ed., *Econ.*]

TO THE EDITOR OF THE ECONOMIST

Sir,—"Banker" in his argument against a further reduction of the long-term interest rate suggests that such a reduction might be a source of very considerable danger. It would appear that the danger is not to the economic system but to the investor who will, of course, get a smaller return for his money.

In a finite economy where the pool of available money had a physical limit, the owner of money had a right to a fee for the use of it, and the fee would vary according to demand. In an expanding economy, the ultimate rate of return on money lent without risk is logically *nil*, and there is no reason why an owner of capital, who has neither the ability nor the courage to turn his wealth to account, should salve his conscience by calling himself an investor and expect a "minimum subsistence level of interest rates" to be arranged for his benefit.

The danger in Mr Keynes's proposals is to the usurer, not to the trader and the financial structure necessary for the carrying on of his business.

I am, Sir,

Your obedient servant,

Rollo Villiers.

London, E.C.2.

TO THE EDITOR OF THE ECONOMIST

Sir,—May I add a word to the very interesting correspondence which has appeared in your recent issues on the subject of reduction of the long-term rate of interest as a remedy for trade recession at this juncture?

Suppose that the authorities succeeded in inducing the commercial banks to make large purchases in the gilt-edged market. Suppose that the long-term rate of interest was thereby reduced. Suppose that private enterprise was thereby induced to increase its expenditure on premises and equipment. Suppose that the activity of businesses making premises and equipment was thereby stimulated. Whether all this could happen is debatable, but suppose it happened—what then?

Would not one result be the very difficulty to which you referred in your last week's leading article on "Policy for Recession" as likely to result from the adoption of a public works policy at this juncture, namely, encroachment at many points on resources of men and materials needed for the defence programme? Much as one deplores the recession from the point of view of unemployment, one must recognise that it is not without advantage from the point of view of re-armament, when one remembers the dangerous "bottlenecks" that appeared in industry last year.

Nobody believes that the re-armament nightmare will last for ever. It may, of course, be succeeded by the even more horrible nightmare of war, but everyone hopes, and there is good reason for hoping, that it will be succeeded by a *détente*. What is then going to take the place of armament orders in this and other countries in the same boat? Will not that be the psychological moment for putting into operation both a public works policy and a policy designed to reduce the long-term rate of interest? These are cards which cannot be played repeatedly.

I am, Sir, etc.,

G. D. Rokeling.

London, S.W.5.

Books and Publications

Children in Trouble

It's an awkward thing to play with souls,
And it's matter enough to save one's own;
But think of the child and the burning coals
It plays with for bits of stone.

That misquotation sums up one's feelings after reading this book*, at once so depressing, so hopeful, and so valuable. It is depressing for its picture of young children living in circumstances which pre-dispose them to crime, and of other children born with a twist of the nerves or some natural gift which unfits them for the surroundings into which it has pleased Providence to call them. It is hopeful for the care and industry with which people like the late Clarke Hall and the author of this book have studied the problem. It is valuable because there is in every chapter something that a magistrate who takes up the most difficult of all the tasks that fall to a J.P. will find helpful in his juvenile court.

Juvenile courts were established in this country by the Children's Act of 1908, which laid it down that courts of summary jurisdiction, *i.e.* police courts, should, when hearing charges against children, sit in a different building or different room from that in which they usually sit *or* on different days *or* at different times. The object, it will be seen, was to get the children away from the atmosphere of the police court, and that in itself was a great step forward. But the police court was retained, and those who best understand the needs of children and the working of the courts are most conscious of the difficulties inherent in this arrangement.

Some children's courts are as informal as any court of law can possibly be, and here the proceedings are probably understood as they should be by the young delinquents who come to them. But in others the procedure of an ordinary court is closely followed, and evidence is asked and given in the familiar terminology which children of sub-normal intelligence must find bewildering and confusing. "In what condition did you find the premises when you returned at 8.30 p.m.?" That is good enough for a court in which an adult is on trial, but it is not good enough for a court in which an under-developed twelve-year-old is having his first taste of the law's majesty.

A very good example of the difficulties involved in the present system is given by Miss Elkin when she discusses the use of the psychologist for young delinquents. A boy was up for theft, and the evidence against him was not strong enough for him to be found guilty. But he had been sent to a child guidance clinic, and there the psychologist had obtained from him a confession of guilt, which was included in the report made to the magistrates' clerk before whom the boy pleaded not guilty. That case is enough to show how extraordinarily difficult it is to graft a system appropriate to child delinquents on to the old police-court procedure.

The essential duty of a children's court is to prevent the child from drifting into a life of crime, and it can do that only by finding out everything that there is to be known about the child. Individual treatment is everything. And proper individual treatment postulates (a) magistrates who

* "English Juvenile Courts." Winifred A. Elkin. (London) Kegan Paul, Trench, Trubner and Co., Ltd. 316 pages. 12s. 6d. net.

STATISTICAL YEAR-BOOK

of the League of Nations

1937/38

336 pages, in wrappers - 10/- net
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Contains, as usual, the most important statistics of the world on population, labour, production, trade, transport and finance.

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understand their job as the children's justices; (b) probation officers with skill enough to do their work properly and time enough to give to it; and (c) the right places for children to go to if they cannot be sent back, or ought not to be sent back, to their homes. It is a technique of its own, and only by the development of the right technique can the children's courts be made to do their special work with success.

One suggestion perhaps the writer of this book will consider. Admirable as it is, the book is meat for specialists rather than for the general public, who may find the discussion too detailed for their own casual reading. Will she consider another book designed for the general reader who knows little or nothing of police courts—a short book written on the broadest lines and aimed at the decency and sympathy of the ordinary man? Apart from her experience, she has one excellent qualification for writing such a book. She cannot be mistaken for a crank.

Shorter Notices

"Commercial Goodwill: Its History, Value, and Treatment in Accounts." By P. D. Leake. Pitman. 201 pages. 15s. net.

The difficulty of placing a proper value upon anything so indeterminate as commercial goodwill is evident. Mr Leake has done much to solve this problem in a study which is both comprehensive and clear, combining technical and practical exposition with sound theoretical analysis. The exchangeable value of goodwill (including patents and similar rights) is regarded as the capitalisation of future "super-profit," which, in the form of a constant or diminishing annuity (assuming a rate of discount appropriate to the industrial risk involved) is eventually realised over a limited period. It is an essential part of Mr Leake's thesis that this "super-profit" cannot be depended upon to last for ever, owing to the risk of future competition and changing conditions. Goodwill should therefore be written off systematically, and never permanently represented by irredeemable shares. Whether or not it is possible to carry out these recommendations in all their rigour, they are very helpful to clear thinking; and Mr Leake's high reputation will be enhanced by this new edition of his book. It includes a discussion of past estimates of national capital, and should interest all economists in addition to the members of the accounting and legal professions, who will find it invaluable.

"Foreign Intervention in Spain," Volume I. Documents collected and edited by "Hispanicus." United Editorial, Ltd. 751 pages. Price, 7s. 6d.

It is nothing new for critics to say that the Non-Intervention Committee was, from the start of its proceedings, a cynical pretence. "Yes, gentlemen. We have ascertained that not only has there been no intervention, but there is no civil war, and there is indeed doubt as to whether such a country as Spain exists." These words, put into the mouth of the Chairman of the Non-Intervention Committee by the *Heraldo de Madrid* early in 1937, appear hardly more exaggerated in the light of these documents than some of the speeches which were actually delivered. If the Kellogg Pact abolished not war but its declaration, the Non-Intervention Agreement prevented not intervention but the admission of intervention—that is, until Signor Mussolini, angered at the rout of Guadalajara in March, 1937, gave up the pretence of Italy's good faith. This volume is concerned with German and Italian intervention between July, 1936, and January, 1937. It is to be followed by a second on the attitudes of France, England and Russia during the same period, and by other volumes dealing with subsequent events in chronological order.

Books Received

Thus Died Austria. By O. Dutch. (London) Edward Arnold and Co. 270 pages. 10s. 6d. net.

Register of Chartered Surveyors, Chartered Land Agents and of Auctioneers and Estate Agents, 1938. (London) Thomas Skinner and Co. (Publishers), Ltd. 1,305 pages. 20s. net.

Statistical Year-Book of the League of Nations. (London) Allen and Unwin (League of Nations Publications Department). 336 pages. Paper, 10s. Cloth, 12s. 6d.

New Zealand Official Year-Book, 1938. (London) New Zealand Government Office, 415 Strand, London, W.C.2. 984 pages, 7s. 6d. net.

The Agricultural Register, 1937-38. (Oxford) Agricultural Economics Research Institute. 351 [illegible]

THE BUSINESS WORLD

The Share-Pushing Bill

THE Share-Pushing Bill—or, in official parlance, the Prevention of Fraud (Investments) Bill—which has been introduced to Parliament this week, is the result of deliberations extending over twenty months. It represents a further and long-needed legislative effort to correct the financial abuses which arise when fraud and deceit are in a position to exploit greed and cupidity. Few investors who confine their operations to properly conducted investment markets have escaped the devices of publicity employed by undesirable share dealers, commodity pools and other enterprises of a debatable character. The freedom enjoyed by rogues to set up as share dealers has too long been a public scandal.

The problem of coping with abuse is to impose rules and prescribe penalties which hamper the wrongdoer without impeding the course of legitimate business. In broad terms, the Bill succeeds in this object. Its clauses are based substantially on the findings of the Bodkin Committee, which was appointed early in December, 1936, "to consider the operations commonly known as share-pushing and share-hawking and similar activities." The Committee's report was presented to Parliament in July last year, and its findings were discussed in *The Economist* of August 14, 1937. Its recommendations were endorsed in the course of a debate on December 15th last year by the Parliamentary Secretary to the Board of Trade, who forecast that the Bill would also cover the activities of property societies, on which the Anderson Committee on Fixed Trusts made some critical observations.

The Bodkin Committee found that official supervision of share dealing—hitherto unknown—and increased penalties for fraudulent operations were necessary. Clause 1 of the new Bill provides that, from the appointed day, no person may deal in securities without a licence from the Board of Trade. Both principals and representatives —that is, directors and executive officers—must be licensed, and licences will be valid only for one year, and will come up for annual renewal. The licensing regulations will not apply to dealers in shares who are already under adequate authority—in other words, members of recognised Stock Exchanges. The latter will include the London Stock Exchange, and any association approved by the Board of Trade. Thus, if the considerable number of dealers in securities who carry on business in the provinces, but are not at present members of any Stock Exchange, combine to form an association, with proper disciplinary rules, they would presumably come within the limits of exemption. Application for the registration of an Association of Stock and Share Dealers, it will be recalled, has recently been made to the Board of Trade. Exemptions will also be granted to banks and finance houses. Finally, approved trustees of unit trusts and managers of authorised unit trust schemes are also exempt. An authorised unit trust scheme requires an approved trustee, which is defined as a corporation formed in the United Kingdom with powers to undertake such duties, and having an issued capital of not less than £500,000, of which half must have been paid up in cash.

These licensing clauses, therefore, bring all share dealings formally within their scope and then proceed to release those which are clearly genuine. They will plainly be more effective in closing loopholes than if particular types of share-dealing were to be defined for licensing purposes. The number of brokers to which the licensing provisions [illegible] may be put at between 600 and 800, but the number which fall under the exemptions is of the order of 5,500. If the applicant for, or holder of, a Board of Trade licence fails to furnish information concerning himself and his business which the Board may require, or if he is proved guilty of fraud or dishonesty, of a breach of the Board's rules, or of discreditable business methods, the Board may refuse an application, or revoke an existing licence, subject to appeal to a special tribunal.

The recommendations of the Bodkin Committee on contracts and books of account are covered by Clause 5 of the Bill, under which rules may also be formulated for "determining the class of persons in relation to whom, and the manner and circumstances in which, any holder of a licence may deal in securities." Under these powers, the Board of Trade will be able to regulate communications with clients, either by telephone or in person. The Bodkin Committee, it will be recalled, found that section 356 of the Companies Act, which made the hawking of shares "from house to house" illegal, had become almost a dead letter. Loopholes permitted by this clumsy form of words, and by the exploitation of the telephone, will now be closed to the unscrupulous share-pusher.

Substantial penalties are defined for breaches of the main provisions of the Bill. In particular, special steps have been taken to widen the powers of prosecution at present permitted under the Larceny Act. The character of an indictable false pretence under sections 32 and 33 of the Act, has raised special difficulty in the past. As the Bodkin Committee pointed out, the maxim *simplex commendatio non obligat* involves "the sound principle that indefinite praise upon a matter of indefinite opinion cannot be made the ground of an indictment for false pretences." It has, therefore, been necessary hitherto to prove that statements are actually false regarding an existing fact, and promises or forecasts regarding the prospective position of a company have not been indictable. Under Clause 9 of the Bill, this weakness is remedied by a remarkable and far-reaching definition. Any person who invites another to enter into dealings for profit in securities, property or commodities on the basis of any statement which he knows, or could reasonably be expected to know, to be false, misleading or deceptive, or who dishonestly conceals material facts in his invitation, or makes any promise or forecast which he has no reasonable ground for supposing to be fulfilled, will be liable, on conviction on indictment, to penal servitude up to seven years, with a similar penalty for conspiracy in such acts.

The scope of this clause is of considerable importance. Would it apply to misguided recommendation of shares by a broker or in the columns of a newspaper? Would it cover an optimistic director's forecast of future profits in a prospectus? Would it expose any broker who issued *bona-fide* opinions regarding shares to criminal proceedings at the instance of a disappointed client? It is to be presumed that an honest mistake of judgment will not be visited by the penalties of the law on the charge that the person responsible had "no reasonable ground for supposing that it was likely to be fulfilled or verified." These points may be clarified in the interval between the Bill's first introduction and its progress through the legislative mill next session.

Clause 9 covers all security, property and commodity dealings, including the "similar activities," such as mushroom farms, on which the Bodkin Committee was invited to report. But the latter are further prohibited,

under Clause 10, from seeking any publicity whatever, even if the statements made would be permissible under Clause 9. This clause provides that no person may circularise (or have in his possession for the purpose of distribution) any invitation to participate in dealings in securities, property or commodities, or put out any information "calculated to lead directly or indirectly" to such participation by the recipient. It has been drawn in the widest terms and its scope will be reduced by authorised exemptions, such as prospectus issues, offers made by members of recognised stock exchanges and associations, licensed dealers in securities, exempted dealers and managers of authorised unit trust schemes, and offers by Governments, corporations, industrial and provident societies and building societies. Information and invitations given in the regular course of business by dealers in commodities to other persons will also be exempted. But the powers, as at present defined, would appear to inhibit a newspaper from discussion of investment matters, which clearly might lead "directly or indirectly" to dealings in securities or property. It would be surprising if the legislature intended, for instance, to make the publication of the Stock Exchange pages of *The Economist* illegal. Delivery of a newspaper is exempted, and it would appear that *bona fide* publication should be explicitly covered also.

It will, however, be impossible for the non-registered dealer to reach the public. Those who are concerned with dealings in property or commodities—the "similar activities"—will either have to convert themselves into authorised unit trust schemes (a matter of some difficulty in the case, say, of a mushroom farm) or to register under the Companies Act. In the one case, the public will be protected by a trustee of substance and repute, and in the other the full prospectus provisions of the Companies Act would need to be observed.

Finally, the Bill makes sharp proposals for dealing with abuses which have arisen under the Industrial and Provident Societies Acts. Investment trusts and property societies which appeal to the public for funds will have to be registered under the Companies Act, and subject themselves to its prospectus provisions. The Registrar of Friendly Societies will be given powers to refuse or cancel the registration of any society which is not a *bona fide* co-operative society or is not conducted mainly for improving the well-being of the working classes. Societies at present registered which do not fulfil these requirements are allowed a year's grace from the passing of the Bill to convert themselves into companies without payment of capital or registration duties.

So much for the main provisions of the Bill. It appears to be a thorough and workmanlike attempt to rid the City and the Provinces of a growing mischief. It has proceeded in the best way, by absolute prohibitions subject to exemption, and leaves little opportunity for avenues of escape which might have arisen if detailed prohibitions had been defined in advance. Clearly, it leaves the Board of Trade with considerable responsibility for defining the scope of its rules and securing their observance. To those who object that this is legislation by order the answer is complete. For in combatting the ingenuity of the share-pusher, blanket prohibitions and exemptions by order will provide the essential flexibility of attack which has hitherto been lacking. The detailed provisions of the Bill will, of course, require very careful and expert examination, and even after its passage into law, much will depend upon the interpretation placed upon such words as "reasonable" by judges and juries. **But in its broad outline the Bill is an admirable measure which deserves the full support of investors, of the Stock Exchange and of the public at large.**

Consumers' Co-operation in Great Britain—I

The Co-operative Societies

THE Consumers' Co-operative Movement in Great Britain has grown in less than a century from insignificant beginnings to one of the most complex trading organisations in the country. The movement has a membership of more than seven million persons; its accumulated funds and its annual trading turnover both exceed £300 millions. For reasons that it would be difficult to discover, however, the co-operative movement has never attracted the degree of attention from outside students that its size and its intrinsic interest would merit, and until recently there has been no fully adequate description of the movement in all its ramifications. This deficiency has recently been made good by the collaboration of a number of authors who have brought both economic scholarship and profound knowledge of the movement to the task.* The resulting volume gives authoritative consideration to every aspect of the movement. The present article and its successor can do little more than scratch the surface of the rich vein of interesting material to be found in the book.

Idealism and realism have always been mingled in the British co-operative movement. On the one side, the ancestry goes back to Robert Owen who, in revolt against the ugly materialism of the early industrial age, sought to build a new social order based upon co-operation rather than competition. But the exact formula in which this brave conception was successfully fused with hard-headed business instincts was the sole discovery of the Rochdale Pioneers in 1844. The organisation they established was regarded not as a medium for social revolution, but as a convenient means of reconciling private interest with the public good. The main lines of development began to take shape with the passage of the Friendly Societies Act in 1846 and were virtually completed with the important consolidating measures of 1876 and 1893. The growth of the movement is well illustrated by the following figures:

Year	Number of Societies	Membership
1881	965	546,560
1900	1,419	1,703,084
1910	1,396	2,529,271
1920	1,326	4,459,960
1930	1,181	6,346,745
1933	1,124	6,856,159
1934	1,110	7,141,558
1935	1,096	7,422,718
1936	1,242	7,851,804

The whole movement is based on the retail societies, which are registered not under the Companies Act, but under the Industrial and Provident Societies Acts. They are associations of shareholding members (no member being allowed to hold more than £200 in shares in any one society), with limited liability. In size and organisation the co-operative societies are by no means homogeneous. They range from the small village society with a single store to the vast societies with numerous shops, found in the large cities. Almost 6,000,000 families out of a total of about 11,000,000 in this country are now claimed to be associated with co-operative stores.

Hardly any of the societies is yet in a position to supply all the requirements of its members. Foodstuffs still account for over 70 per cent. of the aggregate trade of the co-operative stores; and the main gaps consist of specialised goods catering for a limited market and lines which require special equipment on the part of the shopkeeper. Prices are usually fixed by the permanent officials and are, as a rule, roughly in line with those of the better quality chain stores. The chief characteristic of the movement is, of course, the dividend on purchases. This is almost universally referred to as the "divi," and the contraction is useful as a means of emphasising the difference between a co-operative dividend and the more usual meaning of the word. The co-operative "divi" is paid to the member as customer and not as shareholder, and it is calculated as a given rate in the £ of his purchases. There has been a gradual decline in the average rate of "divi" paid by all societies from 2s. 10d. in the £ in 1902 to 1s. 10½d. in 1936, while in 1935 54 per cent. of the societies (representing 70 per cent. of the membership and 65 per cent. of the retail turnover) paid a "divi" of 2s. in the £ or less.

The retail societies are managed by committees (frequently of twelve members). The members of the committees are, in general, typical representatives of the main body of consumers; skilled artisans predominate among them. The committeemen, elected by the members and ultimately responsible to them, are generally laymen serving in their spare time. A notable exception is the Royal Arsenal Society, whose board consists of full-time members; while in the Barnsley British Society three out of the nine members of the board are full-time servants. In the larger societies much of the detailed work of supervision is performed by sub-committees, in order to economise the work of the committee and to enlarge the effective area of detailed control. The chief executive officer and the departmental managers are usually appointed by the management committee and are immediately responsible thereto. The larger societies commonly have one executive head, called the managing secretary, or general secretary, to whom all departmental heads are responsible. Virtually all the employees are recruited direct from the elementary schools, preference being given to the children of members. They enjoy a security of tenure almost comparable with that of the Civil Service. The recruitment of staff from the elementary schools clearly has serious drawbacks in an age when the advantages of higher education are becoming every day more apparent; and the societies might be amply repaid if they were to modify their method of recruitment to secure a certain proportion of better educated employees.

The relationship of the retail societies to the wholesale societies—the Co-operative Wholesale Society and the Scottish Co-operative Wholesale Society—is similar to that of the individual members to the retail societies. Though individuals may become shareholders of the Scottish C.W.S., membership of the English C.W.S. is restricted to incorporated co-operative organisations. Of the 1,052 members of the C.W.S. in 1935, 882 were retail societies, 97 agricultural societies, 4 producer societies, 22 overseas societies and 47 miscellaneous bodies. The wholesale, like the retail, societies are owned and controlled by their members. In the case of the C.W.S., 28 directors are nominated and elected by the management committees of the retail societies. Their term of office is usually four years, but they are eligible for re-election at the end of this term and in practice this is virtually automatic. Their salary commences at £750 a year and rises to £1,000 after four years. The difficulties of managing so complex an organisation through a body of this size are such that a certain rigidity seems almost inevitable; but the success of the Society may stand as sufficient justification. Detailed control is secured through the medium of sub-committees. A rather serious disadvantage is stated to be the absence of machinery to promote and guide the comprehensive development of trading activities.

The wholesale societies perform the services of manufacture, wholesale merchanting, transport and many others. In 1936 the C.W.S. produced goods to the value of £41 millions. The scale of its outside purchases can be judged from the figures of imports in 1935 in the next column.

The C.W.S. Bank—itself a business of no mean size—is administered as a department of the C.W.S. and employs the retail societies as its local agents. Its most important customer is the C.W.S. itself. But when this huge account (representing 68 per cent. of the total) is deducted, the rest of its deposits, amounting to more than £26 millions annually, are still comparable in magnitude with those of such a well-known banking institution as Coutts and Company.

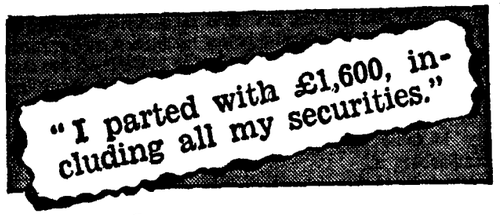
C.W.S. Imports, 1935

Countries From—	£'000	Commodities	£'000
Argentina	2,993	Butter	7,949
Australia	2,996	Cheese.....	810
Canada	3,897	Coffee	73
Denmark	6,082	Eggs	442
Holland	794	Fruit	2,123
India and Ceylon ...	3,843	Grain	762
New Zealand	3,338	Meat	2,620
Other countries	8,697	Tea	4,293
		Vegetables	349
		Wheat	4,081
		Other commodities ...	9,138
Total	32,640	Total	32,640

The C.W.S. and the Scottish C.W.S. are the sole members of two other bodies—the English and Scottish Joint C.W.S. and the Co-operative Insurance Society. The Joint C.W.S. exists to perform the special service of tea and coffee blending and cocoa and chocolate manufacture. Its control is vested in a board of eight directors, six from the C.W.S. and the remaining two from the Scottish C.W.S. The Co-operative Insurance Society began life as a separate Co-operative Insurance Company in 1867. Little headway was made until it was taken over by the wholesale societies in 1913, but progress since then has been rapid, and insurance is now reckoned as one of the most successful branches of co-operative enterprise. Between 1920 and 1937 the annual premium income increased sixfold from £1,385,000 to £8,415,598, while the assets increased sixteen-fold from £1,685,000 to £27,634,212.

Exigencies of space preclude even the briefest consideration of the productive societies, the agricultural societies or the Co-operative Union. But enough has perhaps been said to indicate the present-day importance of the co-operative movement in the nation's economic life. The general questions of co-operative finance and democratic control, together with an assessment of the movement's prospects, must be left for the concluding article.

* "Consumers' Co-operation in Great Britain." By A. M. Carr-Saunders, P. Sargant Florence and Robert Peers, in consultation with a Committee drawn from the movement. Allen and Unwin. 556 pages. 15s. net.



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Finance and Banking

A Discount Market Change.—It was announced at the week-end that the National Discount Company was taking over, as from July 25th, the banking and bill-broking business of Reeves Whitburn and Company. The Hon. L. W. Coke, a director of Reeves Whitburn, is joining the board of the National Discount Company, and several members of the staff are being transferred. This new movement towards consolidation is the inevitable consequence of the post-war contraction in the supply of commercial bills, but the disappearance of an old and famous house naturally arouses a feeling of regret. This change does not represent a merger in the ordinary sense of the term, for there is no intimation of any exchange of shares or increase in the capital of the National Discount Company. The essential *modus operandi* of the discount market is for each member to finance the bulk of its new business by means of call and short loans from the banks, and so it is perfectly simple for one firm to purchase another firm's entire assets and to finance the purchase in just the same way as when it buys bills in the market. This, no doubt, is what has happened in this case, and having sold its assets the firm of Reeves Whitburn will presumably be wound up. So far as the National Discount Company is concerned, the main difference between this transaction and their ordinary business lies in the magnitude of this special operation. There is, however, one important difference: for the National Discount Company not only gains the experience of the new staff which it takes over, but also acquires Reeves Whitburn's valuable Continental and other connections. One question which has been raised is how the quota of Treasury bills formerly assigned unofficially to Messrs Reeves Whitburn at each week's tender will be allocated. Here again the simplest answer is the correct one. The quota, being unofficial, is not transferable, and so will simply disappear. The result is that the remaining members of the discount market, and also all other applicants for Treasury bills, will receive better allotments at the future tenders. Finally, this reduction in the number of members of the discount market does not necessarily mean any lessening of competition. It is not irrelevant to refer to the fact that the banking amalgamations of twenty years ago in some respects intensified competition instead of diminishing it.

* * *

The Treasury Bill Outlook.—On July 22nd only £42 millions of Treasury bills were allotted out of the £45 millions originally offered, while this week the quantity offered is cut down to £40 millions. During most of August maturities only range from £30 to £40 millions, and as the final Defence Loan call falls due on August 12th it is reasonable to expect relatively small offerings and allotments during the next few weeks. Taking a more general view of the near future, during the next few months the Government will have in hand all the new Defence Loan money and is not likely to spend it until later in the year. For this reason alone the normal autumn growth in the Treasury bill issue does not seem likely. It is true that a similar position existed last year, when the proceeds of the first Defence Loan were kept in hand for quite a long period, but there is one important distinction between this year and last. The first Defence Loan was practically all of it taken up by the Departments, who had in consequence to reduce their holdings of tap Treasury bills, and so its proceeds were not available for the redemption of tender Treasuries. This year's loan, however, has mostly been taken up by the investor, and so, pending its ultimate use, is available for the redemption of the tender Treasuries. Another important point of contrast is that during the six months to September 30, 1937, the Exchange Equalisation Account bought a net £92 millions of gold, all of which had to be financed by tender issues of Treasury bills. For the current half-year the Account may well show a net sale, as the result of the French repatriations last May, and the proceeds of such a sale are automatically applied to the redemption of tender Treasuries. A year ago the tender issue of Treasury bills rose from £500 to £543 millions between April 9th and July 23rd, and then to £573 millions by September 30th. This financial year it has so far risen from £512 millions on April 2nd to £568 millions on July 23rd, but it touched £585 millions on June 18th, so that it has latterly contracted by £17 millions. Bearing in mind the factors outlined above, a further contraction rather than a new expansion appears the more probable during the next two months, unless expenditure upon rearmament is greatly accelerated or unless the Exchange Account has suddenly to buy more gold. Neither of these last eventualities appears very likely.

* * *

Foreign Money in New York.—The United States Treasury continues to earn the gratitude of all those who are interested, from the theoretical or the practical standpoint, in the problem of transferring large sums of liquid capital from one to another of the financial centres of the world, by its remarkably comprehensive statistics of the movement of foreign funds into and out of New York. The figures appear quarterly, and give details of each week separately, so that a very detailed picture of the flow of funds can be obtained. The figures for the first quarter of this year, together with those for the last three calendar years, are given in the following table:—

CAPITAL MOVEMENTS BETWEEN UNITED STATES AND FOREIGN COUNTRIES

(In $ millions; + denotes inflow; − outflow)

	United Kingdom	France	Netherlands	Switzerland	Total Europe	Canada	All Countries
Short-term banking funds:							
1935	+ 337·4	+ 177·6	+ 55·4	+ 74·0	+ 763·7	+ 41·4	+ 964·6
1936	+ 4·2	+ 28·6	+ 7·2	+ 38·6	+ 168·9	+ 82·3	+ 397·3
1937	+ 55·2	− 29·2	+ 9·3	+ 178·4	+ 268·4	− 69·1	+ 255·6
Jan.–Mar. 1938	− 49·2	− 15·5	− 41·1	− 64·7	− 196·2	+ 25·5	− 233·4
Brokerage bals.:							
1935	...	+ 2·4	+ 1·3	+ 2·5	+ 7·6	− 4·5	+ 6·0
1936	+ 4·0	+ 8·0	− 2·2	+ 6·7	+ 15·0	− 3·1	+ 6·8
1937	+ 7·5	+ 1·1	+ 5·9	+ 1·7	+ 21·5	+ 11·1	+ 34·7
Jan.–Mar., 1938	+ 1·4	+ 1·9	+ 1·7	− 2·1	+ 3·2	+ 2·0	+ 6·6
Security transactions:—							
1935	+ 217·5	+ 30·2	+ 57·9	+ 53·9	+ 429·4	+ 36·9	+ 441·8
1936	+ 266·2	+ 52·7	+ 110·2	+ 160·0	+ 666·8	+ 71·3	+ 791·8
1937	+ 101·7	+ 10·2	+ 67·1	+ 91·8	+ 311·9	+ 13·8	+ 511·6
Jan.–Mar., 1938	− 7·7	− 1·7	− 11·2	+ 3·5	+ 7·5	− 8·2	+ 23·7
Net capital movement:—							
1935	+ 554·9	+ 210·2	+ 114·5	+ 130·4	+ 1200·6	...	+ 1412·5
1936	+ 274·4	+ 89·3	+ 115·2	+ 205·2	+ 850·7	+ 150·5	+ 1195·9
1937	+ 164·4	− 17·8	+ 82·2	+ 271·9	+ 601·7	− 44·2	+ 801·9
Jan.–Mar., 1938	− 55·5	− 15·3	− 50·6	− 63·3	− 185·5	+ 19·3	− 203·0

The flow of funds was eastwards rather than towards New York between January and March. Even so, it will be noticed that there was a net inflow into brokerage balances and Stock Exchange securities; it was only the banking funds that were withdrawn. The most remarkable feature, however, was the sharp decline in the volume of transactions. Thus the total turnover of securities bought and sold by foreigners in 1937 was $6,067,504,000, but in the first quarter of 1938 only $687,346,000. What happened was evidently not so much that the "hot money" went home as that it cooled off. The report also reveals that, in addition to security holdings, foreign countries had $1,520,961,000 of short-term banking assets in the United States on March 30, 1938. Of the total, $248 millions belonged to the United Kingdom, $126 millions to France, $237 millions to Switzerland, $186 millions to Canada, $258 millions to Latin America and $220 millions to the territorial division entitled "Far East." American deposits in foreign banks have, of course, to be offset against these figures. On a net basis, much the largest share is credited to Switzerland.

* * *

Standard Bank of South Africa.—Mr Bertram Lowndes' address to the shareholders of the Standard Bank was a mixture of encouragement and warning. He alluded to last year's increases in profits and dividend, but said that the expansion in the size of the staff automatically necessitated a larger allocation to the bank's pension fund. South Africa had maintained her internal level of business fairly well, in spite of the world recession, and for this she had largely to thank the continued prosperity of the gold-mining industry. There had, however, been some check to general business activity immediately after the setback on the local Stock Exchange in April, 1937. Mr Lowndes gave it as his opinion that the situation would have been much more serious if the Standard Bank and other South African banks had not exercised a restraining influence against speculation during the period of boom in the Kaffir market. More recently, commercial and industrial expansion has not been quite so marked as in the previous year. He had a feeling of quiet confidence in the future, but said that optimism must be restrained, as South Africa would not be immune from the influence of affairs in other parts of the world. The year's decrease in deposits and increase in advances—both quite moderate—must be ascribed to these changes in South African business conditions.



MONEY MARKET NOTES

Foreign Exchanges

THE London foreign exchange market this week has been extremely quiet and idle, and even Mr Morgenthau's visit to Paris did not arouse any excitement. Early in the week the New York rate rose fractionally from $4.91⅞ to $4.92⅛, but on Wednesday and Thursday it was bid quietly down to $4.92⅛. There has been a small but persistent commercial demand for dollars, and it is thought that tobacco shipments are now beginning to be covered. The spot Paris rate has been steady at Frs. 178 to Frs. 178⅛, but there has been so little business that no intervention by the Control was necessary. Belgas continue to move with the dollar, the latest spot rate being bel. 29.09. Forward belgas are a little more offered, and in one or two places there has been a tentative revival of the old rumour that the belga must be devalued. Guilders have weakened slightly to Fl. 8.95⅛, possibly because of sales arising out of the recent Dutch loan to the French Treasury. Swiss francs have remained very steady.

*

The Bank Return

THE holiday currency withdrawals have now begun, and this week the note circulation has increased by £6½ millions. This is slightly larger than the parallel increase which took place a year ago.

	July 28, 1937 £ mill.	July 13, 1938 £ mill.	July 20, 1938 £ mill.	July 27, 1938 £ mill.
Issue Dept.:				
Gold	326·4	326·4	326·4	326·4
Notes in circulation	498·3	488·1	487·1	493·3
Banking Dept.:				
Reserve	29·2	39·3	40·3	34·2
Public Deps.	10·5	13·2	22·5	11·2
Bankers' Deps.	104·3	113·0	107·3	116·4
Other Deps.	37·3	35·5	34·7	35·1
Govt. Secs.	114·4	109·6	109·8	115·8
Discounts & Advances	5·8	10·3	9·3	9·5
Other Secs.	20·8	20·6	23·1	21·3
Proportion	*19·1%*	*24·2%*	*24·5%*	*21·0%*

In the banking department the money which last week had gone into public deposits has now returned to bankers' deposits, showing that last week's movement was purely temporary. It is probable that if a daily Bank return were issued, movement of this character would be shown to be continually occurring. The increase in the note circulation by itself causes an equivalent contraction of the credit base, and to neutralise this £6.0 millions have been added to Government securities. This keeps the credit base at approximately its previous size, and has enabled bankers' deposits to retain the whole of the money which has returned from public deposits. At the same time the Reserve is lower, and so there has been an appreciable drop in the Proportion. These movements, of course, can all be regarded as temporary and seasonal.

*

The Money Market

MONEY remains very easy. There is more bond money available than was the case in previous weeks. Loans against bonds are being freely offered at ⅜ per cent., and borrowers who held out for a lower rate might only have to pay ½ per cent. in certain quarters. The clearing banks are still ready buyers of bills of all maturities, but the market is so well supplied with funds that it remains reluctant to sell.

	July 29, 1937 %	July 21, 1938 %	July 28, 1938 %
Bank Rate	2	2	2
London Deposit Rate	½	½	½
Short Loan Rates:			
Clearing Banks	½–1*	½–1*	½–1*
Others	½–⅝	⅝–¾	⅝
Discount Rates:			
Treasury bills	½	½	½
Three months' bank bills	17/32–9/16	17/32	17/32

* Viz. ½ per cent. for loans against Treasury bills and other approved bills and British Government securities within six months of maturity. ¾ per cent. for loans against 1 per cent. Treasury bonds and other gilt-edged stocks within six months of maturity. 1 per cent. for loans against other collateral.

Last week £3.0 millions was cut off the top of the tender, and this week the quantity of Treasury bills offered is being reduced from £45.0 to £40.0 millions. The outlook for Treasury bills is discussed in a Financial Note, but for the three weeks ended August 27th maturities only averaged £35 millions a week. With the prospect, therefore, of a decrease in the quantity of tender Treasury bills outstanding, it looks as if offerings are likely to be lower than usual during the next few weeks.

*

The Bullion Market

IN the middle of the week there were indications of a diminution in the Continental demand for gold, and about one-third of the gold dealt in at the fixing on Tuesday and Wednesday consisted of re-sales by private holders. Gold was also offered on Wednesday morning after the fixing. Then on Wednesday afternoon the situation changed completely. A sudden new demand for gold sprang up, and as the authorities were not selling the price rose to 1½d. over the fixing. This new Continental demand continued the following day, but as the authorities were selling more freely the price at Thursday's fixing was ½d. below that of the previous afternoon. It is not easy to account for this quick change in sentiment, and several people were taken by surprise.

Date	Gold: Price per fine oz.	Gold: Prem. or Discount *	Gold: Amt. dealt in	Silver, price per oz. standard: Cash	Silver, price per oz. standard: Two Mths.
1938	s. d.	d.	£'000	d.	d.
July 22 ...	141 5½	1 pm	909	19 1/2	19 5/8
„ 23 ...	141 5	1 pm	567	19 5/8	19 1/2
„ 25 ...	141 5	2 1/2 pm	670	19 13/16	19 11/16
„ 26 ...	141 4	1 1/2 pm	610	19 5/8	19 1/2
„ 27 ...	141 4	2 1/2 pm	518	19 7/16	19 5/8
„ 28 ...	141 5	2 pm	877	19 5/16	19 3/16

* Above or below American shipping price.
The New York price of silver remained at 43 cents per ounce ·999 fine during the week.

After rising to a peak of 19 13/16d. on July 25th, the expected break in the silver market has come. It was indeed inevitable, for at last Monday's price it was almost profitable to intercept silver being delivered at the American Treasury and reship it to London for sale there. In consequence producers at last began to sell in London, and there was also some Indian profit-taking. Since Monday the cash price has fallen by ½d. an ounce, but each day the fall was partially checked by new Indian forward buying. It is not easy to understand this, for this is now the monsoon season when the Indian demand is at its lowest, while the Indian bull position in London is probably already sufficient to cover India's autumn needs. There has been some Continental selling this week. It may be relevant to point out that a fresh shipment of 100 tons from Spain to France is announced, and early this week London was a more attractive market than New York or Washington. The London price is still too high to attract any trade demand from the United States, and while the market is now steady, it may be that in certain respects the price is still on the high side.

Investment

Pause or Turning Point?—The ties which bound Throgmorton Street and Wall Street in the recent recovery had already become weakened on such evidence of receding domestic business activity as the Courtaulds interim dividend statement, and the disagreeable truths outlined in the railways' interim dividend announcements. For the moment London has no trend. Security prices have lost some of their polish, but they are dull rather than depressed. The chief characteristic of this week's dealings at home, indeed, is the lack of business sufficient to indicate any potential investment trend in the near future—a phenomenon which is not uncommon as the holiday season approaches, but which has been fortified this week by a general disposition to take a more tentative view regarding the prospects of any immediate business recovery, either in this country or in the United States. But, of the two markets, Wall Street has suffered more from this change of psychology. The market has not been impressed with this week's second quarter earnings statements. Even the full payment of the U.S. Steel preferred dividend failed to counteract an earnings statement which showed a net loss of $5,010,426 for the June quarter, compared with $1,292,151 for January to March—a larger fall than might have been suggested by a reduction in shipments from 35·3 per cent. of capacity in the first quarter to 32 per cent. in the second. And an unfortunate technical mishap, by which the "ticker" wrongly recorded a four-dollar fall in the common stock on Wednesday, led to temporary consternation throughout the market. Nor does this week's rate of steel output—at 37 per cent. of capacity, against 36 per cent. last week—provide a really hopeful indicator of the much greater level of activity which the market has recently canvassed. It is not surprising, therefore, that the market showed heavy losses of profit-taking on Wednesday, for a technical correction was probably overdue. It arrived when other second quarter earnings statements—including General Motors (which earned 52c. per share during the second quarter compared with $1.48 for June quarter of 1937) and Chrysler ($1.31 per share for the first six months, compared with $6.31 for the same period of 1937)—had added their depressing quota to poor car-loadings, and a further decline in electricity output. Recovery in the United States may be round the corner; it is certainly not clear to the view.

* * *

"New Zealand's Credit."—A passage in our article under this title in last week's issue of *The Economist* has evoked a comment from an informed observer. In the course of the article we described the trend of social legislation in New Zealand, and cited the gross cost of "pensions at 60" as £NZ17,850,000 in 1939-40. Actually, this sum is the estimated cost of the entire social security scheme, existing or proposed, including administration expenses, in the first full year. The estimated gross cost of the "pensions at 60" plan alone is £NZ6,200,000, and this is supplemented by widows' pensions, family allowances, etc., requiring £NZ5,000,000, sickness and sustenance benefits requiring £NZ3 millions, and a similar sum for proposed health services. Our correspondent points out that the net cost of £NZ9,850,000 to be met from the Consolidated Fund for the whole scheme is not entirely new money, for services already in operation are estimated to require £NZ7,250,000, for 1939-40. The additional burden on the Fund arising from the new proposals thus amounts to £NZ2,500,000. We gladly make these facts clear, but they do not invalidate our general comments on the trend of New Zealand's public finance.

* * *

New Issues in the Limelight.—Activity in the capital market immediately before the holiday season is no new phenomenon, and on the basis of new money subscribed, the volume of business during the past fortnight cannot be described as abnormal. But recent public offers have been almost entirely concentrated on fixed-interest securities. Only one public issue since mid-June has included an offer—and that small—of ordinary shares. It is characteristic of a period of declining industrial activity that fixed-interest issues should predominate over equity issues. In the first half of 1930, for instance, the limited number of industrial issues consisted largely of debenture and preference share placings. In the summer of 1938 this tendency has been strengthened by the firmness of gilt-edged stocks, following the success of the 3 per cent. Defence Loan issue and the somewhat calmer political outlook. Corporation stocks have been by no means predominant in recent new-issue activity. They account for one-third in number of public issues made this month, and for a still smaller proportion of new money, for they have been largely made for conversion purposes. The avoidance of public issues of ordinary shares is well illustrated by the decision of South Metropolitan Electric Light and Power to make an issue of third preference shares this week. But investors are exercising marked discrimination, even among fixed-interest securities of sound calibre. In contrast to the success of the Beecham Maclean Holdings offer last week, underwriters were compelled to take up one-third or more of the Bowater-Lloyd Newfoundland, Wolverhampton, and the South Metropolitan Electric Light and Power issues. This fact suggests that the market can have too much of the best, particularly when investment interest generally is tending to flag.

* * *

Unit Trust Yields.—The suggestion recently made by *The Economist* that unit trust managers might accompany advertised yields with an accountant's certificate has been promptly taken up by the National Group of Fixed Trusts. In future, the published yields of trusts in the group will be certified by Messrs Peat, Marwick, Mitchell and Company, chartered accountants. The group, of course, has hitherto arranged for the certification of income distributions, on which, apparently, it has based all yield calculations. The National group may be congratulated on this decision, which will be welcomed by investors, and will doubtless be adopted by other managements in due course. It is generally accepted that a fixed trust offers little scope for any augmentation of the distributable income of the trust, once the initial portfolio has been determined. Provided, therefore, that income received from the underlying securities of a fixed trust is properly distinguished as between the distribution of current earnings and quasi-capital receipts, such as proceeds of scrip bonuses, it is unlikely that any serious divergence between the advertised yields on the sub-units and the average return on the underlying securities would arise. The National group, which consists of ten fixed trusts and one flexible trust has, of course, observed this distinction. But in the certification of the yield on a flexible trust, interesting questions of principle arise. In our recent Unit Trust Survey, we showed that it was possible, particularly in the case of a growing fund, to augment the cash distributions on flexible trust units beyond the average, or "notional," return on the underlying securities held by the fund. If such an undesirable practice were adopted in any particular instance, a certified yield based on distributed income alone might suggest independent approval of an average return which might not be maintained in future. It is possible, indeed, that such practices, if they arose, might well be held to fall within the definitions and penalties of Clause 9 of the Share-Pushing Bill, which is discussed in a leading article on page 231. It might, therefore, be worth considering if the holder of flexible units could be furnished with one of two yield figures. He might be informed either of the average earnings of the flexible fund during the previous twelve months—after adjustment for purchases and sales of securities whose prices included some proportion of accumulated dividends—or, alternatively, of the average return, during the preceding twelve months, on the securities held by the flexible fund as at any given date.

* * *

Company Registrations.—The capital market has recently been pre-occupied with issues of fixed-interest securities rather than equities. The same falling-off in "enterprise" is suggested by the small number of new industrial public companies formed during the first half of the year. From Messrs Jordan and Sons' usual analysis, it appears that only 48 public companies were registered in the first six months of 1938 (excluding companies registered under guarantee and associations not for profit) of which only one had an original capital of £500,000. A year ago the comparable number was 180. The number of private company registrations, however, was practically unchanged at 6,558, although the total registered capital fell to £30,239,906 against £42,072,839. Some 108 public companies of all kinds were registered with capitals of £2,102,316 (compared with 227 companies involving £27,968,500 for the first half of 1937), and public and private companies amounted in all to 6,666, against 6,780 companies. Messrs Jordan and Sons repeat the necessary warning that the original capitals registered are becoming increasingly unreliable as a guide to new investment activity, owing to the growing practice of registering private companies with a small capitalisation, which are subsequently converted into public companies with large capitals. Detailed analysis does not reveal any unusual features of recent registrations. The "land and buildings" and the "investment, finance and banks" groups (which include companies—mostly unlimited—formed for taxation purposes) provide between them 868 companies with an initial capital of £8,662,319. Home railway stockholders should not infer that the registration of the Surrey Border and Camberley Railway, Ltd., foreshadows a twentieth-century railway boom. It has been formed, in fact, to operate a miniature railway.

Company Notes

L.M.S. Dividend.—Recession may be the polite term to apply to the current industrial trend, but depression is the only fitting appellative for the home railway market. The rather dramatic improvement in home rail stocks in the middle of this week, after several days of hammering, correctly heralded a rather better half-yearly statement from the London, Midland and Scottish Railway than stockholders had anticipated at first. No interim dividend, as expected, is to be paid on the 1923 preference stock, but 2 per cent. is to be paid on the 4 per cent. first preference stock. The statement shows that total receipts fell by £959,000 during the half-year (compared with a fall of £780,000 for railway receipts only during the first twenty-six weeks). The gross increase in expenditure arising from increased costs of wages and materials amounted to £1,040,000 for the half-year. But this sum is a "notional" figure, for it was, in fact, reduced to the extent of £503,000 by costs saved owing to the reduction in the volume of traffic. The net increase in expenditure, therefore, amounts to £537,000, and the total reduction in net revenue to £1,496,000—a sum which rather more than wipes out the 1½ per cent. earned and paid on the ordinary stock last year. It must be conceded that the L.M.S. figures are considerably more satisfactory than those of the L. and N.E.R., although it is doubtful if the 1923 preference stockholder will regard them as hopeful, unless he is prepared to subscribe to the optimistic assumption that the company will be able to "break even" during the current half-year. The stockholder, perhaps, would have welcomed a dissection of the increased costs between wages and materials, but the impression left by the statement, and welcomed by the market, is that the company has been relatively successful in reducing costs as traffics have declined.

* * *

L.N.E.R. Statement.—The home rail market, depressed by the Southern Railway dividend statement, fell into rout at the end of last week, when the dramatic London and North Eastern half-yearly results were announced. Interim dividends of 2 per cent. have been declared on the first and second guaranteed stocks, but only with the assistance of a transfer from general reserve, and dividends on all the preference stocks have been deferred until the full year's results are available. Compared with 1937, the half-year's gross railway receipts, together with net receipts from ancillaries, have fallen by £729,000. (The traffic loss of £638,000 for the 26 weeks' traffics, of course, did not include ancillaries.) But the increase in expenditure amounted to no less than £1,051,000, and net receipts for the half-year were thus reduced by £1,780,000. Examination of the company's half-yearly statements since 1932 shows that net receipts for the past half-year were £791,000 lower than those of 1932, when the first and redeemable preference stocks received 1 and 1¼ per cent. respectively. Of the disturbingly large increase in costs, some £473,000 is attributed to last year's final restoration of wage cuts, some £403,000 to increased costs of fuel and materials, and £175,000 to an increased volume of maintenance work. But for the increase in railway charges last October, it is evident that the results would have been even more disheartening than they are. Passenger-train traffic receipts were reduced by 0.74 per cent. and merchandise and coal receipts by 3.28 per cent. But for the 26 weeks to July 2nd the number of originating passengers was 9.3 per cent. lower and the tonnage of merchandise and coal 7.3 per cent. lower than for the corresponding period of 1937. The toll of increased costs has hit the railways at a time when they have been highly vulnerable to the consequences of trade recession. In the light of the half-yearly statements so far published, it seems very probable that the estimates of potential railway earnings given in *The Economist* of July 16th, may prove optimistic. The Great Western statement, which was awaited as we went to press, will enable us to re-examine the position of all four companies.

* * *

Richard Thomas Prospects.—Sir William Firth's experience in facing class meetings of the preference and ordinary shareholders (which approved the scheme for providing new finance) and also the annual general meeting of shareholders on Thursday cannot have been enviable. But he reaffirmed the case for the Ebbw Vale

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project and his confidence in the future of the company with considerable effect, an effect by no means lessened by the frank admission that, in failing to provide adequate finance for the whole scheme from the start, mistakes had been committed. The time factor also had worked against the project, which had been burdened with increased costs, delays in the supply of equipment, and unforeseen site difficulties. For the future, shareholders will welcome Sir William's assurance that the new control committee will not fetter the general management of the business, and that the appointment of new directors from other steel companies cannot prove to the company's disadvantage. It would appear, moreover, that full resort to the new borrowing powers—up to £6,000,000—may not be required if trading conditions do not call for the estimated amount of new working capital. For the current year, evidently, the company's prospects are far from favourable. It is carrying heavy standing charges on the uncompleted works; demand in recent months has been unsatisfactory; operations have been curtailed; and profits for the year to date are disappointing. Shareholders, like their chairman, must have faith in the ultimate rather than the immediate prospects of the company and its new plant.

* * *

Gaumont-British Finance.—It can scarcely be said that Mr Isidore Ostrer's speech at the Gaumont-British Picture Corporation meeeting, at the end of last week, greatly clarified the obscurities of the recent accounts. Their main features—the reduction of the bank overdraft and in the amounts owing by subsidiaries—were clearly connected with the realisation of film stocks. But the ordinary shareholder, concerned with the fundamental position of the group and with the prospect of resumed dividends, learned little that was new. Once again the chairman declined to produce a consolidated balance sheet and profits statement, on the ground, not of "policy," but of the technical intricacies involved. We confess that this declaration is somewhat difficult to understand, for a consolidated statement of assets and liabilities was published two years ago. The board has in hand a process of internal consolidation which involves the liquidation of certain subsidiaries, and the acquisition of 100 per cent. in others. But this is scarcely an adequate answer to the plain question whether the Corporation's accounts, as presented, enable the shareholder to assess his prospects and security. Moreover, the board sets no time limit to its task. Mr Ostrer felt "reasonably safe" in forecasting that the current year's results would be "no less satisfactory" than those of the latest years. But he made no reference to the fall in total cinema earnings last year, mentioned in the report, declined to give any particulars regarding the amount received from the "new and promising source of income"—Bush Radio—and was unable, when stressing the prospective importance of the television industry, to give any indication of its potential profits. Nor does the extension of film production on a sharing basis hold out massive prospects for the ordinary shareholder. Prospects for dividends depend, it would seem, upon the discovery of a new and dependable source of income to supplement the earnings of the exhibition side. Neither film production nor television seems likely to provide this source in the near future. His capital position depends upon the present-day value of such major items at £5,106,064 for shareholdings in subsidiaries, and £2,010,410 for freehold and leasehold properties and fixtures. Perhaps it will be clearer, when the process of consolidation is eventually completed, whether any dead wood remains. But it would be premature to reject, in advance, the idea that a capital reorganisation will not one day be necessary.

* * *

Furness, Withy Prospects.—Lord Essendon's reviews of the shipping industry's position rightly attract general attention from shipping shareholders. This week's speech at the forty-seventh annual meeting of Furness, Withy is no exception. Last year's results were below the best expectations, for the setback in the freight market last autumn damped the earlier recovery. The group's branch offices, indeed, provided the major source of increased profits, for the fleet itself showed smaller profits than in the preceding year. Liner fleets, of course, never obtain immediate benefit from increased freight rates, for the adjustment of conference rates, either up or down, takes some time. Thus they failed to share to the full extent in last year's recovery, and the fleets operated from Furness House (which exclude Shaw, Savill and Albion, Royal Mail, Cairn Line and Manchester Liners) are now faced with an increase in direct operating costs of the order of £275,000 per annum, compared with a year ago. Lord Essendon, however, is not to be found among the pessimists. He concedes that a temporary trade setback has been experienced, but the gap between unprofitable trading and profitable trading, in his opinion, could quickly be bridged by a revival in international trade.

* * *

Increased competition from subsidised lines drew frank criticism. Referring to the possibility of an international pooling scheme for laying up of tramp tonnage—for the minimum freights scheme no longer affords adequate protection to the industry—Lord Essendon stressed the possible danger that any particular nation might prefer to continue to operate its tonnage merely at the expense of making the necessary contribution to the compensation pool. He suggested, therefore, that, if the proposed scheme attracted sufficient international support, each participating country should, as far as possible, lay up a similar proportion of its tonnage. And he made it clear that the shipowner's first duty is to operate his fleet as a commercial venture; if questions of national interest dictated larger fleets beyond the limits of profitable working, some form of Government assistance would seem inevitable.

* * *

Prices Tailors Results.—At last year's annual meeting, the chairman of Prices Tailors expressed the hope that expanding sales would permit the company to maintain the rate of advance in its profits, despite the rising costs of cloth. In the meantime the industrial outlook has greatly changed, but the expectation of increased profits has been fulfilled. The preliminary announcement for the year to June 30th last reveals that total earnings amounted to about £572,000, compared with £521,788—an advance which is not so large, either absolutely or relatively, as in the previous year, but which nevertheless appears satisfactory. Since the operating company became public about ten years ago, profits have increased rapidly and almost without interruption, the latest total being over six times that shown in the first accounts. The record of the past three years is given below:—

	Years to June 30		
	1936	1937	1938
	£	£	£
Profit	446,470	521,788	572,000†
Taxation	95,000	115,000	170,000
Depreciation and fees	82,758	94,215	91,500
Pref. and pref. ord. divs.	42,282	41,594	40,563
Ordinary shares (tax free):			
Earned	*226,430*	*270,979*	*269,937*
Paid	162,000	192,000	200,000
Earned %	*129·4*	*154·8*	*154·2*
Paid %	92·6	109·7	114·3
Reserves	Nil	10,000	15,000
Carried forward	157,436	226,415	281,353†

† Approximate.

Expenses for 1937-38 include £100,000 placed to taxation reserve, in addition to £70,000 charged for income-tax and N.D.C. The substantial increase involved, compared with 1936-37, reduces the earnings for the ordinary shares slightly below the level of the previous year. The total dividend is, however, raised by £8,000 to £200,000, and as in the past, a considerable proportion of the available earnings is retained in the business. The holding company,

Prices Trust Co., whose income depends almost entirely upon dividends received from Prices Tailors, is in consequence paying 50 per cent., against 45 per cent., for the year to September 30th next. At a current price of 40s. 6d., the 5s. shares of Prices Trust yield £6 9s. 6d. per cent.

* * *

Rhokana Profits.—Estimated net profits of Rhokana Corporation for the year to June 30th show little apparent change compared with the previous year. After providing for debenture interest, depreciation and development reserves, and mine provident fund, the total net profit, subject to taxation, amounts to £1,950,000. In the previous year profits amounted to £2,010,000 excluding the provident fund provision. Profits in each year include no allowance for dividends on the Corporation's 32·3 per cent. holding of Mufulira Copper Mines shares. Allowing for a reported figure of £55,000 for the mine provident fund, it is evident that profits have shown little movement. In the following table, we have dissected the Corporation's profits and production and average copper prices for the half-years to December, 1937, and June, 1938:—

	6 mos. to Dec., 1937	6 mos. to June, 1938	*Fall %*
Net profits, subject to tax (£)	1,136,000	869,000	*23·5*
Production (long tons)	39,684	36,591	*7·7*
Average Copperprice, per ton, London "Standard" (£)	48·56	38·71	*20·3*

Since July 1st, copper producers in the restriction scheme have been operating at 95 per cent. of basic quotas, but Rhokana Corporation obtained an increase of 952 short tons per month in basic quota at the same time, raising its standard tonnage to 7,290 short tons per month. The Corporation, therefore, is now producing at a higher rate than at 105 per cent. of its previous basic tonnage. The £1 ordinary shares are quoted at £12.

* * *

Building Material Shares.—The latest figures of building plans approved suggest that the building industry is fighting back bravely at recession. During February, March and April, a marked decline in future activity was foreshadowed by decreases in the value of plans approved ranging between 12½ and 25½ per cent. compared with the same months of 1937. Conclusions drawn from figures for individual months can only be tentative, but the value of plans for May and June suggest that the fall has to some extent been checked. In May, total plans approved by 146 authorities were fractionally higher than in 1937, and though the June figures for 140 authorities showed a 7 per cent. fall to £8,530,000, housing plans again showed an improvement of the order of 4 per cent. So far, the fall in house-building is slow, and it is being largely compensated, it would seem, by municipal housing activity. Such pointers are of importance for building material concerns, whose recent reports show considerable lack of uniformity in profits, and no increased dividends. Yorkshire Brick, for instance, shows total profits of £49,428, against £43,630, and earnings for the ordinary shares are 1½ per cent. higher at 12.3 per cent., despite the increase in taxation. But the 6 per cent. dividend paid in the previous year has been halved. This paradox is explained by the need for conserving cash resources. Higher turnover has required more finance, and the acquisition of a competing business (holdings in wholly-owned subsidiaries have risen from £137,000 to £211,000) has reduced surplus liquid assets from £134,000 to £77,000. Last March, shareholders in Flettons, Limited, were informed that some reduction in profits should be expected, but the maintenance of the 7½ per cent. interim dividend announced last week gives no indication of the measure of any decline. A rise in the total profits of Hollychrome Brick from £26,487 to £29,683 combined with the repetition of the 15 per cent. dividend and a 20 per cent. scrip bonus is also a good omen. Eastwoods Cement, however, have reduced the distribution from 16 per cent. to 12½ per cent., for total profits have fallen by £10,326 to £42,271 and earnings for the ordinary capital are reduced from 19 per cent. to 13.8 per cent. Mr Horace Boot pointed out at this week's meeting that the directors had anticipated this result, for the costs of fuel rose continuously, and the adjustment of selling prices was delayed until December last year. The preferred ordinary dividend of Eastwoods Flettons has also been reduced from 15 to 14 per cent., and the deferred dividend from 200 to 166⅔ per cent., although the decline in total profits is quite small.

* * *

"Westralian" Gold Companies.—No other section of the Stock Exchange has fallen further from grace than the "Westralian" gold share market. The newcomers of 1933-4 have, on the whole, provided a bitter vintage for investors. Heavy falls have been sustained in other markets on general trends and technical factors, but among "Westralian" shares every sort of disappointment and rebuff has been experienced. Excesses on the part of professional operators, together with thoroughly bad mining results, have so depressed share values that the investors' confidence will not quickly be restored. These somewhat gloomy reflections are prompted by the recent reports of four companies which occupied prominent positions in the boom. The present prices of the shares compared with their peak levels epitomise, too well, the results of the work of the past four years. For each swan's egg that has reflected credit on its parents, a dozen have hatched out geese:—

Company	Peak Price	Present Price	Dividend
Gold Exploration & Finance (10/–)	15/–	2/6	None
Gold Mines of Kalgoorlie (10/–)	14/–	7/6	5%
Commonwealth Mining (5/–)	17/10	2/6	None
Anglo-Australian (5/–)	14/4½	1/6	None

Commonwealth has the largest nominal capital of this group, namely, £11,212,500, and has provided, perhaps, the biggest disappointment. The peak price was reached when the Yellowdine Mine, over which the company had an option, showed such excellent promise, but, for strategic reasons, the company parted with 50 per cent. of the interest in this mine. The latest accounts show that a revenue account debit has been transformed into a credit of £54,150 primarily as a result of dividends from the Yellowdine interest, which amounted to £76,051, and represented seven-eighths of the year's revenue. Further dividends, it may be recalled, were announced last week. Most of the other properties and options have been disappointing, though there are one or two speculative ventures which might turn out well. The credit balance, however, is of little significance, for the balance sheet shows a weak position. Investments standing at £403,142 had a market value at May 31st of £87,235, while investments in and advances to subsidiaries totalling £690,352 are stated in a note to the balance sheet to be of unascertainable value. The chairman explained at last Tuesday's meeting that the anticipated capital increase in the value of the company's interest in Yellowdine, now only represented at cost, should put a new face on the balance sheet. Anglo-Australian, in the same group, is in a worse plight. In this case a 20 per cent. interest in the Yellowdine property is the main redeeming feature. Other interests, including Wheel of Fortune, Mars, Daydawn, have been handed back to the Crown, while the King of Creation Mine is now stated to offer little hope of becoming a payable proposition. The reduction of the share capital is a matter which is to receive "careful and prompt consideration."

HOTEL WESTMINSTER
FULL BOARD From 27/6
Le Touquet

Prospects for Gold Exploration and Finance may be somewhat more hopeful, though a cut in the capital—which must be substantial—is officially foreshadowed. The failure of the Bendigo venture is now accepted and discounted. Its other interest includes a 30 per cent. holding of the capital of Gold Mines of Kalgoorlie, and a 96 per cent. holding of the issued capital of Western Mining Corporation. The company has completed its major programme of capital expenditure, and, if no unforeseen factors arise, revenue during the current year is expected to show a substantial increase. Given a satisfactory capital reorganisation, there appears to be a fair prospect of the commencement of dividends. Gold Mines of Kalgoorlie followed an initial dividend of 3¾ per cent. for 1936–7, with one of 5 per cent. for 1937–8. These shares may now be considered, at the present level, as a reasonable "Westralian" mining proposition, for the property is now fully equipped and the cash position is satisfactory. The power and treatment plants, as Mr Marmion has pointed out, have been proved in practice and the ore position has been greatly strengthened, though at the cost of some reduction in the average value from 7·3 dwt. to 6·6 dwt. Lower working costs are expected to result from operating improvements and increased milling capacity, and a modest increase in the dividend may be possible.

* * *

Leopoldina Railway.—Total profits of Leopoldina Railway have recovered a step further from the low point touched in 1935, but they do not begin to approach the pre-depression level. The company's future depends largely on its relations with the Brazilian Government. It is unfortunate that the progress of negotiations last year was interrupted by a change of Government, and although, as Mr C. H. Pearson informed shareholders at the annual meeting, the granting of exchange contracts was renewed later, it was only with a condition of delayed delivery. The authorities have given the company to understand, however, that the exchange position is likely to show improvement, and it is believed that the Government has reached some decision upon the railway's affairs, though details are not yet known. Meanwhile, debenture and shareholders must draw what comfort they can from the slight improvement recorded in the latest report. Operating revenue rose from £1,049,224 to £1,200,194, and goods traffic (which accounts for well over half the company's gross receipts) contributed £90,400 to the increase. Operating expenses increased at a slightly greater rate from £920,728 to £1,060,063, and net income was accordingly some 10 per cent. higher at £147,884. In addition, there was a saving, as compared with 1936, of over £13,000 in income tax, and expenses (other than loan charges) consequently amounted to no more than £6,586 against £17,548. This measure of improvement is small. Debenture interest on both the Railway and the Terminal stocks, which requires about £291,000 annually, has been charged but not paid under the 1936 agreement, while redemption calls for £47,000 a year. The payment of interest was postponed until January, 1939, but may be postponed further up to 1942. The resulting deficit of £205,757 for 1937, compared with £187,970 for the previous year, increases the debit balance carried forward to £507,100. There is small hope, at present, of a resumption of normal interest payments.

* * *

The Week's Company Profits.—Our usual analysis of profit and loss accounts on page 264 reflects the seasonal decline in the number of reports, and contains no more than 23 companies, apart from new concerns and those for which comparable figures for last year are not available. Net profits of these companies amount to £668,000 for the latest year, and show a decrease of 1 per cent. below the previous year's level of £677,000. The total net profits of 1,637 companies analysed this year amount to £228,304,000, and still show an increase of 12 per cent. over the previous year's total of £204,301,000. This week's results are discussed on page 244 under the heading "Shorter Comments."

* * *

Company Meetings of the Week.—In this issue, reports of company meetings begin on page 252. Sir William Firth's survey of the position of *Richard Thomas and Company* is discussed in a Note on page 237, and we refer to Lord Essendon's comments at the *Furness Withy and Company* meeting on page 238. Members of the *Victoria Falls and Transvaal Power Company* were informed by Mr Arthur E. Hadley at the meeting that a forecast had indicated that the annual rate of increase in the load might be expected to continue at about 50,000 kw. a year for the next four years, and that provision had had to be made to meet these requirements. Discussing current trading prospects at the *Eastwoods Cement* meeting, Mr Horace Boot said that so far this year there had been no diminution in the record deliveries reached in the industry in 1937, when loading for home trade had touched 6¾ million tons. Major C. M. Threlfall reported to *Threlfall's Brewery* shareholders at the annual meeting that the company had been successful in obtaining permission to erect three hotels in new localities, and to rebuild and extend several of their older properties. The distribution policy of *Central Commercial Properties* was explained by Mr W. Stanley Edgson at the annual meeting. The aim, he declared, was to reduce the basic dividend to a constant 10 per cent., plus a cash bonus commensurate with the year's results. It was intended to discontinue annual scrip bonuses and further to build up the capital and contingency reserves over a period. At an extraordinary general meeting of the *Chosen Corporation*, Mr G. W. B. Portman discussed some of the details of the sale of the company's holding in Nurupi to the American Overseas Mining Investment Corporation for £345,000. At the *Southern Kinta Consolidated* meeting, Captain Oliver Lyttleton declared that the company's conservative policy, and particularly the depreciation provisions, had permitted the financing of an ambitious plan of plant reconstruction out of the company's own resources. Surveying prospects of *McDougalls Trust* for the current year, Mr Kenneth A. E. Moore reported that in the first quarter of its year the operating company had experienced a gratifying increase in trade, at a slightly reduced, but satisfactory, profit margin. Mr D. Christopherson informed members of *Gold Fields Rhodesian Development Company* that at May 31st last the value of the company's quoted investments much exceeded the balance-sheet figure.

THE STOCK EXCHANGES

London

SETTLING DAYS

TICKET	ACCOUNT
AUGUST 9	AUGUST 11

THE London market has relapsed into seasonal inactivity, but with little of the typical holiday *joie de vivre*. Indeed, the effects of the Courtaulds interim statement and of the home rail half-yearly dividends have still been reflected in nervousness regarding the [illegible] situation. Already divorced from Wall Street, the London market did not suffer markedly from the mid-week break in that centre. But the general lack of life and paucity of business produced lower prices in almost every department of the "House," and even the Prime Minister's references to the political situation failed to stimulate interest.

Small business was characteristic of the *gilt-edged market*, which after showing little initial change, reacted fractionally and declined further on the poor response to the Wolverhampton loan. This in turn affected new corporation scrips. A mid-week recovery in New Zealand stocks was reported.

Interest in *European bonds* was at a minimum. Investors failed to follow an initial rise in Austrian and German issues, which reacted later, and Czechoslovakian bonds continue uneasy, despite Lord Runciman's mission. Heavy falls were recorded in Japanese bonds following the incidents on the Soviet frontier.

Home rail stocks were abysmally depressed on Monday and Tuesday, on further consideration of the Southern and L.N.E.R. statements. Preference and guaranteed stocks in particular were a weak market, L.N.E.R. first preference falling to 30½ at one time on Tuesday, while the second guaranteed stock also fell by a further 4 points to 66. There was a dramatic mid-week improvement, however, throughout the lists, resulting from a combination of professional covering and averaging purchases. Lower prices were quoted for Argentine rail stocks.

*

Though prices were not unsatisfactory, business in *industrial shares* was at a low ebb. Prices were well maintained at first, but became a little more irregular later through sheer lack of support. Iron and steel share quotations moved within narrow limits, with no particular trend in either direction. Hadfields rose in anticipation of the interim dividend. Engineering issues were firm on the whole, though B.S.A. were dull. Coal shares continued neglected, and proved entirely unresponsive to the proposals for assisting exports. Electrical equipment issues were quiet and irregular, though price changes remained small. The firmness of electric supply shares, apparent in recent weeks, persisted. Motor shares also were uncertain. Austin Motors weakened on the announcement of price reductions. Aircraft shares ran true to form and were steady on the whole, though little business was transacted. Handley Page were firm on the meeting, and General Aircraft gained on news of the British Aircraft acquisition. Textile shares were still neglected, apart from some improvement in Patons and Baldwins, while rayon shares, though not much affected by the June output figures, were inclined to sag. Though movements were small, brewery shares were firm early in the week before succumbing to the general listlessness of the markets. Tobacco share prices were well maintained. Movements in the stores group were indefinite, Great Universal weakening after early support. Harrods B.A. gained on the interim announcement. On the whole, prices of provision and catering issues hardened or were unchanged. Shipping shares made a mixed showing, Furness Withy declining slightly after the meeting. Miscellaneous issues were somewhat irregular. Qualcast were active on the proposed deal, and Beechams deferred lost ground towards mid-week.

*

Except for a slight weakness on Tuesday, *oil shares* were firm. Activity, however, was very small, and interest was largely confined to the leaders, Anglo-Iranian particularly being in demand. Business in *rubber shares* continued on a small scale, but prices were steady. The market failed to respond noticeably either to the better commodity price early in the week, or to the postponement of the I.R.R.C. quota decision. At first, *tea shares* were firmer than in recent weeks, but the tendency towards firmer prices was not kept up in mid-week.

The *mining markets* were just as listless as other sections, turnover shrinking to small dimensions. The undertone, however, was generally quite firm. Business in Kaffirs was subdued, with small dealings mostly on local account. Developing mines were slightly less lethargic, especially Western Holdings and Klip Nigel. The Rhokana results and strength on Wall Street at first helped Rhodesian coppers, which became irregular later. Tin shares were neglected. Trepca and Kopaonik weakened a little on the amalgamation details, while Zletovo were firm.

"FINANCIAL NEWS" INDICATORS

1938	Total Bargains‡	Corres. Day 1937	Security Indices: 30 ord. shares*	Security Indices: 20 fixed int.†
July 22	5,745	*6,225*	86·4	129·9
July 25	5,770	*9,385*	86·3	129·6
July 26	5,515	*8,400*	86·1	129·4
July 27	5,815	*8,505*	86·0	129·3
July 28	5,810	*7,125*	85·8	129·6
1938				
High...	...	...	*97·2*	*131·0*
			Jan. 12	*Feb. 4*
Low ...	...	...	*79·4*	*128·9*
			Mar. 16	*Mar. 17*

‡ Approx. total recorded in S.E. List. * July 1' 1935 = 100. † 1928 = 100.

ACTUARIES' INVESTMENT INDEX

As compared with a week earlier, the Actuaries' index of 151 industrial ordinary share prices on Tuesday last, July 26th, was unchanged at 66·7, against 66·4 a month ago and 83·0 a year ago. The corresponding average yields were 5·88, 5·82 and 4·37 per cent. respectively, the yield a week ago being 5·86 per cent. We give below a selection of the separate indices, and the usual monthly particulars of fixed interest security prices and yields :—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100): July 27, 1937	June 28, 1938	July 26, 1938
Fixed Interest			
2½% Consols. (1)	132·2	131·5	134·5
Misc. ind. deb. (13)	121·3	120·4	120·9
Misc. ind. pref.(26)	117·2	112·8	114·5
Ordinary			
Insurance (10) ...	120·7	115·1	119·7
El. lt. & power(16)	118·5	119·1	122·4
Elec. mfg. (12) ...	146·3	117·5	123·4
Iron and steel (17)	75·7	54·3	51·7
Motors (6)	49·1	34·0	36·6
Oil (4)	98·9	85·0	92·0
Home rails (4) ...	83·7	50·4	39·3

Group	Yields (%): July 27, 1937	June 28, 1938	July 26, 1938
Fixed interest			
2½% Consols. ...	3·37	3·39	3·32
Misc. indus. deb.	4·09	3·96	3·94
Misc. indus. pref.	4·43	4·37	4·30
Ordinary			
Insurance	3·62	3·69	3·56
Elec. lt. and power	4·51	4·56	4·57
Elec. manufg. ...	4·37	5·91	5·62
Iron and steel ...	5·04	8·78	9·61
Motors	4·97	6·95	6·52
Oil	6·42	6·98	6·52
Home rails.....	2·60	6·70	8·65

New York

WALL STREET has experienced a fairly marked reaction from the strength displayed at the end of the previous week and, in all but the last hour, in Monday's session. Prices went ahead moderately to start with, and though the best levels were not held, Monday's close saw some small advance on the day. Tuesday's session was subdued rather than unsatisfactory, with small price recessions and a lower turnover, but in mid-week losses became heavier. The Dow Jones industrial average lost 3.09 points on the day, and though all groups suffered, steel, chemical and motor shares were the most sensitive. Profit-taking was the main influence at work, for some technical correction was probably overdue, since evidence of business recovery is less marked. Other factors were the steel earnings statements and the opinion expressed by *Iron Age* (which estimated steel activity at 37 per cent. of capacity, against 36 per cent. a week ago) that a more moderate rise in operations is to be expected until the motor industry enters the market to a greater extent. Rails were depressed by the poor car-loading estimates and the passing of the Atchison Topeka preferred dividend, while general market sentiment was not improved by rumours of an experimental period in which specialists would be prohibited from trading in certain issues on their own account.

New York Prices

	Close July 21, 1938	Latest July 28, 1938
1. Rails and Transport		
Atchison	40	36⅜
Balt. & Ohio...	10	9
B.M.T.....	11½	10⅞
Can. Pacific...	7¼	7
Ches. & Ohio	34	32¼
G.N. Ry. Pf...	24⅝	22¼
Illinois Cent...	13	12¼
N.Y. Central..	20½	19¼
Northern Pac.	14	12⅝
Pennsylv. R...	22⅝	21⅛
Southern Pac.	20⅝	18⅜
Southern Rly.	14½	13
Union Pac. ...	86	82
Greyhound ...	16⅜	15½
2. Utilities and Communications		
Am. W'works	12¼	11¼
C'wlth. & S....	1⅜	1⅜
Con. Edison...	29¼	28⅛
Col. Gas & El	8¼	7⅜
El Bond & Sh.	9⅝	8⅝
Nat Pwr & Lt.	7½	7¼
N. American..	23⅝	21⅞
Pac. Gas & El	28	26⅝
Pac. Lighting	41½	40¼
Pub Serv N.J.	31½	30
Stan Gas & E.	4⅝	4⅜
United Corp.	3⅜	3⅛
Un. Gas Imp.	10⅝	10⅝
Amer. Tel. ...	140⅛	141¾
Internat. Tel.	10¼	9⅝
Westn. Union	32¼	30⅜
Radio	7¼	6⅞
„ B. Pref	57½	55½
3. Extractive and Metal		
Am. Rol. Mill	21⅛	20¾
Beth. Steel ...	60⅞	58¾
Beth. Steel P.	97½	97⅞
Republic St.	19⅞	19⅛
U.S. Steel ...	61	59½
U.S. Steel Pf.	109¼	109¼
Alaska J'neau	10¾	10⅝
Am. Metal ...	36⅜	35⅜
Am. Smelting	50	50
Anaconda ...	36¼	36⅛
Bohn Alum ...	27	28¾
Cerro de Pas..	46¾	45¾
Int. Nickel ...	51⅝	50¼
Kennecott ...	41	41⅛
Patino Mines	10¾	12
Tex. Glf. Sul.	35	36⅜
U.S. Smelt....	65¼	64
Vanadium ...	20	19¾
Atlantic Refg.	26⅝	25
Elec. manufg. ...	44	41⅝
Shell Union...	17½	17¼
Shell Un. Pf...	104¼	103½
Socony Vac....	15⅜	15⅛
Stan. Oil Cal.	34	33
Stan. Oil N.J.	57¼	56
Texas Corp.	48	46⅜
4. Manufacturing		
Briggs	29⅞	32¼
Chrysler	71⅛	71
Elec. Autolite	26¾	26½
Gen. Motors..	41½	42¾
Hudson Mtr.	8⅞	9¼
Nash Kelvntr	10¼	10⅝
Packard Mtr..	5½	5⅛
Bendix Avtn.	18¼	19⅞
Boeing Airpln	29¾	29½
Douglas Air...	52¾	50⅝
United Aircft.	28⅝	28¾
Air Reduction	63	62
Allied Chem.	179	181
Col. Carbon	95	92
Dupont	127¾	127¼
Un. Carbide	84⅜	83½
U.S. Ind. Alc.	23	21
Allis Chalmer	52¼	50⅜
Gen. Electric	42½	41¾
West'hseElec.	102½	102¼
American Can	100⅛	97
Addressogrph	23	24
Caterpillar ...	55¼	54
Cont. Can. ...	47½	45½
Ingersoll Rnd	91½	95
Int. Harvester	65¾	64¼
Johns Manvle	94⅝	94½
Am. Radiator	16⅛	15⅜
Corn Prods....	69⅛	68
J I Case & Co.	101	101
Glidden	24⅝	23½
G. Am. Trans	48½	49¾
Celanese of A.	22	20½
Ind. Rayon ...	25¼	24½
Colgate Palm.	11½	12½
Eastm'n Kdk.	178	178½
Gillette	8½	8⅝
Lambert Co.	14	14
Loews	49⅞	49
20th Cen. Fox	23⅝	24¾
5. Retail Trade, etc.		
Mont. Ward	47¾	46¾
J. C. Penney	84	83
Sears Roebck	73⅝	71⅝
United Drug	6⅝	6½
Walgreen xd	17⅜	17⅞
Woolworth ...	47¾	47⅜
Borden	18	17½
Gen. Foods...	35½	34
Kroger Grcy.	17	16¾
Nat. Biscuit	25	24
Nat. Dairy ...	15½	16
Stand. Brands	8½	8⅜
Am. Tob. B.	83¼	85½
Lig. Myers B.	102	102
Lorillard	20¼	20
Reyn. Tob.B.x	44⅜	42¼
Nat. Distillers	24¼	24⅜
Schenley Dis.	21	20
6. Finance		
Comcl. Credit	45½	46¾
Atlas Corp....	8¾	8¾
Com Inv. Tr.	49⅞	51½

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).

WEEKLY AVERAGES

	1938 Low Mar. 30	1938 High Jan. 12	July 13, 1938	July 20, 1938	July 27, 1938
347 Ind'ls. ...	75·9	108·6†	104·4	108·6	106·9
32 Rails	19·0	31·4	26·8	29·4	27·9
40 Utilities ...	57·7	78·8	76·0	77·8	75·5
419 Stocks ...	63·7	90·7†	87·2	90·7	88·9
Av. yield %*	8·35 High	3·99† Low	4·18	3·99	4·96

* 50 Common Stocks. † July 20th.

(*Continued on page* 244)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields of fixed interest stocks 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 increase or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1937 Highest	Prices, Year 1937 Lowest	Prices, Year 1938 Jan. 1 to July 27, inclusive Highest	Lowest	Name of Security	Price July 27, 1938	Change since July 20, 1938	Yield July 27, 1938 £ s. d.
				British Funds			
84 15/16	73⅛	79¼	71	Consols 2½%	75¾	−¼	3 6 3
113	105¾	111¾	107	Do. 4% (aft. 1957)	110½	...	3 5 0n
101 5/16	94⅜	100 7/16	96	Conv. 2½% 1944-49	100⅜	+⅜	2 10 6
103 9/16	97⅜	103¼	99	Do. 3%, 1948-53...	101½x	+½	2 16 3
106 25/32	99	104⅝	98¼	Do. 3½% after 1961	103¾	−¼	3 5 6n
108	105	105	104 3/16	Do. 4½% 1940-44	105	...	1 19 0
117½	111¼	115⅝	112¼	Do. 5% 1944-64 ...	114⅞	+⅜	2 10 0
92½	89	91½	87⅝	Fund. 2½% 1956-61	91½	...	3 0 3
96⅞	89⅞	97 13/16	94	Fund. 2¾% 1952-57	97	...	2 19 4
101⅝	92⅞	99 9/16	95⅛	Fund. 3% 1959-69...	99	...	3 1 0
116⅜	109	114⅞	110½	Fund. 4% 1960-90...	114¼	−¼	3 1 3
99 3/16	96	101 9/16	97¾	Nat. D. 2½% 1944-48	101¼	...	2 6 9
114¾	107⅛	112 13/16	107¾	Victory Bonds 4%...	112¾	...	3 11 0f
105 13/16	99⅝	103⅝	99½	War L. 3½% af. 1952	102⅞	−⅛	3 4 6n
96⅞	84 3/16	90⅛	84⅛	Local Loans 3%	88¾	−¼	3 7 7
102	99½	102	99½	Austria 3% 1933-53..	101	...	2 18 4
72	62	68½	63¼	India 2½%	68	...	3 13 6
85¼	74¼	82¼	75	Do. 3%	81½	−½	3 13 6
98¾	87	95⅝	88½	Do. 3½%	94½	−½	3 14 0
119½	112¼	117	114¾	Do. 4½% 1958-68	116	...	3 8 0
				Dom. & Col. Govts.			
109⅞	105	108⅞	104¾	Austr. 5% 1945-75 ...	106	...	4 0 0
105⅝	101	104 15/16	100¼	Canada 4% 1940-60	103	...	3 6 0
118	114½	115	112⅞	Nigeria 5% 1950-60	113	...	3 12 9
110	104¼	108	101¾	N. Zealand 5% 1946	104	...	4 8 0
107⅝	103¼	107 19/32	102	Queens. 5% 1940-60	104	...	3 7 6
114⅛	110½	112 13/16	109¾	S.Africa 5% 1945-75	110	...	3 7 5
				Foreign Governments			
103	93	96½	87½	Arg. 4½% Stg. Bds.	88	...	5 2 3f
105½	97¾	102	24	Austria 1930 5%	49	−1	10 4 0
91¾	84¼	88	48	Do. 4½% 1934-59	69	+1	7 10 0
102⅛	95¼	99	95	Belg. 4% red. by 1970	97½	−½	4 2 0
33¼	24½	34½	31½	Bulgaria 7½%	34½	...	7 4 11m
89¾	37	37½	16	Brazil 5% Fd. 1914	19½	−1	Nil
28	15	19⅝	16¼	Chile 6% (1929)	17½	...	4 8 6v
95¾	54½	60½	40½	China 5% (1912)	47½	−1	10 10 6f
101⅞	59	73½	43	Do. 5% (1913)	60½	−2	8 5 3f
108⅝	101½	105¾	58	Czechoslovakia 8%	74	−2½	10 16 3f
100	92½	98½	94	Denmark 3%	97½	...	3 2 0
106½	100½	104	100¼	Egypt Unified 4%	101½	−½	3 19 0
18⅛	11	13	9¼	French 4% (British)	10½x	...	5 10 0e
66	52¾	60	43½	Ger. Dawes Ln. 5%	54½	...	9 3 6
49¼	35	46	32½	Do. Young Ln. 4½%	41	...	10 19 6
40¾	30	34½	25	Greek 6% Stab. Ln.	32½	...	7 11 6w
62	47⅛	58½	30	Hungary 7½%	44½	+1	8 8 6h
88¾	53	60	38	Japan. 5½% 1936-65	45	−3½	12 4 6f
94¾	57⅛	64½	43	Do. 6% ('24) red. 1959	46	−3	13 0 9f
121¾	110½	124	115	Norwegian 4% 1911.	117½	...	3 8 0
61½	40¾	50	36	Peru 7½% 1922	47½	...	...
83	56	75½	54	Poland 7%	75½	...	7 5 8s
20½	13	15¾	11	Roum. 4% Con. 1922	14½	...	12 6 0y
96⅝	88¼	92	78	U.K. & Arg. C. 3% ...	83	+1	3 12 3
				Corporation Stocks			
118	111½	115¾	110½	Bir'ham 5% 1946-56	113	...	3 4 0
118¾	112¾	117	112	Bristol 5% 1948-58...	115	...	3 5 0
95¼	82½	87½	83	L.C.C. 3%	87	...	3 9 0
101	93	97½	94	Liverpool 3% 1954-64	97	...	3 4 0
104⅜	100⅜	105½	101½	Middx. 3½% 1957-62	105	+1	3 3 6

Prices, Year 1938 Jan. 1 to July 27, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, July 27, 1938	Change since July 20, 1938	Yield July 27, 1938
				Public Boards			
115½	110½	2⅛	2½	C. Elec. 5% 1950-70	115	...	3 12 9
				Lon. Pass. Transport			
119½	112	2¼	2¼	4½% "A" 1985-2023	118½	...	3 11 0
129¾	125	2¾	2½	5% "A" 1985-2023...	128½	...	3 11 0
122⅝	116½	2½	2½	5% "B" 1965-2023...	119½	...	3 12 6
84	73¼	2¾ b	1½ a	"C" 1956 or after	74	−1½	5 14 10
92	85	1½	1½	Met. W.B. "B" 3%	92	...	3 5 0
118	114¼	2½	2½	P. of Lon. 5% 50-70	116	...	3 7 0
				British Railways			
65	38	½ a	3½ b	G.W. Ord.	40	−3	10 0 0
4⅝	2⅛	Nil	Nil	L. & N.E.R. Def.	2⅜	−⅛	Nil
8⅝	4	Nil	Nil	Do. 5% Pref. Ord.	4¼	−¼	Nil
97	51	3¾ b	Nil a	Do. 5% Pref. 1955	53½	−9	7 0 2f
27⅛	10¼	½ c	1¾ c	Do. 4% 2nd Pf.	11	−2	15 18 3
68¼	30	3 b	Nil a	Do. 4% 1st Pf.	32½	−8½	9 4 7
30⅛	12⅞	1¼ c	1½ c	L.M.S. Ord.	13¾	−¾	10 18 2
70¼	31½	4 c	4 c	4% Pf. 1923	34½	−6½	11 11 0
82¼	55	2 a	2 b	4% Pf.	58½	−4½	6 16 9
21⅜	12¾	½ c	1½ c	Southern Def.	13¾	−1¾	10 18 2
87	58	3 b	1 a	Do. 5% Pf. Ord.	59½	−8	6 16 9
115½	99¼	2½ a	2½ b	Do. 5% Pf.	101½	−6½	5 0 0
				Dom. & Foreign Rys.			
14	7 7/16	Nil	Nil	Antofagasta Ord.	11½	+½	Nil
6⅛	3⅜	Nil	Nil	B.A. & Pac. Ord.	5	...	Nil
17	8¾	Nil	Nil	B.A. Gt. Sthn. Ord.	13	...	Nil
12½	6⅛	Nil	Nil	B.A. West. Ord.	9	...	Nil
13¼	6½	Nil	Nil	C. Arg. Ord.	9	...	Nil
8 7/16	5	Nil	Nil	Can. Pac. Com. $25..	7	...	Nil
28½	25¼	2 c	2 c	Costa Rica Ord.	25½x	−½	7 16 10
43/9	33/9	Nil	1 c	Nitrate Rlys. £10	40/-	...	5 0 0
66	35	†2 a	†2 b	San Paulo Ord.	41	...	9 15 3†
16/3	13/9	1 c	1 c	Taltal Rly. Ord. £5	15/-	...	6 13 3
				Banks and Discount			
75/6	59/-	10 b	7½ a	Alexanders £2, £1 pd.	66/3	...	5 6 0
35/-	32/6	5 a	5 b	Bk. of N. Zealand £1	32/6	−1/3	4 18 5e
352½	330	6 a	6 b	Bk. of England	349½	...	3 8 8
76/6	71/3	7 b	7 a	Barclay B. £1	75/-	...	3 13 3
44/7½	41/-	3¼ b	3 a	Barcl. (D.,&c.) A £1	44/-	...	2 14 6
8 9/16	7¼	3½ a	4½ b	Bk. of Aust. £5	8	...	5 0 0
£44⅛	£39½	8 c	8 c	Bk. of Mont. $100	£43½	...	3 13 9e
26½	24	o5¼ c	o6 c	Bk. of N.S.W. £20	24½	−½	3 17 6e
55/-	32/6	6 c	Nil c	Brit. Overseas A £5	47/6	...	Nil
12 19/32	11 5/16	7 a	7 b	Chtd. of India £5	12	...	5 16 8

Prices, Year 1938 Jan. 1 to July 27, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, July 27, 1938	Change since July 20, 1938	Yield July 27, 1938 £ s. d.
13/4½	12/-	3⅓ a	3¾ b	Com. Bk. of Aus. 10/-	13/1½x	...	4 6 4
53/9	50/-	5 b	5 a	District B. £1 fy pd...	52/6x	...	3 16 2
90/-	74/6	3½ b	3½ a	En. S. & Aust. £5 £3p.	80/-	...	5 5 0
10⅝	9 15/16	10 b	8 a	Hambros £10, £2½ p.	10	...	4 10 0
£96¼	£82	£3 b	£2½ a	Hong. and S. $125.	£88½x	+1	6 4 4
64/6	56/9	6 b	6 a	Lloyds £5, £1 pd.	59/6x	...	4 2 0
9¾	8⅜	9 b	7 a	Martins £20, £2½ pd.	8½	...	4 2 0
89/3	78/3¾	8 b	8 a	Midland £1, fy. pd..	85/6x	...	3 14 9
6 3/16	5¾	5 a	5 b	Nat. Dis. £2½ fy. pd.	6x	...	4 3 3
41	34	4 a	11 b	Nat. of Egypt £10	35½	...	4 4 0
41¼	37½	9 a	9 b	N. of Ind. £25, £12½p	39½	...	3 16 0
3⅞	3 7/16	7½ b	7½ a	N. Prov. £5, £1 pd.	3 21/32x	...	4 2 0
488	444	8½ a	8½ b	Roy. Bk. of Scotland	457	−3	3 14 5
16 5/16	13⅞	5 a	10 b	St. of S.A. £20, £5 pd.	16¼	+⅛	4 13 5
51/3	43/-	6¼ b	3¾ a	Union Dis. £1	47/6x	...	4 4 3
99/-	90/-	11 b	9 a	West. £4, £1 pd.	97/-x	+6d	4 1 6
				Insurance			
28⅝	24½	40 a	50 b	Alliance £1, fully pd.	28	...	3 4 3
16¼	12¾	†3/6 a	†4/6 b	Atlas £5, £1¼ pd.	15¾	...	2 10 9†
10 5/16	9⅛	20 a	20 b	Com. Un. £1, fy. pd.	10	...	4 0 0
5½	4⅝	1/6 a	2/- b	Gen. Acc. £1, 5/ pd.	5	+¼	3 10 0
31	26⅛	25 a	25 b	Lon. & Lanc. £5, £2 pd.	29½	+½	3 7 10
11⅞	9½	3/2 a	3/1 b	N.Brit.&Mer. £1¼, f.p.	11¾	+½	2 13 0
20⅝	18½	†30 b	†25 a	Pearl (£1), fy. pd.	20x	+½	2 15 0†
16	13¾	6/- a	6/- b	Phœnix £1, fy. pd.	15¾	...	3 16 2
35⅝	29½	†25 a	†72¼ b	Prudential £1 A	35½	+¼	2 15 0†
106/-	81/3	†50 c	†50 c	Do. £1, with 4s. pd.	98/9	...	2 1 0†
10 5/16	8¼	11 a	19 b	Royal Exchange £1.	10	...	3 0 0
9 1/16	7½	3/3 a	3/3 b	Royal £1, 10/- pd.	8⅞	...	3 13 0
17	15¼	6/6 a	6/6 b	S.U.& Nl.A £20, £1pd	16½	...	3 19 0
88/1½	69/8¼	1/3 a	1/6 b	Sun In., £1 with 5/pd.	82/6	...	3 6 6
8 11/16	7¼	†10 a	†10 b	Sun Lf. Ass., £1 fy.pd.	8½	...	2 6 9†
				Investment Trusts			
267	230	4 a	8 b	Anglo-Amer. Deb.	240	+5	5 0 0
65½	47½	3 c	3½ c	Anglo-Celtic Ord.	47½	...	7 7 4
11/3	7/6	7½ c	10 c	Brit. Assets Trust 5/-	11/3	...	4 9 0
233	208	6 b	4 a	Debenture Corp. Stk.	214	+1	4 13 6
75	55½	1½ a	3 b	For. Amer., &c., Def.	66½	...	6 15 9
137½	119½	4½ b	2½ a	Guardian Investment	119½	...	5 17 2
254	201	4 a	8 b	Ind. and Gen. Ord.	242½	+10½	4 19 0
275½	223	5 a	8 b	Invest. Trust Def.	237½	+8½	5 9 5
17/-	14/9	2½ a	6½ b	Lake View Inv. 10/-	16/-	−6d	5 12 6
252½	233	8½ b	3½ a	Mercantile Inv.	242½x	+2½	4 19 0
154	123	4½ b	3 a	Merchants Trust Ord.	125	...	6 2 4
251½	223	7 b	5 a	Metropolitan Trust	229x	...	5 4 7
5/-	3/4½	2½ c	4 c	Scottish Inv. 5/-	5/-	...	4 0 0
218	178	3½ a	6 b	Scottish Mort., &c.	183	+3½	5 3 6
221	190½	3 a	9 b	Trustees Corp. Ord.	199	+1	5 0 3
193	167	6 b	4 a	United States Deb.	174x	...	5 14 7
				Financial Trusts, &c.			
11/9	6/3	2½ c	4 c	Argentine Land, &c. 10/	9/1½	...	8 11 5
35/-	22/9	10 c	13⅓ c	Brit.S.Afr. 15/- fy. pd.	27/-	−6d	7 8 0
23/9	15/7½	10 c	10 c	Charterhouse Inv. £1	20/-	...	10 0 0
16/10½	13/10½	2 a	2 b	C. of Lond.R.Pty. £1	15/-	...	5 6 9
33/9	25/7½	†2½ a	†8¾ b	Daily Mail & Gen. £1	29/6	−1/-	7 12 8
7	6 1/16	4¼ b	3 a	Dalgety £20 £5 pd.	6⅜	...	5 14 0
23/6	19/3	3 a	6 b	Forestal Land £1	21/3	−3d	8 9 4
25/10½	19/-	Nil c	s 4 (c)	Hudson's Bay Co. £1	23/6	...	3 15 0
20/-	13/9	2½ a	5 b	Java Invest. £1	17/6	...	8 11 6
5⅜	2¼	Nil	Nil	Peru. Corp. Pref.	3¼	...	Nil
10/6	7/-	3 c	3½ c	Primitiva Hold. £1	8/6	...	8 5 0
17/3	12/6	7½ c	7½ c	Staveley Trust £1	13/9	−7½	10 1 9
34/10½	23/9	10 c	12½ c	Sudan Plant. £1	31/-	...	8 0 0
				Breweries, &c.			
77/6	61/3	12½ b	5 a	Ansell's Brewery £1	74/-	−6d	4 15 0
32/-	21/9	5½ b	2½ a	Barclay Perkins £1	27/-	...	5 19 0
131/-	103/9	†20 b	†5 a	Bass Ratcliff Ord. £1	128/-	+1/-	3 18 2†
67/-	51/-	3 a	12 b	Charrington & Co. £1	65/-	−1/-	4 12 8
82/6	70/-	6 a	14 b	Courage Ord. £1	80/-	...	5 0 0
107/9	85/-	7½ a	15 b	Distillers Ord. £1	99/-	+1/-	4 9 9
125/-	102/6	17 b	12 a	Guinness Ord. £1	114/6	−1/-	5 1 4
113/6	91/-	20 b	7½ a	Ind Coope & All. £1	104/-	−3/-	5 5 9
43/-	34/-	3½ a	7½ b	Meux's Ord. £1	40/6	−6d	5 8 6
93/-	76/3	15 b	8 a	Mitchells & Butlers £1	88/-	+1/-	5 4 6
75/-	63/9	5 a	12½ b	Ohlsson's Cape £1	71/6	+2/6	4 18 0
78/-	65/-	14 b	4 a	Simonds (H.&G.) £1	71/-	...	5 1 0
108/6	87/6	†5 a	†17½ b	S. African Bws. £1	108/-	+6d	4 3 4
42/-	30/-	4 a	6 b	Taylor Walker Ord. £1	39/-	...	5 2 0
26/3	19/4½	5½ b	2 a	Walker (P)&R.Cain £1	23/-	+9d	6 10 0
77/9	62/6	13 b	6 a	Watney Combe Def. £1	75/6	...	5 0 6
				Iron, Coal and Steel			
24/6	19/9	4 a	6 b	Allied Ironfound. £1.	20/7½	−7½d	9 14 3
44/-	37/3	4 a	6 b	Babcock Wilcox £1	39/4½	−7½d	5 1 6
9/4½	4/7½	10 c	10 c	Baldwins 4/-	5/6	...	7 5 0
46/3	37/3	4 a	10 b	Bolsover Col. Ord. £1	39/4½	...	7 2 3
32/3	24/9	†5 a	†12½ b	Brown (J.) Ord. 10/-	28/9	+7½d	6 1 0†
36/7½	27/6	†2 a	†6 b	Butterley Co. Ord. £1	27/6	−1/3	5 16 4†
11/3¾	6/9	5 c	8⅓ c	Cammell Laird 5/-	7/6	−3d	5 6 9
25/7½	19/9	3 a	5 b	Colvilles Ord. £1	22/-	−3d	7 6 0
11/10½	7/5¼	7½ c	10 c	Consett Iron Ord. 6/8	8/6	...	7 13 0
87/6	78/6	5 a	15 b	Cory, William, Ord. £1	85/-	+7½d	4 14 0
34/3	19/9	6 c	10 c	Dorman Long Ord. £1	22/6	−1/3	8 17 0
55/3	34/3	14 c	18 c	Do. Pref. Ord. £1	40/-	...	9 0 0
70/-	62/6	†6 a	†11½ b	Firth Brown £1	67/6	...	5 4 0†
31/1½	22/6	†3 a	†4½ b	GuestKeen &c. Ord. £1	24/9	...	6 1 0†
33/9	26/6	7½ a	15 b	Hadfields 10/-	30/-	−3d	7 10 0
31/4½	21/6	7½ b	2½ a	Horden Collieries £1	24/9	...	8 2 0
29/-	25/9	5 c	9½ c	Lambert Bros. Ord. £1	27/-	...	7 0 0
13/10½	7/7½	2 c	3½ c	Ocean Coal & Wilson £1	9/3	+9d	7 10 0
12/3	8/10½	5 c	10 c	Pease and Partners 10/	10/-	...	10 0 0
23/9	16/9	2 a	5½ b	Powell Duffryn £1	17/9	+3d	8 8 0
48/4½	36/2¼	†7½ b	†5 a	Sheepbridge C.&I. £1	38/9	...	6 8 0†
35/4½	24/4½	3½ a	8½ b	Shipley Coll. Ord. £1	26/3	...	9 2 10
40/-	28/9	12 c	13 c	S. Durham } Ord. £1	31/3	...	8 6 5
20/-	12/-	6 c	7 c	Steel & Iron } BOrd £1	13/1½	−1/3	10 14 0
47/-	38/4½	4 a	6 b	Stanton Iron. £1	38/9x	...	5 3 3
58/-	46/-	†9½ b	†3 a	Staveley Coal, etc. £1	48/9	...	5 2 0†
40/3	31/6	7½ c	12½ c	Stewarts & Lloyds £1	37/6	...	6 13 3
28/9	23/3	4 a	6 b	Swan, Hunter £1	27/6	...	7 5 5
10/10½	2/7½	15 c	5 c	Thomas (Rich.) 6/8	2/9	−3d	?

(a) Interim dividend. (b) Final dividend. (c) Dividends for full year. (d) Paid in £N.Z. (e) Allowing for exchange. (f) Flat yield. (h) Yield on 3¾% basis. (m) Based on payment of 2½%. (n) To redemption at par, in year shown. (v) Yield on 1⅝% basis. (s) Yield worked on a 5½% basis. (w) Yield based on 40% of coupon. † Free of Income Tax. (v) Yield based on 47% of coupon. (p) Yield worked on a 10% basis. (t) Yield worked on a 14% basis. (s) 1% paid free of income tax.

Prices, Year 1938 Jan. 1 to July 27, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, July 27, 1938	Change since July 20, 1938	Yield July 27, 1938 £ s. d.
				Iron, Coal, &c.—cont.			
25/6	20/9	Nil	Nil	Thornycroft, John £1	25/-	...	Nil
$64	$38½	1 c	Nil c	U. States Steel $100	$62½	−1	Nil
27/6	20/-	6 b	3 a	Un. Steel Cos. Ord. £1	23/3	+3d	7 14 0
26/10½	19/9	10 c	10 c	Vickers 10/-	21/-	...	4 15 0
29/6	21/-	10 c	3¾ a	Ward (Thos. W.) £1.	25/-	...	8 0 0
36/6	33/1½	10⅔ c	12⅔ c	Weardale S. etc. Df £1	35/-	...	7 4 0
5 15/16	4⅛	12½ a	22½ b	Whitehead I. & S. £1	4¼	−⅜	8 4 0
51/3	40/7½	15 c	15 c	Yarrow & Co. £1	50/-	...	6 0 0
				Textiles			
5/9	2/9	Nil	Nil	Bleachers £1	3/4½	+3d	Nil
5/6	2/10½	Nil	Nil	Bradford Dyers £1	4/-	+1½d	Nil
5/4½	2/4½	Nil	Nil	Brit. Cel. Ord. 10/-	2/9	−3d	Nil
7/6	4/-	Nil	Nil	Calico Printers £1	5/4½	+3d	Nil
41/9	32/6	10 c	10 c	Coats, J. and P. £1	38/6	...	5 3 3
48/1½	26/9	7 b	1½ a	Courtaulds £1	28/3x	−9d	6 0 0
39/9	26/9	2½ a	7½ b	English Swg. Ctn. £1	30/-	...	6 13 3
6/9	3/4½	Nil	Nil	Fine Cotton Spin. £1	4/4½	+3d	Nil
33/9	25/-	5½ b	3 a	Linen Thread Stk. £1	28/9	...	5 18 3
49/4½	36/3	†12½ c	†10 c	Patons & Baldwins £1	46/3	+1/10½	4 6 6†
18/9	6/3	6 c	Nil a	Whitworth & Mit. £1	7/6	...	16 0 0
				Electrical Manufactg.			
45/3	34/9	10 c	10 c	Associated Elec. £1	39/-	...	5 2 6
95/6	77/6	5 a	15 b	British Insulated £1	92/6	...	4 6 7
103/3	78/9	5 a	15 b	Callenders £1	98/9	−3/9	4 1 0
32/6	18/9	6½ b	6 a	Crompton Park. A 5/-	30/-	...	2 1 9
31/9	24/4½	Nil c	10 c	English Electric £1	31/6	+6d	6 6 0
79/3	67/-	17½ c	20 c	General Electric £1	77/6	+6d	5 2 0
21/3	16/-	15 b	5 a	Henleys (W. T.) 5/-	21/3	...	4 14 0
41/3	34/-	5 a	7½ b	Johnson & Phillips £1	38/-	...	6 12 6
30/6	22/9	7½ c	7½ c	Siemens £1	25/-	...	6 0 0
				Electric Light, &c.			
$13 11/16	$7⅜	Nil	$1 c	Brazil Trac., no par..	$13½	...	7 8 3
68/-	62/6	9 b	6 a	Bournemouth & Ple.	66/3	...	4 12 4
39/3	24/6	2 a	5 b	British Pow. & Lt. £1	30/6	+6d	4 11 9
34/3	33/-	4 b	3½ a	City of London £1	33/6	...	4 11 6
42/-	33/6	3 a	5 b	Clyde Valley Elec. £1	37/6	+6d	4 5 4
51/-	45/3	3 a	7½ b	County of London £1	49/6	...	4 5 0
27/9	27/-	4 a	5 b	Edmundsons £1	27/6	...	4 7 0t
35/-	31/3	2½ a	5 b	Lancashire Elec. £1	32/-	...	4 12 6
32/4½	28/9	4 b	3 a	Lond. Ass. Elec. £1..	30/-x	...	4 13 4
50/9	43/6	9 b	3 a	Metro. Electric £1	50/-	...	4 16 0
38/-	33/3	2½ a	5½ b	Midland Counties £1	38/-	...	4 5 0
33/-	26/6	2½ a	4½ b	North-East. Elec. £1	33/-	...	4 4 0
49/-	44/6	6 b	4 a	North Metro. £1	48/9x	...	4 2 0
38/9	34/-	2½ a	5½ b	Scottish Power £1	38/-	...	4 5 0
41/10½	37/6	5 b	3 a	Yorkshire Electric	41/-	...	3 17 6
				Gas			
25/-	21/6	5⅜ b	5⅜ a	Gas L. & C. £1	24/6	...	4 16 6
138	117	4 a	6 b	Imp. Cont. Stk.	125½	...	7 19 4
23/9	21/6	2⅞ b	2½ a	Newc.-on-Tyne £1 ..	23/6	+6d	4 11 0
109¾	101¾	3 b	2½ a	S. Metropolitan Stk.	107½	...	5 2 4
				Motors and Cycle			
51/3	36/3	15 c	12½ c	Albion Motors Ord. £1	40/-	−2/6	6 5 0
39/4½	31/-	†7½ c	†2½ a	Assoc. Equip. Ord. £1	36/3	...	4 2 9†
32/6	22/-	50 c	50 c	Austin 5/-	25/7½	−7½d	9 15 0
23/3	18/3	Nil	Nil	Birm. Sml. Arms £1	22/6	−6d	Nil
24/0¾	18/-	83⅓ b	33⅓ a	Dennis 1/-	22/6	−1/3	5 4 0
23/1½	16/3	6 c	5 c	Ford Motors £1	19/4½	...	5 3 4
57/6	48/-	12½ b	2½ a	Lucas, J. (£1)	56/3	+1/3	5 6 9
89/4½	71/3	20 c	25 c	Leyland Motors £1 ..	85/-	...	5 19 6
33/3	24/9	45 c	45 c	Morris Motors 5/- Od.	29/-	−3d	7 16 0
61/3	38/1½	20 b	5 a	Ral. Cycle Hold. £1	43/9	−1/3	11 8 0
104/3	81/3	6 a	16½ b	Rolls-Royce £1	102/6	+1/3	4 7 9
16/7½	9/9	25 c	40 c	Stand. Motor 5/-	15/-	+1/-	6 13 3k
				Shipping			
7 3/16	3⅞	5 a	15 b	Clan Line Steam. £1	5	...	4 0 0
4/6	2/7	Nil	Nil	Cunard £1	3/-	−3d	Nil
24/6	15/7½	3 c	5 c	Furness, Withy £1	18/-x	...	5 11 0
24/6	17/6	4 c	2½ a	P. & O. Def. £1	22/-	...	4 10 0
23/7½	16/9	4½ c	5 c	Royal Mail Lines £1.	19/6	+6d	5 2 0
22/3	13/6	Nil c	Nil c	Union Castle Ord. £1	15/6	...	Nil
				Tea and Rubber			
18/6	9/6	2½ c	5 c	Allied Sumatra £1	16/9	+3d	6 0 0
30/-	18/1½	4 a	5 b	Anglo-Dutch £1	29/9	+9d	6 0 0
29/4½	18/3	5 a	10 b	Bah Lias £1	27/6	+1/3	10 18 0
27/-	22/6	2 a	6 b	Jhanzie Tea £1	25/-	+1/3	6 8 0
38/6	31/6	5 a	7½ b	Jorehaut Tea £1	36/3	+1/3	6 18 0
37/6	29/6	2½ a	10 b	Jokai (Assam) £1	36/3	+2/6	6 19 0
18/10½	10/-	5 c	5 c	Linggi Plant. £1	18/-	+6d	5 11 0
3/10	2/0¾	5 a	7½ b	London Asiatic 2/-	3/7½	...	6 19 0
30/10½	17/6	4 a	6 b	Rubber Trust £1	30/9	+3d	6 10 0
3/8¼	2/-	5 a	10 b	United Serdang 2/-	3/4½	...	8 19 0
				Oil			
108/9	67/-	5 a	20 b	Anglo-Iranian £1	106/3	+4/3	4 14 0
32/6	24/9	32½ a	12½ b	Apex (Trinidad) 5/-	30/3	−1/-	7 8 0
45/-	25/-	Nil	Nil	Attock £1	43/9	...	Nil
6 1/16	4	5 a	25 b	Burmah Oil £1	4 9/16	+1/16	4 7 0k
12/10½	3/7½	10d ps c	11d ps c	Mexican Eagle M.$4	5/3	−9d	?
£42	£33⅞	6 a	11 b	Royal Dutch fl.100	£38½	−⅜	5 0 0e
5 1/16	3½	†7½ a	†12½ b	Shell Transport £1	4 21/32	−3/32	4 5 0†
5 3/16	4 1/16	20 b	10 a	Trinidad Lease. £1	5 5/32	−1/32	5 17 0
				Miscellaneous			
20/6	17/3	5 c	5 c	Aerated Bread £1	20/-	...	5 0 0
25/-	20/-	9 c	8 c	Allied News. £1	21/6	...	7 8 0
25/9	18/-	7 c	7 c	Amal. Metal £1	23/1½	...	6 1 0
16/6	11/3	5 a	3 b	Amal. Press 10/-	14/-	...	5 14 0
15/-	11/-	11 b	10 a	Assoc. Brit. Pic. 5/-	13/3	...	8 0 0
17/9	10/3	26⅔ c	25 c	Assoc. News. Df. 5/-	12/-	−6d	10 8 6
88/1½	67/6	7½ a	15 b	Assoc. P. Cement £1	82/6	...	5 8 0
72/6	56/10½	5 a	10 b	Barker (John) £1	61/3	−1/3	4 18 0
65/7½	41/3	60 c	85 c	Beechams Pills Df. 5/-	55/-	−5/-	7 14 0
49/9	37/6	m 29 c	s32⅓ c	Boots Pure Drug 5/-	42/6	...	4 6 0
29/9	23/1½	7½ c	10 c	Borax Deferred £1	27/-	...	7 8 0
17/9	12/6	t 9 c	Nil c	Bow. Paper Mills £1	13/-	−1/-	Nil
57/10½	44/3	7½ a	17½ b	Bristol Aero. 10/-	55/-x	...	4 14 0
53/1½	40/6	4 a	8½ b	Brit. Aluminium £1	49/4½	−3/1½	5 1 0
36/3	31/-	2¾ a	5 b	British Match £1	33/-	−6d	4 14 0
5 7/16	4 13/32	†20 c	†21¼ c	Brit.-Amer. Tob. £1	5¼	...	4 2 6†
84/4½	64/4½	7 a	10 b	British Oxygen £1	72/6	−1/3	4 13 9
62/-	46/3	17½ b	7½ a	Brockhouse (J.) £1	52/6	...	9 10 0
68¾	45½	Nil c	4 c	Cable & Wir. Ord.	55	+1	7 5 6
7 11/16	6	20 b	15 a	Carreras A Ord. £1	7⅝	+⅛	4 12 0
14/-	8/3	20 c	25 c	Crittall Mfg. Ord. 5/-	12/9	−3d	9 16 0
45/-	38/3	10 c	12½ c	De Havilland Air. £1	45/-	+1/3	5 11 0
33/-	25/3	9 c	9 c	Dunlop £1	27/6	−1/9	6 10 11
38/6	35/-	10 b	5 a	Eastwoods Ord. £1	37/6	...	8 0 0
16/3	9/9	10 c	10 c	Elec. & Mus. Ind. 10/-	13/9	+3d	7 5 8
26/3	18/-	15 a	20 b	Ever Ready Co. 5/-	20/6	...	8 10 0

Prices, Year 1938 Jan. 1 to July 27, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, July 27, 1938	Change since July 20, 1938	Yield July 27, 1938 £ s. d.
26/4½	17/-	10 c	†12½ c	Fairey Aviation 10/-	26/-	+6d	4 16 0†
56/-	45/-	5 a	7½ b	Finlay (Jas.) & Co. £1	56/3	+1/3	4 9 7
6 21/32	5 5/16	7½ a	20 b	Gallaher Ltd. Ord. £1	6 5/16	...	4 6 0
7/-	3/9	Nil c	Nil c	Gaumont-Brit. 10/-	4/9	...	Nil
20/6	11/3	8 a	8 b	Gen. Refract's 10/-	13/6	−6d	11 17 0
35/3	23/-	22½ b	15 a	Gestetner (D) (5/-)	30/-	...	5 16 0v
90/7½	68/9	5 a	20 b	Harrisons&Cros.Df. £1	88/9	+2/6	(d)
76/6	60/7½	5 a	13½ b	Harrods £1	66/3	+7½d	5 11 7
30/-	19/10½	27½ b	15 a	Hawker Siddeley (5/-)	28/3	+3d	7 10 4
28/3	21/-	8 c	9 c	Imp. Airways £1	27/6	...	6 11 0
35/3	27/6	3 a	5½ b	Imp. Chem. Ord. £1	31/3	−6d	5 8 8
13/7½	8/-	Nil c	5 c	Imp. Smelting £1	11/10½	−1½d	8 8 0
7¾	6	†17½ b	†7½ a	Imp. Tobacco £1	7⅛	...	3 11 9†
$53½	$38⅞	c$1·30	c$2·25	Inter. Nickel n.p.	$52	−$½	3 16 1½n
12/9	8/7½	5 a	5 b	International Tea 5/-	10/3	+1/3	4 17 7
40/3	32/9	4 a	6 b	Lever & Unilever £1	38/9	...	5 3 3
60/-	43/9	22½ c	20 c	London Brick £1	56/3	...	7 2 3
5 13/16	5	8⅓ a	14⅙ b	Lyons (J.) Ord. £1	5 11/16	...	3 18 0
60/7½	42/6	15 a	27½ b	Marks & Spen. 'A' 5/-	57/6	...	3 11 6
4 11/16	3⅜	12½ b	7½ a	Murex £1 Ord.	3⅞	−⅛	5 3 0
37/-	32/6	2½ a	9⅜ b	Phillips (Godfrey) £1	35/-	...	6 16 0
35/6	26/3	7½ a	10 b	Pinchin Johnson 10/-	32/6	...	5 7 6
42/9	26/3	12½ a	37½ b	Prices Trust Ord. 5/-	40/-	−1/3	6 11 9
58/9	42/6	3⅛ a	11⅞ b	Radiation Ord. £1	53/9	−1/3	5 10 8
5 15/32	4⅞	22½ c	22½ c	Reckitt & Sons Ord. £1	5⅜	...	4 4 0
14/3	11/-	†5 a	†8⅓ b	Sears (J.) Ord. 5/-	11/9	...	5 14 6†
14/6	8/9	2½ c	4 c	Smthfld. & Arg. Mt. £1	10/3	+3d	7 16 0
60/6	51/6	2½ a	12½ b	Spillers Ord. £1	55/-	...	5 9 0
26/10½	21/-	Nil	Nil	Swed. Match, B.kr.25	26/3	−7½d	Nil
83/-	70/-	14 b	4¼ a	Tate and Lyle £1	78/9	...	4 12 0
48/3	36/6	5 a	5 b	Tilling, Thos. £1	46/3	...	4 6 6
68/4½	52/6	11 b	5 a	Tob. Secrts. Ord. £1	65/-	...	4 19 0
53/-	30/7½	60 c	w35 c	Triplex Safety G. 10/-	35/-	−5/-	10 0 0
89/4½	74/4½	16¼ b	10 a	Tube Investments £1	84/4½	...	6 4 0
87/6	70/-	16¼ b	3¾ a	Turner & Newall £1..	79/8	−4d	5 0 4
57/4½	46/3	7½ b	5 a	United Dairies £1	56/3	...	4 10 6
27/7½	18/4½	15 b	7½ a	United Molasses 6/8..	23/9	...	6 6 4
39/8¼	33/9	7½ b	5 a	W'llpapr Mfrs. Def. £1	35/7½	...	7 0 0
39/3	32/6	3 a	7 b	Wiggins, Teape Ord. £1	36/6	...	5 10 0
70/-	60/6	15 a	45 b	Woolworth Ord. 5/-	65/-	...	4 12 4
				Mines			
70/7½	52/6	95 c	95 c	Ashanti Goldfields 4/-	67/-	...	5 13 6
12/10½	8/0¾	p 11 b	p 6 a	Burma Corp. Rs. 9	11/6	...	10 2 0r
3/6	1/6	Nil c	Nil	Commnwlth. Mng. 5/-	2/6	−4½d	Nil
81/3	62/6	32½ c	6¼ a	Cons. Glds. of S. Af. £1	77/6	−6d	5 3 3
16⅞	14¾	95 b	95 a	Crown Mines 10/-	16½	+¼	5 16 0
13 5/16	6	30 a	Nil b	De Beers (Def.) £2½..	9⅜	−⅛	8 0 0
69/4½	51/10½	20 c	15 c	Jo'burg. Cons. £1	52/6x	−1/3	5 14 3
48/3	30/10½	11¼ b	11¼ a	Randfontein £1	37/-	...	12 2 0
12⅞	9⅛	37½ b	25 a	Rhokana Corp. £1	12¼	+¼	5 11 0
19⅞	12¾	Nil	Nil	Rio Tinto £5	14½	−¼	Nil
21/7½	13/7½	80 c	10 a	Roan Antelope Cpr. 5/-	18/3	−3d	(b)
11½	9⅜	75 a	75 b	Sub Nigel 10/-	11⅛	+⅛	6 14 0
9⅛	7	2/6 a	6/- b	Union Cp. 12/6 fy pd.	9	...	4 14 0
9 25/32	5 15/16	Nil	Nil	W. Witwatersrand 10/-	7⅜	−¼	Nil
19/1½	5/2¼	10 c	Nil c	Wiluna Gold £1	15/3	...	Nil

NEW ISSUE PRICES

Issue	Issue price	July 27, 1938	Change since July 20	Issue	Issue price	July 27, 1938	Change since July 20
Afr. Expl. 4%	100	1½–2½ pm	...	L.C.C. 3½%	101½	13/16–15/16 pm	−1/16
Bechm. 5% pf.	1	Par–3d pm	...	Mid CE3½%d.	100	¾–¼ dis	...
Bootle 3¼%	98½	¼ dis–Par	...	Nat. Def. 3%	98	1⅞–2 pm	+1/16
Bnmth. 3¼%	98½	1 1/16–1 5/16 pm	−3/16	Regis Ord. £1	1	⅛ dis–Par	...
Bwtr 4½% db.	98	4½–3½	...	Do. 5½% pf £1	1	⅛ dis–Par	...
Brt. Ox. 5% pf	22/6	6d–9d pm	+1½d	S.Met.El.4% pf.	20/6	3 dis–Par	...
Brtn(M)5% db.	100	1–½ dis	...	Do. 3½% db.	100	1 dis–Par	...
Cov.GP4% dbs	99	1–½ dis	...	Wlvmton 3¼%	98½	⅝–¼ dis	...
Gt Un St 4½%	99	½ dis–Par	−¼				

UNIT TRUST PRICES

as supplied by managers and Unit Trusts Association

(Table does not include certain closed trusts)

Name and Group	July 27, 1938	Change since July 20	Name and Group	July 27, 1938	Change since July 20
Municipal & Gen.			Keystone	16/1½–17/1½	−1½d
For. Govt. Bond	14/6–15/6	−3d	Keystone 2nd	13/-–14/-x	...
Limited Invest.	19/-–19/9	...	Keystone Flex.	14/9–15/9	−3d
Mid. & Southern	19/-–19/9	+3d	Key. Consol.	14/4½–15/4½	−1½d
Scottish & Northn.	17/-–17/9	...	**Allied**		
Bank-Insurance			Amer. Indsts.	17/9–18/9	−6d
Bank & Insur.*	18/9–19/9	...	Brit. Ind. 1st	17/6–18/6	...
Insurance*	20/9–21/9x	+3d	Do. 2nd	15/-–16/-	...
Bank*	17/9–18/9	+3d	Do. 3rd	15/-–16/-	−3d
Invest. Trust*	13/6–14/3	...	Do. 4th	16/-–17/-x	...
Scot. B.I.I.T.*	14/10½–15/9x	+3d	Elec. Inds.	16/3–17/3x	...
Cornhill deb.*	21/1½–21/10½	...	Metals & Min.	14/-–15/-	−3d
Cornhill def.*	13/9–14/9	...	**Other Groups**		
National			Brit. Emp. 1st Unit.	17/3–18/3	...
National C.	18/-–19/-	+3d	Brit. Gen. "C"	15/4½–16/4½	...
National D.	16/6–17/6	−6d	Rubber & Tin	1/2½–1/4	...
Nat. Invest.	13/1½–14/1½x	...	Brit. & Amer.	15/-–16/-	...
Amalgamated	20/3–21/3	...	Producers	8/-–8/6	...
Century	17/-–18/-	−1½d	Domestic	7/-–7/6x	...
Gilt-edged	17/6–18/-	−3d	Do. Priority	9/3–9/9	...
Scottish	17/-–18/-	...	1st Prov. "A"	20/3–21/3	...
Universal	18/-–19/-	−1½d	Do. "B"	14/9–15/9	−3d
"15 Moorgate"			Do. Reserves	15/6–16/6	...
Inv. Flexible	12/9–13/9	...	Selective "A"	15/10½–16/10½	...
Inv. Gas & El.	13/-–14/-	...	Selective "B"	15/6–16/6x	...
Inv. General	16/6–17/6	−1½d	Brit. Trans.	12/9–13/9	−3d
Inv. 2nd Gen.	14/3–15/3	...	Bank, Ins. & Fin.	15/3–16/3x	...
Inv. Gold	17/-–18/-	...	British Bank Shrs.	20/-–21/-	...
Hundred	17/7½–18/7½	...	Do Insur. Shrs.	16/9–17/9	+3d
Provident	13/9–14/9	...	Four Square	20/-–21/-	...
Savings Unit	8/10½–9/6	...	Brewery	14/6–15/6	...
Security First	13/10½–14/10½x	−3d	Protected 1st	18/9–19/9	−3d
Keystone			Do. 2nd	16/3–17/3	−3d
Gold 2nd Ser.	18/3–19/3x	+1½d	Do. 3rd	11/6–12/6	...
Gold 3rd Ser.	13/6–14/6x	+1½d			

* Bid and offered prices are free of Commission and Stamp Duty. (a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (k) Yield on 20% basis. (m) Including bonus of 5% free of tax. (r) Calculated at 18½ annas per share of Rs. 9. (p) Annas per share. (n) Yield worked on a 2 per cent. basis. (w) Paid on £300,000 more capital than in preceding year. (s) 8⅓% paid free of income tax. † Free of Income Tax. (v) Yield worked on 35% basis. (y) Dividend before the 200% capital bonus 4s. per share. (d) 17½ per cent. cash dividend and 7½ per cent. in deferred ordinary stock. (t) Yield worked on 6% basis. (e) Allowing for rate of exchange.

(*Continued from page* 241)

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

uly 21	July 22	July 23	July 25	July 26	July 27
123·6	123·8	126·0	126·5	124·7	121·2

1938 High: 126·5 July 25th. Low: 83·6 larch 31st.

TOTAL DEALINGS IN NEW YORK

1938	Stock Exchange		Curb Shares
	Shares 000's	Bonds $000's	000's
uly 21	1,810	10,090	236
» 22	1,220	7,820	204
» 23*	780	4,070	92
» 25	2,110	9,440	254
» 26	1,250	7,150	175
» 27	1,970	8,180	245

* Two-Hour Session.

Capital Issues

UNTIL the eve of the holiday, activity in the new issue market was maintained at a relatively high rate. A further corporation issue, of £1,500,000 *Stoke-on-Trent* 3¼ per cent. stock has been made on the now familiar terms. Of the issue, some £900,000 is required for conversion of the existing 6 per cent. stock, for which the lists remain open until next week. The market was not anticipating an enthusiastic response, in view of the poor response to last week's Wolverhampton loan. This fate was shared by the *South Metropolitan Electric Light and Power* 3½ per cent. debenture stock and 4 per cent. third preference share issues, despite their excellent security. The 4 per cent. debenture stock of *Amalgamated Press* is well covered by earnings, but its terms of issue appeared to be rather less generous than the market was inclined to expect for an industrial debenture of this type. On the other hand, the smaller debenture issue of *Easterns, Limited*, which enjoys less impressive cover, but yields slightly over one per cent. more, enjoyed a good reception. *African Explosives and Industries* 5½ per cent. £1 preference shares, issued at 21s., were well received. Imperial Chemical Industries and De Beers Consolidated Mines hold the share capital of the company equally, and it has an impressive record. The prospectus, which commendably adopts the "cumulative requirements" method of calculating cover, shows that the debenture service and preference dividend was covered over five times in the latest year. The issue provides a useful addition to the number of sound but high-yielding preference issues. The issue of preference shares by *John Jeffrey and Company* is predominantly of interest to Scottish investors, for permission to deal will be sought only from the Edinburgh Stock Exchange.

CAPITAL ISSUE TOTALS

Week ending July 30	Nominal Capital £	Conversions £	New Money £
To the Public.....	5,200,000	1,385,000	3,870,000
To Shareholders	65,000	...	71,250
By S.E. Intro. ...	Nil	...	Nil
By Permis. to Deal	751,299	...	1,642,312
Sav. Certs., week ending July 23	*Dr. 1,150,000*	...	...

Year to date	Including Conversions £	Excluding Conversions £
1938 (New Basis).....	230,128,514	210,237,551
1937 (New Basis)	*397,789,816*	*349,756,645*
1938 (Old Basis)	170,072,859	151,131,991
1937 (Old Basis)	*249,801,271*	*204,200,035*

Destination (Excluding Conversions)

Year to date	U.K. £	Brit. Emp. ex. U.K. £	Foreign Countries £
1938 (New Basis)	162,570,406	45,237,916	2,429,229
1937 (New Basis)	*296,742,004*	*49,756,282*	*3,258,359*
1938 (Old Basis)	128,697,726	20,035,141	2,399,124
1937 (Old Basis)	*186,921,296*	*15,786,239*	*1,492,500*

Nature of New Borrowing (Excluding Conversions)

Year to date	Deb. £	Pref. £	Ord. £
1938(NewBasis)	136,528,232	13,651,376	60,057,943
1937(NewBasis	*159,917,760*	*24,003,472*	*165,835,413*
1938 (Old Basis)	125,769,313	8,121,496	17,241,182
1937 (Old Basis)	*145,852,092*	*15,811,204*	*42,536,739*

NOTE.—"Old Basis" includes public issues only; "New Basis" includes all new capital in which permission to deal has been granted.

PUBLIC OFFERS

South Metropolitan Electric Light and Power Company.—Issue of £500,000 3½ per cent. debenture stock at 100, and 500,000 4 per cent. cumulative third £1 preference shares at 20s. 6d. Stock redeemable at 102 January, 1972, or in or from 1955 on notice. Ranks *pari passu* with other debenture stocks. Net assets (excluding debenture stocks) £3,250,181. Profits, after depreciation, before debenture interest: 1935, £114,325; 1936, £119,762; 1937, £149,933. Lists closed 9.30 a.m. July 26th. It is understood that 63 per cent. of the debentures and 28 per cent. of the preference shares have been left with underwriters.

Amalgamated Press.— Issue of £1,000,000 4 per cent. second mortgage debenture stock at 99 (part of £1,500,000 authorised). Specific and floating charge, subject to rights of £1,500,000 3½ per cent. first mortgage debenture stock. Redeemable by 1970 from 1941 at various rates. Profits, after depreciation and first debenture interest, years to end February: 1936, £577,068; 1937, £584,918; 1938, £529,224. Total assets, £9,536,153 (copyrights, etc., £5,326,602). Lists closed at 10 a.m. July 26th. It is understood that a certain proportion will be taken by the underwriters.

Easterns Ltd.—Issue of £150,000 5 per cent. first mortgage debenture stock at par (part of £200,000 authorised). Redeemable by 1977 at 102½, from 1941 at various rates. Furniture, etc., dealers; largely hire-purchase. Net assets, £532,903 (properties, £160,329). Profits, after depreciation, before interest, years to August 31: 1935, £34,791; 1936, £41,783; 1937, £45,925. Lists closed at 9.5 a.m. July 26th. Oversubscribed.

Jeffrey (John) and Co.—Issue of 57,500 5 per cent. cumulative £1 preference shares at par. Brewers since 1837. Net profits after depreciation: 1935, £20,478; 1936, £24,495; 1937, £29,296. Surplus assets (after mortgages, etc.), £21,754.

CONVERSIONS AND REPAYMENTS

Stoke - on - Trent Corporation.—Issue of £1,500,000 3¼ per cent. stock at 98½, offered in conversion to holders of £900,000 6 per cent. stock 1938–50. A trustee stock. Redeemable at par December, 1963, or from 1958 on notice. Census population, 276,619; rateable value, £1,216,451; rates, 18s.; net loan debt March last, £7,868,042. Cash lists closed at 9.30 a.m. July 27th. Conversion lists will close on August 22nd.

BY OFFER FOR SALE

African Explosives and Industries, Ltd. — Offer for sale of 1,500,000 5½ per cent. cumulative £1 preference shares at 21s. Profits, after depreciation, years to September 30: 1935, £S.A.900,010; 1936, £S.A.930,141; 1937, £S.A.1,029,848. Total assets, £7,230,615. Vendors are Imperial Chemical Industries (one-third) and De Beers Consolidated Mines (two-thirds); they pay £6,500 expenses also 1½d. per share brokerage. Lists closed 9.5 a.m. July 27th. About 27,000,000 shares equivalent on a full payment to £28,350,000 were applied for.

BONUS SHARES

Lilley and Skinner.—Bonus issue of one £1 7 per cent. second preference share for every two ordinary shares. The ordinary shares are privately held.

ISSUES TO SHAREHOLDERS ONLY

Rand Selection Corporation. — Issue at par of £1,000,000 5 per cent. five year notes in proportion of £2 notes for eight 5s. shares held. Convertible on basis of one ordinary share for every £2 of notes from October 1, 1938, to September 30, 1943, when any notes outstanding will be repaid at par or by an equal issue of 5½ per cent. cumulative preference shares.

Kuala Lumpur Rubber Co.— Issue of 50,000 £1 shares at 22s. 6d. (one for every eight held). The new shares will not rank for any dividend for year ended June 30, 1938.

SHORTER COMMENTS

Company Results of the Week.— The maintenance of trade improvement has resulted in a rise from £100,145 to £111,023 in the net profits of ASSOCIATED BREWERIES. During the year the ordinary share capital of Berwick Breweries was acquired. The subsidiaries of STEEL BARREL SCAMMELS paid some £6,000 more in net dividends last year, and the parent company earned £32,594 against £28,113, and has raised the dividend from 12½ per cent. to 14 per cent. Total profits of FALK STADELMANN AND COMPANY are a little higher than in 1936–37, and the 10 per cent. dividend is repeated, but additional taxation has depressed net profits below the previous level. In the first year of trading as a public company THOMAS SKINNER AND COMPANY (PUBLISHERS) report net profits of £17,642, but this sum includes only 10 months' profits from the A.B.C. Railway Guide. Substantial progress is recorded by GEORGE WEST (WEATHERPROOFS), LTD., who have earned £37,400 against £23,322, and who pay in all one-and-a-half years' 7½ per cent. preference dividend. Another company new to the public, ALEXANDER SHIPPING COMPANY, earned £141,415 net in 1937–38, during the first part of which freight markets were active and strong. Trading profits of BRITANNIA ELECTRIC LAMP WORKS amount to £47,667 for the first full year's working as a public company. A severe setback has been experienced by FRAS. HINDE AND HARDY, owing to declining trade and increased costs; the trading loss for 1937-38 amounts to £15,426. Net profits of CONTINENTAL AND INDUSTRIAL TRUST show, at £94,299, a small decline as compared with 1936-37. Over half of the Trust's securities are held within the Empire.

(*Continued at foot of page* 245)

Industry and Trade

Rubber Decision Postponed.—Contrary to the expectations of the market, the International Rubber Regulation Committee decided on Tuesday not to fix the export quota for the last quarter of the year immediately, and the decision has been postponed until September 12th. This delay means that the producing companies will not know their allotted level of output for the last quarter until a few days before it begins, but in spite of this inconvenience, the Committee's decision must be regarded as a wise one. The United States absorbs in normal conditions nearly half of the world production of rubber, and the output for the last quarter must be largely determined by the course of rubber consumption in that country, which in turn depends on the general level of business activity. The Committee have decided not to forecast what that level will be during the last three months of 1938 until another six weeks have passed, when the existence or absence of the trade recovery, which Wall Street has so eagerly anticipated in the last few weeks, will be more easily determined. The postponement of the Committee's decision led to a slight fall in rubber prices, since the market had anticipated a continuation of the existing 45 per cent. quota and regarded the announcement as a bear point, but this view proved mistaken, and the upward trend of the rubber market re-asserted itself later in the week.

* * *

The Volume of Overseas Trade. — The current number of the *Board of Trade Journal* contains a comparison of the volume of British exports and imports in the first six months of 1938 with similar figures for earlier years. The volume figures have been obtained by calculating what would have been the recorded value of British exports and imports if the average prices of 1935 had continued to rule. Comparing on this basis the first half of the current year with the corresponding period of 1937, imports decreased in volume by 1 per cent., domestic exports by 12 per cent., and re-exports by 7 per cent.

INDEX NUMBERS OF THE AVERAGE VALUE AND VOLUME OF OVERSEAS TRADE

(1935 = 100)

Year	Imports		British Exports		Re-exports	
	Average Values	Volume	Average Values	Volume	Average Values	Volume
1930	128·4	107·6	116·6	115·0	127·7	123·0
1936	105·3	106·5	101·9	101·5	110·2	99·7
1937	120·3	113·1	110·2	111·2	131·7	103·2
1937—Jan.–Mar. ...	114·9	105·7	105·2	108·2	132·6	102·3
April–June...	120·9	111·1	109·2	112·0	133·7	117·9
1938—Jan.–Mar. ...	117·7	110·3	113·9	99·7	120·0	95·2
April–June...	113·3	104·8	111·9	94·3	112·5	109·6

These decreases in volume were accompanied by falls in average values of 2 per cent. in the case of imports and 13 per cent. in the case of re-exports, but an increase of 5 per cent. was shown for exports of British goods; average values were in each case lower in the second quarter of 1938 than in the first. In part, the divergence between the price levels of our imports and exports is due to the time lag between the import of raw materials at the high prices ruling in 1937 and their export in the form of manufactured products. Nevertheless, the maintenance of these relatively high prices is undoubtedly partly responsible for the recent decline in the volume of our exports.

* * *

Cotton Trade Enabling Bill.—Further details are now known of the modifications which the Joint Committee of Cotton Trade Organisations have made in their draft of the Enabling Bill, in order to meet the objections of the Opposition Committee. The proposals have been simplified and now provide for only three types of scheme, dealing respectively with redundant machinery, the establishment of minimum selling prices and the legalisation of wage or other agreements. The clause which allows compensation to operatives who are thrown out of work as a

MISCELLANEOUS

Association of Stock and Share Dealers.—Application has been made to the Board of Trade for a licence directing registration of this Association (about to be formed) with limited liability, without the addition of the word limited to its name.

The association will have the following objects: To do all such things as may be considered necessary to maintain a high standard of conduct in the transaction of business in stocks, shares, bonds, debentures, units of unit trusts and all other kinds of marketable securities, by persons who are not members of recognised stock exchanges in the United Kingdom, and particularly to ensure that such standard shall be observed by its members.

Macleans, Ltd.—Profits for year to June 30, 1938, £294,949, a rise of £28,690. Ordinary dividend raised from 20 to 30 per cent. Tax provision increased from £15,208 to £71,518. For N.D.C. £10,000, against nil. To capital redemption reserve £8,801, against £8,317. Carry forward reduced from £19,170 to £11,034.

Tata Iron and Steel.—Total income expanded from Rs.3,08,71,000 to Rs.4,60,15,000 in year to March 31, 1938. Net profit Rs.3,43,06,000, compared with Rs.2,66,27,000. Ordinary dividend raised from 13·33 per cent. to 20·67 per cent. tax free. Deferred dividend 252·34, against 120·73 per cent. tax free. Carry forward Rs.4,99,000, against Rs.1,94,000.

Head Wrightson and Company.— Net profit for year to April 30, 1938, £85,233, against £32,698. Ordinary dividend 7½ per cent. plus a 2½ per cent. bonus on £315,000 of capital. For preceding year 5 per cent. was paid on £210,000 of capital. To reserves: Pensions £10,000. General purposes, £40,000. Carry forward raised from £7,420 to £12,225.

North American Company.—Consolidated income statement of 1938 for year ended June 30, shows operating revenues $118,096,645 (£25,610,000), a decrease of 1 per cent. compared with the corresponding 1937 period. Balance for common stock was $14,393,472, representing 16·59 per cent., or $1·68 per North American common share, against $2·01 a year ago.

Shell Union Oil Corporation.—Net income for the quarter to June 30, 1938, $2,922,990, compared with $2,907,447 for previous quarter and $4,806,448 for second quarter of 1937. After preferred dividend, balance equals 19c. per common share, the same as for the first quarter, but comparing with 33c. a year ago. For the first half of 1938 net earnings total $5,830,437 (38c. per common share), against $8,480,027 (57c. per common share) for January–June, 1937.

United States Steel Corporation.— The full regular quarterly dividend is to be paid on the 7 per cent. cumulative preferred stock on August 20th. For quarter to June 30, 1938, net loss is $5,010,426, compared with a first quarter loss of $1,292,151, and a profit of $36,173,682 for second quarter of 1937. First half of 1938 loss was $6,302,577, compared with a profit of $36,173,682 for first half of 1937.

Lombard Unit Investments, Ltd.— This company has been registered with a capital of £40,500; it is understood that it has the backing of important City interests, and will manage a new group of unit trusts.

Trepca Mines Merger.—Trepca Mines is to acquire the undertakings of its three associates (which are to go into liquidation) by an exchange of shares as follows:— Kopaonik Mines: One share in Trepca Mines for every four shares held; Novo Brdo Mines: One Trepca share for every 25 shares held; Zletovo Mines: Two Trepca shares for every five shares held. The shares to be issued under the scheme will not rank for any dividend for the financial year ending on September 30, 1938.

General Aircraft Acquisition.— General Aircraft have concluded negotiations for the purchase from the receiver of the buildings, plant and stock of the British Aircraft Manufacturing Company. It is stated that the purchase price is considerably less than the original basis covered by the conditional agreement of December, 1937. General Aircraft directors announce at the same time that the accounts to December 31, 1937, will be held over till September.

Chrysler Corporation.—Dividend 25 cents, compared with 50 cents in June, and no payment in March. Net profit, second quarter, 1937, $16,542,000 or $3.80 per share. First quarter, 1938, $2,109,000 or 48 cents per share. Second quarter, 1938, $3,599,000 or 83 cents per share. First half year, 1938, net profit $5,709,000, equal to $1.31 per share, compared with $27,456,000 or $6.31 per share in first half of 1937.

General Motors Corporation.—Net income, second quarter of 1938, $24,786,000 (52 cents per share) against $65,731,000 ($1.48 per share) for second quarter of 1937 and $8,234,000 (14 cents per share) for first quarter of 1938. Net sales second quarter, 1938, $272,265,000 against $250,512,000 for first quarter of 1938 and $500,412,000 for second quarter of 1937.

result of any redundancy scheme is retained. Provision will also be made for "scrap and build" schemes, wherever the section concerned prefers this method of dealing with out-of-date plant, but the "pool and quota" proposals have been dropped. The price-fixing schemes will be made more elastic by giving the Cotton Board authority to permit firms to sell in overseas markets at prices lower than the legal minimum rates when the Board is satisfied that such price cuts are necessary in order to recapture lost trade. As before, all producing firms will be compelled to register at an annual fee not exceeding 5s. per 1,000 spindles, 30s. per 100 looms, and 0.03d. per cent. of turnover in the finishing processes. A manufacturing firm, therefore, with 1,000 looms would have to pay £15 a year, and a 100,000 spindle mill would pay £25. It will, however, no longer be compulsory for merchants to register, but if they wish to do so, the fee will not exceed £3 3s. a year. The new draft will again include powers to raise funds for technical and scientific research, market investigation and publicity or other ways of increasing demand for cotton goods, and it is hoped that the Government will supplement such funds. It is expected that the draft Bill containing the revised proposals will be published before the end of September, when it will be considered by each section of the industry.

* * *

New Factories in 1937.—The annual report of the Board of Trade on the number of factories opened, extended and closed in 1937* reveals no material change from the developments recorded in the previous year. The number of new factories, excluding concerns owned by the State, was practically unchanged at 541, of which 94 were transferred from other areas, and 131 were new branches of existing firms. Compared with 1936, there has, however, been an increase in the number of factories extended, from 185 to 237, and the number of factories closed fell from 394 to 361, so that the balance of new and extended factories over those closed was substantially increased. Greater London continued to attract almost half of the new factories, with North-West England as the next most favoured area. Among industrial groups, clothing heads the list, with 135 new and extended factories, but the net increase was small, as 90 factories were closed. The net increase in engineering was much higher, since only 33 factories were closed, while 92 new factories were opened and 53 extended, a reflection of the re-armament programme.

* * *

The combined figures for the past five years, given in the table below, show that only in the textile trades was there a net reduction in the number of factories. As might be expected, the engineering industry heads the list,

	New Factories and Extensions	Factories Closed	Net Increase + or −
Iron and steel	255	121	+ 134
Engineering	443	200	+ 243
Vehicles	195	72	+ 123
Textiles	423	602	− 179
Clothing	723	480	+ 243
Food, Drink and Tobacco	229	98	+ 131
Timber	285	168	+ 117
Paper, Printing, etc.	216	118	+ 98
Other	643	298	+ 345
Total	3,412	2,157	+1,255

together with the clothing industry, in which, however, the annual "turnover" in factories is much higher, although the net increase is the same as in the engineering industry. For about two-thirds of the new factories established in these years, the Board of Trade have collected data on the reason for their location; this information has been obtained orally, and is necessarily rather vague, but has nevertheless considerable interest. From the summary given below, it will be seen (as might, indeed, be expected) that the main reason given for the choice of location was the convenience of premises, which includes both the suitability of already existing buildings and such factors as good transport and cheap power. Access to raw materials declined in importance during these five years, while the question of suitable labour was considerably more important in 1936 and 1937 than in the earlier years.

	No. of Cases	Per cent. of Total
Access to raw materials	159	9·1
Proximity to markets	147	8·4
Suitable labour	201	11·5
Cheap land, low rent, rates	107	6·1
Proximity of other factories in same line of business	205	11·7
Convenience of premises	887	50·7
Proximity to employer's residence	43	2·5
Total	1,749	100·0

* * *

Lower Aluminium Prices.—For the past six years the price of aluminium has been unchanged at £100 per ton, in spite of considerable fluctuations in the price of other base metals and in the level of consumption. But last week the firms concerned announced a reduction to £94 per English ton for aluminium sold in this country, and to £90 per metric ton for exported aluminium. The market received this announcement with considerable surprise, and is rather sceptical of the validity of the official reason for this act—the need to bring aluminium prices into line with those of other metals. It is true that prices of other metals have fallen considerably from their peak, but the present tendency is again upward, and in any case the price of aluminium was not raised with those of other metals last year. Moreover, consumption has recently increased far more than that of copper, tin, lead or spelter. The latest figures published by the Aluminium Information Bureau show that British consumption of aluminium amounted to 44,000 tons in 1937, a 28 per cent. increase over last year's figure, and more than 2½ times larger than the consumption in 1928; a further increase is expected in 1938, as aluminium is largely used in the armament industries. World consumption in 1937, for which accurate figures are not yet available, was probably in excess of 500,000 tons, nearly double the 1929 figure of 276,000 tons. It may be that the reduction in price is meant to forestall the possibility of increased competition from outside producers or, possibly, to stimulate the industrial demand, which has been affected by falling production in the automobile industries.

* * *

A Worsted Spinning Scheme.—The efforts to draw up a reconstruction scheme for the worsted spinning industry, which were described in an article in *The Economist* of February 26th, have now resulted in definite proposals, which were last week laid before a meeting in Bradford to which all the spinning firms in the industry were invited to send representatives. The problems of the industry are fundamentally the same as those which afflict the cotton spinning industry on the other side of the Pennines. The decline of export trade in wool yarns and wool fabrics has led to excess plant both in spindles and in looms. The present proposals do not contemplate the scrapping of plant; they aim at the maintenance of remunerative prices. One of the major difficulties in the way of a price-fixing scheme for the worsted spinning industry is that there is no authoritative quotation for the raw material, tops. The scheme proposes to surmount this difficulty by inviting topmakers to deposit a written quotation of their prices, identified only by a secret code number, in a box on the Bradford Exchange before 4 p.m. on each market day (Monday and Thursday). On the basis of these quotations, the spinners will be informed of the prices they may accept for different counts of yarn out of different qualities of tops. The topmakers are not to be bound to charge the prices they quote, but if any spinner can secure a concession on his raw material, the benefit must go into his own pocket. It is proposed that the spinners' committee of control shall have power to examine the books of participating firms to verify their observance of the agreement.

* * *

Any attempt to improve the condition of the industry will naturally be welcomed by its members. But a certain amount of scepticism is expressed in Bradford about the scheme's prospects of success. The woolcombers, faced with a very similar problem, adopted some years ago a considerably more drastic scheme which, by buying redundant plant and scrapping it, succeeded in putting the combing tariff on a more remunerative basis. But the woolcombers' scheme has been making heavy weather in recent months, and it is estimated that about 25 per cent. of the woolcombers in the whole industry (not merely in the Association) are either taking less than tariff rates or have done so in recent weeks. If a more complete scheme, concerning a group of only 60 to 80 firms, has had such imperfect success, it is being asked, is there any more hope of success for a less far-reaching scheme involving between 300 and 400 worsted spinners? The excess plant will remain in existence, and its presence will be a standing temptation to spinners either to stay out of the scheme, or to evade its provisions, or to pay the fine for non-compliance in order to reap the profits of under-cutting. There is also, as with all similar schemes, the suspicion of the smaller firms that it is intended mainly for the benefit of their larger competitors. The success of the proposals thus seems to be somewhat problematical and in any case the inherent weakness of the spinners' position should absolve the weavers of any anxiety that the price of yarn is going to be unreasonably raised against them.

* * *

The International Beef Conference.—Since the early months of 1937, imports into this country of beef and veal have been regulated by the International Beef Conference. This body is composed of nominees of the Governments of the principal exporting countries, with a chairman appointed by the British Government. The Conference has allocated, for each country, its quarterly exports of beef and veal to the United Kingdom, and its determinations are enforced in each country by control over exports. This new development in the regulation of international trade is of particular interest, as, at the recent Sydney conference of Empire primary producers, the delegates agreed on the desirability of setting up other councils, on the same lines, to regulate the British imports of such foods as mutton and lamb, dairy produce, and some kinds of fruit. The Minister of Agriculture recently announced that the Government would deal with imports of lamb and certain types of dairy produce according to the precedent established in the case of beef. The regulations of the International Beef Conference have been accompanied, in the last eighteen months, by an increasing sale of imported beef and veal in the United Kingdom at stable prices:—

	Chilled Beef '000 cwt.	Frozen Beef '000 cwt.	Veal '000 cwt.
Imports:—			
1935	8,486	2,315	180
1936	8,780	2,156	191
1937	8,971	2,618	19
Allocations:—			
1938—1st quarter	2,247	475	47
2nd "	2,478	580	38
3rd "	2,317	1,269	30
4th "	2,008	863	118
Year	9,050	3,187	235

The allocations for 1938, as shown in the table, allow for a considerable increase in imports of frozen beef and of veal, and for a slight increase in those of chilled beef.

* * *

United States Metal Consumption.—Under the influence of the better advices from the other side of the Atlantic, metal prices have continued their advance this week. The poor state of the international metal market in the first half of this year was solely due to the unsatisfactory state of the position in the United States, so that the ready response of the London Metal Exchange to the current reports from that country is quite natural. Statistics so far available, however, do not yet show any major improvement in metal consumption in America. That country's copper consumption in June, at 32,863 short tons, was still less than half of the 1937 monthly average. June deliveries of zinc amounted only to 29,248 short tons, 21,000 short tons less than the corresponding figure of last year, which itself was not excessively high. The consumption of tin in the United States in June reached 4,205 long tons, only slightly higher than the record low level of April, 1938. On the other hand, consumption of lead in June was 35,300 short tons, the highest level since October last, and only 7,400 short tons less than in June, 1937. Probably, however, the July delivery figures of all metals will be more favourable than those of June, and as the production of base metals in the United States is at present remarkably low, stocks are likely to show a reduction in July. So far, however, the purchases of American consumers have been used chiefly to replenish their own stocks, while the country's genuine consumption has not yet improved. Metal prices are still low, but not so low that a further improvement could be justified without a considerable increase in the American consumption.

* * *

Ensilage.—The rapid development of the new process of grass drying (some aspects of which were discussed in a note on page 624 of *The Economist* of June 11th) has rather overshadowed in recent years the no less important developments which have occurred in the alternative method of storing fodder—ensilage. Essentially, ensilage is a means of preserving crops through the use of the natural fermentation which is set up by the decay of the plants after they have been cut and stacked. The process was first introduced into England in the 1880's, but it is only in recent years that extensive research has been carried out on both the theory and practice. The new knowledge gained by these experiments is admirably set out in the fourth edition of their bulletin on ensilage just published by the Ministry of Agriculture.* Recent experiments have shown that the keeping quality of the ensilage can be controlled by regulating the access of air, which is affected by the water content of the crop, and by the addition of such substances as molasses, dried whey or various acids, to encourage the rapid formation of the lactic acid which provides the preservative of the crop. Much progress has also been made in the construction of small, cheap silos, which may be partially sunk in the ground or made on a portable frame, thus greatly reducing the capital cost of construction and the labour of filling. It has also been shown that, under good management, the nutritional value of the dry matter of silage does not appreciably vary from that of the crop in its green state, though, of course, the moisture content is considerably lower. Rotation grasses, the spring flush of young grass, long grass which is too damp to be stacked as hay, can all be used as ensilage, and, with due precautions, will keep sweet over the winter. The variety of material and the low cost, both in capital and in working expenses, of the modern silo are the great factors in favour of this method of preserving for winter use crops grown on the farm.

* "Survey of Industrial Development, 1937." Board of Trade. Published by H.M. Stationery Office. 9d. Postage extra.

* Ensilage: Bulletin No. 37 of the Ministry of Agriculture and Fisheries, published by H.M. Stationery Office; price 1s. net.

INDUSTRIAL REPORTS

REPORTS from industrial centres this week all speak of quiet conditions prevailing at present, but most districts confidently expect a revival in the autumn. More detailed reports concerning the main branches of industrial activity are given in our monthly *Trade Supplement* which accompanies this issue of *The Economist*.

Coal

Sheffield.—The inland market for coal is slow, and holiday closings have reduced industrial demand. The railways and electricity works are taking substantial tonnages but house and gas coal are very little called for. Small coal and coke are quietly steady, but stocks of graded coke for works use and central heating are accumulating. The export market continues dull, and price concessions do not induce wider inquiry. The adoption by coalowners of a scheme to provide subsidies in British coalfields to foster British export coal trade is viewed with favour by the market.

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Newcastle-on-Tyne.— There is little foreign inquiry for North-East coal, for stocks abroad are still high and buyers prefer to wait until there is definite news about the proposed subsidy. Trade in this section is in general below the usual summer volume. In Durham there is no improvement in demand for manufacturing coal and idle time is frequent. Prices are maintained in both coalfields. Demand for patent oven coke in the export section continues to improve, but inland trade is slow.

★

Workington.—Trade is brisker despite the fact that home demand for coking coal has diminished. One of the batteries of ovens is on short time, and is, moreover, putting part of its output into stock. Irish users are stocking in anticipation of an adverse movement of prices in October, and as there are Continental needs to satisfy, shipments from the local ports are now averaging about 10,000 tons weekly. Local landsale has benefited from the cool weather. Prices are inclined to ease.

★

Glasgow.—The collieries made a slow start this week after the holidays and production was relatively low. There has been no pressure of demand for household or industrial coal, and with overseas business on a small scale supplies are plentiful. Orders for large fuel would be welcome in all areas. Curtailed output has reduced supplies of washed nuts, which are therefore fairly comfortably placed.

★

Cardiff.—Quiet conditions continue in South Wales. Last week there was a slight improvement in foreign and coastwise exports which totalled 400,600 tons compared with 396,300 tons the previous week, but they were 74,000 tons less than in the corresponding period last year. It is now officially stated that the French National Railways have allocated orders for 274,000 tons of large coal for delivery between August and December. The current volume of trade is substantially below the output and supply allocations, and part-time working is reported from several districts. Reduced production makes the supply of sized coals comparatively scarce, but other grades are plentiful. The patent fuel and coke markets are featureless. Prices are nominally unchanged.

Iron and Steel

London.—According to the official report of the London Iron and Steel Exchange, the demand for most iron and steel products is on a restricted scale, owing to the holiday period, but the tone of the market is well maintained. A more optimistic feeling is in evidence and the inquiry in some departments has become more active. These tendencies point to a revival in business in the early autumn, and the outlook now is regarded as being more encouraging than at any time since the first part of the year.

Business in the pig iron market is still restricted by heavy stocks and production is being curtailed to bring supplies more into line with the demand. Imports, however, have practically ceased and accumulations are being gradually reduced.

The demand for semi-finished steel is quiet, and in this department also considerable reserves are weighing upon the market. Some productive capacity remains idle, but there has been a marked reduction in the imports of foreign semis, and consumers' stocks are being steadily absorbed.

The improvement in the tone of the market is chiefly noticeable in the finished steel section and recently business upon home account has shown signs of developing. Export business is not easy to arrange, and overseas consumers do not seem inclined to undertake fresh commitments.

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Sheffield.—The production of steel ingots and castings in the Sheffield district in June, at 101,900 tons, is 46,100 tons less than in June, 1937, and is the lowest for any month since December, 1934. During the first six months of this year, however, output was only 1,800 tons below the corresponding period last year.

The beginning of the "holiday with pay" weeks has brought about still quieter conditions in the iron and steel market. The present dullness is likely to continue over the next month at least, when revival is confidently expected, at any rate, in the steel section.

Pig-iron prospects are regarded as problematical. Consumers are so fully committed under contract, and have such considerable stocks in hand, that a renewal of buying may be delayed for some time. There are various rumours concerning revision of the present stabilised prices before the end of the year, but none appear to have any authority behind them. Finished iron conditions are unchanged.

Business in basic and acid steel billets and wire rods is comparatively good, and the volume of structural steel transactions is maintained.

★

Middlesbrough.—It is not expected that there will be any marked change in this area during August, when foundries close for the usual annual holidays and steel plant will be idle. It is impossible to sell pig iron abroad owing to the big difference in the prices quoted by foreign producers. There are indications that business may improve in the late autumn and by that time it is expected that some of the heavy stocks of iron and semi-manufactured steel will have been absorbed. In the meantime consumers are not committing themselves far ahead in the expectations that prices may be reduced. No interest is shown in foreign ore, blast-furnace coke, or scrap for steelworks purposes.

★

Workington.—Although sentiment in the North-West Coast hematite pig-iron market is cheerful, important business is small, and stocks continue to accumulate. Demand for special qualities, some of it from abroad, is fair, but that for ordinary iron is poor. Users who placed contracts last autumn still withhold delivery instructions and there is a decrease in the tonnage taken by the Midlands, Scotland and South Wales. The steel trade is short of orders, but the mills at Workington, which restart on Tuesday next, are to roll throughout August. After that, the outlook is uncertain.

★

Glasgow.—A good start has been made in some of the lighter branches of the iron and steel industry, but steel makers do not reopen till next week. Firms specialising in plant repairs have had an exceptionally busy fortnight, and there is a good deal of repair work still in progress. There has not been much business placed with the steelmakers during the holiday and conditions are likely to remain dull until after the completion of the English holidays. Sheet metal workers and firms engaged in light structural work in the Glasgow district are particularly busy and steady work seems likely for a long period in these industries.

★

Cardiff.—Conditions in the tinplate industry are slightly better, and production in the week ended July 16th was 46.48 per cent. of capacity compared with 43.60 per cent. the previous

Tinplate Industry Statistics

	Week ended July 17, 1937	Week ended July 9, 1938	Week ended July 16, 1938
Production—per cent. of capacity	71·75	43·60	46·48

	Week ended July 22, 1937	Week ended July 14, 1938	Week ended July 21, 1938
	Tons	Tons	Tons
Shipments	9,326	4,303	4,217
Stocks (warehouse and in vans)	1,518	5,240	5,153

	Twenty-nine Weeks ended July 22, 1937	Twenty-nine Weeks ended July 21, 1938
	Tons	Tons
Shipments	243,043	140,256

week. Foreign demand is very restricted and shipments at Swansea last week totalled only 4,271 tons compared with 9,326 tons in the corresponding period last year. The demand for sheets is inactive, and production is still in excess of current consumption, in spite of the large reduction in the number of furnaces in operation. Minimum prices for tinplates and sheets as well as for steel ingots and pig iron are nominally unchanged.

Textiles

Cotton (Manchester). — The general trade position appears to be rather better for there is less uneasiness regarding the European political situation, and a steady tone has prevailed during the past week. In certain quarters spinners and manufacturers have been encouraged by a slightly larger inquiry, but the aggregate turnover has not shown any real improvement. Buyers are still cautious and business has continued on a hand-to-mouth scale. It is still expected that the autumn will witness a revival. Prices have lately been firmer on reports of possible damage to the American crop by the boll weevil, but at the same time the statistical position remains distinctly bearish. At the end of the season the American carryover will exceed 13 million bales, while the year's consumption will probably be around 11 million bales. The total world carryover of all cottons is likely to be between 23 and 24 million bales, which is ten million bales more than a year ago. American and Egyptian yarn quotations have been steady but business has not broadened. A moderate cloth business has been done for export, but the Empire markets have provided rather more inquiry, while there have also been signs of slightly freer operations for the home trade.

THE COMMODITY MARKETS

THERE has been no pronounced trend this week in the commodity markets, and movements in prices were caused by events confined to individual commodities. Rubber continued to improve in price, in spite of a temporary setback due to the delay in fixing the export quotas for the year's last quarter. Grain prices advanced slightly and cotton also improved on reports of the activity of the boll weevil; copper rose to the highest level since the end of February, owing to the rise in the American domestic price. Tin and spelter, however, were both marked down, and maize and barley were also cheaper. Moody's daily index of American commodity prices rose from 146.8 (December 31, 1931 = 100) to 148.5 in the week ended last Wednesday, which compares with 140.8 a month ago.

Metals

Copper.—Standard copper prices improved by £1 7s. 6d. to £41 11s. 3d. per ton this week, reaching the highest level since the end of February. The rise was chiefly due to the rise in the U.S.A. domestic price to 10 cents, although a better demand has also appeared in this country. So far both in the United States and Europe the recent large purchases seem to have gone into purchasers' stocks and not directly into consumption. Consequently the market is now more dependent on an expansion in new orders for copper manufacture. This has not yet materialised but the market is hopeful that the coming weeks will see a revival in business.

★

Tin.—Tin has been comparatively stable this week and the standard cash price closed 5s. lower at £194 per ton; the dull appearance of the market was due to the lack of consumers' buying. The world's tinplate production in June, at 215,000 long tons, was the lowest monthly level for four years and production in the first half of 1938 reached only 1.41 million long tons, against 2.25 million long tons a year ago. As both the tinplate and automobile industries have reduced their output in recent months, world deliveries are believed to have been very small.

★

Lead and Spelter.—While spelter closed unchanged on the week at £14 3s. 9d. per ton, lead rose by 12s. 6d. to £15 6s. 3d. per ton. Apart from substantial purchases by European consumers, Russia and Japan, the more favourable American June statistics provided the chief stimulus for the lead market. Lead deliveries in the United States last month, at 35,300 short tons, showed an advance of 9,300 short tons on May, and although production increased by 2,000 tons to 35,000 short tons, lead stocks declined in June by 300 short tons to 163,300 short tons. This was the first decline since September last.

Grains

THERE was an advance in grain prices early in the week, some of which was lost in a later relapse, but compared with a week ago prices are higher by nearly 1s. per quarter. There has been a considerable demand from Antwerp, where stocks were replenished before the duty of 3s. per quarter was reimposed on July 21st. Otherwise the market has been quiet but steady. Favourable weather continues generally in Canada and the United States. Maize has been arriving in larger quantities from Argentina, and prices have tended downwards, but, compared with previous years, shipment from the Plate is still at low levels. The price of feeding barley, which has again weakened, is now at a level which makes this grain a close competitor with maize, but in view of the downward trend in both prices, buyers are adopting a cautious policy. The Russian crop of barley is reported to be one of the largest since the war and the bulk of the exports, amounting, perhaps, to three million quarters, may be shipped from the Black Sea during the autumn.

Other Foods

Provisions.—At the end of last week, bacon prices were again advanced by 2s. per cwt., and at the higher level demand has been firm. Dominio butters have been about 1s. per cw cheaper, while the price of Danish wa maintained. Egg prices fell by 6d. pe great hundred, English (15-15½ lb being quoted at 15s. 6d. to 16s. pe great hundred. The meat market ha been quiet.

★

Colonial Produce.—A steady de mand was shown at the tea auction and prices ruled firmly. Elsewhere, th markets have been quiet, and price for sugar, coffee and cocoa are un changed.

★

Fruit and Vegetables.—Increasin supplies of new potatoes brought further fall in values; new Kin Edwards sold at 6s. 6d. to 7s. 6d. pe cwt. The limited amount of firs quality soft fruit sold well, but the bul of the supplies cleared slowly at re duced prices.

Miscellaneous Commodities

Oils and Oilseeds.—The usu seasonal slackness in these markets ha been reinforced by the continuation favourable crop reports. Linsee especially Indian, is cheaper, an Egyptian cotton seed continues to fluc tuate at about £6 12s. 6d. per ton fo September positions. Linseed oil ha also weakened, but the price of refine cotton seed oil advanced to £23 pe ton, ex Hull. The demand for oil cake is normal and prices are firmly held.

★

Rubber.—The advance in rubbe prices was continued at the end of las week, but a relapse took place when was known that the International Rub ber Regulation Committee had no fixed the export quotas for the year last quarter. Most of the fall was late recovered and on the week prices im proved by ⅜d. per lb. to close at 7⅞d per lb. The Committee's decision is dis cussed on page 245.

★

Furs.—At the London summer fu sales, which were held this week at th Hudson's Bay Company's sales room there was a large number of foreig visitors, mainly from France and Ger many, and the demand was fairly brisk The supply consisted of a particularly fine selection of more than 100,00 "Persian-lamb" skins of South-We African and Afghan origin. Practicall all the lots were cleared and price advanced by 10-15 per cent. over th levels of the May sales. The marke improvement in sentiment, which wa of course, due to the better politic outlook in Europe and the revival i Wall Street, is also noticeable in th free fur market, so that rising fu prices for the next winter season ar generally predicted.

BRITISH WHOLESALE PRICES

	July 20, 1938	July 27, 1938
CEREALS AND MEAT		
GRAIN, etc.—	s. d.	s. d.
Wheat—		
No. 2, N. Man. 496 lb.	...	...
Eng. Gaz. av., per cwt.	8 0	8 1
Liv. July, per cental	6 6	6 6
Flour, per 280 lb.—		
Straights, d/d London	30 0	29 6
Manitoba, ex store	32 0 / 33 6	31 0 / 32 6
Barley, Eng. Gaz. av.	8 8	10 1
Oats, " "	9 0	8 4
Maize, La Plata, landed, 480 lb.	32 3	31 9
Rice, No. 2 Burma, per cwt.	8 7½	9 3
MEAT—		
Beef, per 8 lb.—		
English long sides	4 4 / 5 4	4 6 / 5 4
Argentine chilled hinds	4 4 / 4 6	4 3 / 4 6
Mutton, per 8 lb.—		
English wethers	4 4 / 5 4	4 4 / 5 4
N.Z. frozen wethers	3 0 / 4 2	3 0 / 4 2
Lamb, per 8 lb.—		
N.Z. frozen	4 10 / 5 4	4 10 / 5 4
Pork, English, per 8 lb.	5 2 / 5 6	5 2 / 5 6
BACON (per cwt.)—		
English	106 0	108 0
Danish	106 0	108 0
Dutch	105 0	107 0
Irish	103 0 / 108 0	107 0 / 110 0
HAMS (per cwt.)—		
Canadian	108 0	107 0 / 108 0
United States	100 0 / 102 0	100 0 / 102 0
OTHER FOODS		
BUTTER (per cwt.)—		
Australian	121 0	120 0 / 121 0
New Zealand	122 0	121 0 / 122 0
Danish	125 0	125 0 / 126 0
CHEESE (per cwt.)—		
Canadian	79 0 / 80 0	79 0 / 80 0
New Zealand	70 0	68 6 / 69 0
English Cheddars	84 0 / 86 0	84 0 / 86 0
Dutch	47 0 / 55 0	48 0 / 56 0
COCOA (per cwt.)—		
Accra, g.f	23 6 / 24 6	24 0 / 24 3
Trinidad	36 0 / 44 0	36 0 / 44 0
Grenada	35 0 / 37 6	35 0 / 37 6
COFFEE (per cwt.)—		
Santos supr. c. & f.	30 6	30 6
Costa Rica, medium to good	42 0 / 62 0	42 0 / 62 0
Kenya, medium	45 0 / 70 0	45 0 / 70 0
EGGS (per 120)—		
English (15–15½ lb.)	16 9 / 17 0	15 6 / 16 0
Danish (15½ lb.)	11 9 / 12 3	11 6 / 12 0
FRUIT—		
Oranges, S. African boxes	6 0 / 10 9	5 6 / 12 3
" Brazilian boxes	6 6 / 8 9	5 9 / 9 0
Lemons, Malaga ½ cases	18 9 / 23 0	18 9 / 23 0
" Sicilian boxes	13 6 / 17 9	11 0 / 19 0
Apples, Amer. (var.) barrels	... / ...	... / ...
" Virginian 2¼/2¾	... / ...	... / ...
" No. 1 Albemarle	9 6 / ...	9 6 / ...
Grapes, Almeria barrels	... / ...	... / ...
Grapefruit, S. African	7 0 / 13 0	7 6 / 13 0
LARD (per cwt.)—		
Irish, finest bladders	56 0 / 62 0	56 0 / 62 0
U.S.	52 0 / 53 3	51 0 / 53 0
PEPPER, per lb.—		
Black Lampong (in Bond)	0 2⅝ / 0 3	0 2⅝ / 0 3
" " (Duty paid)	0 3¼ / 0 4	0 3¼ / 0 4
White Muntock (in Bond)	0 3⅞ / 0 4	0 3⅞ / 0 4
" " (Duty paid)	0 4½ / 0 4⅝	0 4½ / 0 4⅝
POTATOES (per cwt.)—		
English	5 0 / 7 0	6 6 / 7 6
SUGAR (per cwt.)—		
Centrifugals, 96°, prpt. shipm. c.i.f. U.K./Cont.	5 4½	5 4½
REFINED London—		
Yellow Crystals	18 10	18 10½
Cubes	23 1½ / 23 7½	23 1½ / 23 7½

* Weeks ended July 14th and 21st.

	July 20, 1938	July 27, 1938
	s. d.	s. d.
SUGAR (per cwt.)—cont.		
Crushed	21 4½	21 4½
Granulated	19 3 / 20 1½	19 3 / 20 1½
Home Grown	19 1½ / 19 4½	19 1½ / 19 4½
TEA* (Auction Average) (per lb.)—	d.	d.
N. India	13·19	13·29
S. India	12·83	12·99
Ceylon	14·31	14·40
Java	12·04	11·59
Sumatra	10·70	10·63
Africa	11·70	11·58
Total	13·53	13·55
TOBACCO (per lb.)—	s. d.	s. d.
Virginia stemmed and unstemmed, common to fine	0 8 / 2 6	0 8 / 2 6
Rhodesian stemmed and unstemmed	0 9 / 1 10	0 9 / 1 10
Nyasaland stemmed and unstemmed	0 7 / 1 4	0 7 / 1 4
East Indian Stemmed	0 6 / 2 0	0 6 / 2 0
East Indian Unstemmed	0 5 / 1 6	0 5 / 1 6
TEXTILES		
COTTON (per lb.)—	d.	d.
Raw, Mid-American	4·94	5·04
" Sakellaridis, F.G.F.	7·77	8·10
" Giza, F.G.F.	7·32	7·75
Yarns, 32's Twist	9½	9⅝
" 40's Weft	10¼	10⅜
" 60's Twist (Egyptian)	17½	17¾
Cloth, 32 in. Printers, 116 yds., 16×16, 32's & 50's	s. d. 17 1	s. d. 17 2
" 36 in. Shirtings, 75 yds., 19×19, 32's & 40's	23 4	23 6
" 38 in. ditto, 38 yds., 18×16, 10 lb.	9 10½	9 11
" 39 in. ditto, 37½ yds., 16×15, 8¼ lb.	8 11½	9 0
FLAX (per ton)—	£ s.	£ s.
Livonian ZK	64 0	64 0
Pernau HD	67 0 / 66 0 / 68 0	67 0 / 66 0 / 68 0
Slanetz Medium, 1st sort	88 0 / 90 0	88 0 / 90 0
HEMP (per ton)—		
Italian PC	70 0	70 0
Manilla, July–Sept. "J2"	22 0	21 0 / 21 10
JUTE (per ton)—		
Native 1st mks., c.i.f. H.A.R.B., Aug.–Sept.	19/15/0	19/15/0
Daisee 2/3 c.i.f. Dundee, Oct.–Nov.	19/2/6	19/2/6
SISAL, (per ton)—	£ s.	£ s.
African, July–Sept.	16 10 / 18 10	15 15 / 16 5 / 18 10 / 18 0
SILK (per lb.)—	s. d.	s. d.
Canton	7 3	7 3
Japan	7 3 / 8 3 / 8 0	7 3 / 8 3 / 8 0
Italian, raw, fr. Milan	7 3	7 3
WOOL (per lb.)—	d.	d.
English, Southdown, greasy	12	12½
" Lincoln hog, washed	11	11
Queensland, scd. super combg.	22½	24
N.S.W. greasy, super combg.	13	14
N.Z., greasy, half-bred 50–56	12½	11
" Crossbred 40–44	11½	10
Tops—		
Merinos 70's average	27½	27½
" 64's "	26	26
Crossbred 48's	16	16
" 46's	15½	15½
MINERALS		
COAL (per ton)—	s. d.	s. d.
Welsh, best Admiralty	19 6	19 6
Durham, best gas, f.o.b. Tyne	22 6 / 19 4½	22 6 / 19 4½
Durham, best house, at pits	20 0 / 22 0	20 0 / 22 0
Sheffield, best house, at pits	24 0	24 0
IRON AND STEEL (per ton)—		
Pig Cleveland No. 3, d/d.	109 0	109 0
Bars, Middlesbrough	265 0	265 0
Steel rails, heavy	202 6	202 6
Tinplates per box	21 6	21 6
NON-FERROUS METALS (per ton)—		
Copper—		
Standard cash	40/3/9	41/11/3
Three months	40/5/0 / 40/10/0 / 40/11/3	41/12/6 / 41/16/3 / 41/17/6
Tin—		
Standard cash	194/5/0	194/0/0
Three months	194/15/0 / 195/10/0 / 195/15/0	194/5/0 / 195/5/0 / 195/10/0
Lead, soft foreign—		
Cash	14/13/9 / 14/15/0	15/6/3 / 15/7/6
English, pig	16/15/0	17/5/0
Spelter, G.O.B.—		
Spot	14/3/9 / 14/5/0	14/3/9 / 14/5/0
Aluminium, ingots and bars	100/0/0	94/0/0
" rolling billets	102/0/0	102/0/0
Nickel, home and export	180/0/0 / 185/0/0	180/0/0 / 185/0/0
Antimony, Chinese	52/0/0	52/0/0
	s. d.	s. d.
Wolfram, Chinese per unit	50 0 / 53 0	52 0 / 55 0
	£ s. d.	£ s. d.
Platinum, refined per oz.	7/5/0	7/5/0
Quicksilver per 76 lb.	13/18/0 / 13/18/6	13/18/0 / 13/18/ 6

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

	July 20, 1938	July 27, 1938
	s. d.	s. d.
GOLD, per fine ounce	141 3·3	141 4
SILVER (per ounce)—		
Cash	17·4	17·6
MISCELLANEOUS		
CEMENT, best Eng. Portland, d/d site, London area in paper bags 20 to ton (free, non-returnable)—		
4-ton loads and upwards	42s. per ton	
CHEMICALS—	s. d.	s. d.
Acid, citric, per lb., less 5%	1 0 / 1 0¼	1 0 / 1 0¼
" Nitric	0 2 / 0 3	0 2 / 0 3
" Oxalic, net	0 5 / 0 6	0 5 / 0 6
" Tartaric, English, less 5%	1 1 / 1 1¼	1 1 / 1 1¼
Alcohol, Plain Ethyl	12 0	12 0
Ammonia, carb. ton	20/0/0 / 21/0/0	20/0/0 / 21/0/0
" Sulphate	7 14/0	7/14/0
Arsenic, lump per ton	35/0/0	35/0/0
	s. d.	s. d.
Borax, gran. per cwt.	13 6	13 6
" powder	15 0	15 0
Nitrate of soda per cwt.	8 0	8 0
Potash, Chlorate, net	0 4 / 0 4½	0 4 / 0 4½
" Sulphate per cwt.	10 0	10 0
Soda Bicarb. per cwt.	10 0 / 11 0	10 0 / 11 0
Crystals per cwt.	5 0 / 5 3	5 0 / 5 3
Sulphate of Copper per ton	18/0/0	18/5/0
COPRA (per ton)—		
S.D. Straits, c.i.f.	11/10/0	11/5/0
HIDES (per lb.)—	s. d.	s. d.
Wet salted, Australian	0 4 / 0 4⅞	0 4 / 0 4⅞
West Indian	0 3 / 0 3¼	0 3 / 0 3¼
Cape	0 4¾ / 0 5	0 4¾ / 0 5
Dry and Drysalted Cape	0 6½ / 0 7	0 6¾ / 0 7¼
Market Hides, Manchester—		
Best heavy ox and heifer	0 4⅛ / 0 5⅜	0 4⅛ / 0 5⅜
Best cow	0 4 / 0 4⅛	0 4⅛ / 0 4½
Best calf	0 4¾ / 0 5⅞	0 4¾ / 0 6
INDIGO (per lb.)—		
Bengal, gd. red.-vio. to fine	5 0 / 6 0	5 0 / 6 0
LEATHER (per lb.)—		
Sole Bends, 8/14 lb.	1 0 / 1 10	1 0 / 1 10
Bark Tanned Sole	2 0 / 2 10	2 0 / 2 10
Shoulders from DS Hides	0 6 / 0 8	0 6 / 0 8
" Eng. or WS do.	0 7½ / 1 3	0 7½ / 1 3
Bellies from DS do.	0 4¾ / 0 5¾	0 4¾ / 0 5¾
" Eng. or WS do.	0 6 / 0 8	0 6 / 0 8
Dressing Hides	1 0 / 1 8	1 0 / 1 8
Ro. Eng. Calf, 20/35 lb. per doz.	3 6 / 4 6	3 6 / 4 6
PETROLEUM PRODUCTS (per gall.)—		
Motor Spirit No. 1, London	1 6	1 6
Petroleum, Amer. rfd. brl. Lond.	0 10	0 10
Fuel oil, in bulk, for contracts ex. instal. Thames—		
Furnace	0 3½†	0 3⅝†
Diesel	0 4½†	0 4½†
ROSIN (per ton)—		
American	13/15/0 / 18/0/0	13/15/0 / 18/0/0
RUBBER (per lb.)—	s. d.	s. d.
St. ribbed smoked sheet	0 7½	0 7⅝
Fine hard Para	0 7	0 7¼
SHELLAC (per cwt.)—		
TN Orange	41 0 / 44 0	41 0 / 44 0
TALLOW (per cwt.)—		
London town	17 9	17 9
TIMBER—		
Swedish u/s 3×8 per std.	21/10/0	21/10/0
" 2½×7 "	21/0/0	21/0/0
" 2×4 "	18/10/0	18/10/0
Canadian Spruce, Dis.	22/10/0	22/10/0
Pitchpine per load	13/10/0	13/10/0
Rio Deals per std.	35/0/0	35/0/0
Teak per load	27/0/0	25/0/0
Honduras Mahogany logs c. ft.	0/12/0	0/12/0
English Oak Planks "	0/6/0	0/6/0
English Ash Planks "	0/7/0	0/7/0
VEGETABLE OILS (per ton net)—		
Linseed, naked	23/12/6	22/17/6
Rape, refined	33/0/0	33/0/0
Cotton-seed, crude	19/10/0	20/0/0
Coconut, crude	16/7/6	15/12/6
Palm	14/15/0	14/15/0
Oil Cakes, Linseed, Eng.	9/2/6	9/2/6
Oil Seeds, Linseed—		
La Plata, July	11/12/6	11/11/3
Calcutta	12/12/6	12/8/9
	s. d.	s. d.
Turpentine per cwt.	32 6	32 3

COMMODITY STATISTICS

Coal

COAL OUTPUT ('000 tons)

District	Week ended July 9, 1938	Week ended July 16, 1938	Jan.–June 1937	Jan.–June 1938
Northumberld.	273·6	251·2	7,034·1	6,860·7
Durham	585·1	599·6	16,276·3	16,843·3
Yorkshire	800·1	778·6	23,121·7	21,889·1
Lancs, Cheshire and N. Wales	265·6	313·8	9,005·5	9,023·2
Derby, Notts & Leicester	493·7	495·3	17,369·4	17,387·5
Staffs, Worcs, Salop & Warwick	360·3	366·8	10,351·5	10,391·7
South Wales & Monmouth	727·6	689·8	18,633·2	19,133·3
Other English districts*	112·6	112·7	2,704·9	2,793·2
Scotland	582·8	467·6	16,378·2	15,860·3
Total	4,201·4	4,075·4	120875·6	121283·3

* Including Cumberland, Gloucester, Somerset, and Kent.

Cotton

RAW COTTON delivered to Spinners ('000 bales)

Variety	Week ended July 15, 1938	Week ended July 22, 1938	Total Deliveries Aug. 1, 1936–July 23, 1937	Total Deliveries Aug. 1, 1937–July 22, 1938
American	19·1	18·2	1,196	1,198
Brazilian	4·1	4·6	365	271
Peruvian, etc.	1·5	1·6	140	110
Egyptian	4·5	7·1	400	343
Sudan Sakel	1·1	5·6	164	140
East Indian	2·7	3·6	582	366
Other countries	2·2	3·3	222	159
Total	35·2	43·0	3,069	2,588

Metals

SALES ON LONDON METAL EXCHANGE

	Week ending July 20, 1938	Week ending July 27, 1938	From Jan. 1 to July 27, 1938
Copper	Tons 11,050	Tons 11,850	Tons 375,875
Tin	1,920	1,025	51,245
Lead	5,400	9,700	204,150
Spelter	4,950	4,950	179,225

U.K. STOCKS

	July 16, 1938	July 23, 1938
	Tons	Tons
Copper (Br. official w'houses):		
Refined	6,165	5,956
Rough	30,915	30,904
Tin (London and Liverpool)	7,324	7,245

Foods

WORLD SHIPMENTS OF WHEAT AND FLOUR ('000 quarters)

	Week ended July 16, 1938	Week ended July 23, 1938	Season to July 24, 1937	Season to July 23, 1938
From—				
N. America	372	763	26,052	23,446
Argentina and Uruguay	188	152	20,188	8,644
Australia	141	263	13,242	16,044
Russia	74	150	11	5,608
Danube and dist.	73	43	9,900	6,601
India	55	53	1,983	1,808
Other Countries	...	25	2,225	716
Total	903	1,449	73,601	62,867
To—				
U.K.	202	215	17,430	15,111
"Orders"	190	369	19,356	14,238
France	5	56	1,546	904
Belgium	112	121	4,546	4,985
Holland	42	186	2,539	3,297
Italy	63	19	5,383	1,374
Greece	1	25	1,767	2,365
Scandinavia	7	41	1,871	1,593
Austria, etc.	42	81	2,120	2,132
Other European Countries	5	14	2,446	4,244
Ex-European Countries	234	322	14,597	12,624
Total	903	1,449	73,601	62,867

WORLD SHIPMENTS OF MAIZE AND MAIZE MEAL ('000 quarters)

From	Week ended July 16, 1938	Week ended July 23, 1938	From Apr. 1 to July 24, 1937	From Apr. 1 to July 23, 1938
Argentina	283	351	14,349	2,831
Atlantic America	322	425	...	6,823
Danube Region	42	33	1,664	1,940
S. & E. Africa	40	55	684	174
Indo-China, etc.	42	58	80	456
Total	729	922	16,777	12,224

SALES OF BRITISH CEREALS

	Week ended July 16, 1938	Week ended July 23, 1938	From Aug. 1 to July 24, 1937	From Aug. 1 to July 23, 1938
Wheat...cwt.	48,912	47,577	10,650,367	10,772,158
Barley...cwt.	59	186	10,335,828	10,292,151
Oats ...cwt.	8,313	13,866	2,230,019	2,207,672

OTHER FOODS

	Week ended July 16, 1938	Week ended July 23, 1938
BACON:		
Arrivals in London (bales):		
Danish	13,953	14,046
Canadian	2,483	5,113
Dutch	2,154	2,151
Lithuanian	1,418	1,521
Polish	2,864	2,608
COCOA:		
Movements in Lond. (bags):		
Landed	3,339	3,893
D/d for home consumption	5,872	8,507
Exports	193	...
Stocks, end of week	126,369	121,755
COFFEE:		
Movements in Lond. (cwt.):		
Brazilian—Landed	8	368
D/d for home consn.	78	306
" Exports	...	...
" Stocks, end of week	2,343	2,405
Central and S. American:		
Landed	2,934	1,406

OTHER FOODS—(contd.)

	Week ended July 16, 1938	Week ended July 23, 1938
COFFEE (*contd.*):		
D/d for home consumption	3,094	1,723
Exports	1,278	709
Stocks, end of week	137,563	136,537
Other kinds—Landed	1,096	138
" D/d for home consn.	3,281	3,686
" Exports	281	292
" Stocks end of week.	100,234	96,394
MEAT:		
Supplies at Smithfield (tons):		
Total	9,516	7,873
Beef and veal	4,938	4,262
Mutton and lamb	3,432	2,653
Pork and bacon	663	535
Poultry, etc.	483	423
PEPPER:		
Movements in Lond. (tons):		
Black—Landed	7	...
" Delivered	4	...
" Stocks, end of week.	1,924	1,924
White—Landed	10	...
" Delivered	25	22
" Stocks, end of week	9,295	9,273
SUGAR:		
Movements, London and Liverpool (tons):		
Imports	34,458	11,145
Deliveries	14,100	12,543
Stocks, end of week	233,902	232,504
TEA:*		
Sales on Garden A/c. (pkgs.):		
N. India	10,289	10,345
S. India	10,230	9,084
Ceylon	29,135	28,965
Java	3,916	3,797
Sumatra	373	456
Africa	2,565	3,935
Total	56,508	56,582

* Weeks ended July 14th and 21st.

Miscellaneous Commodities

MOVEMENTS OF RUBBER IN LONDON AND LIVERPOOL

	Week ended July 16, 1938	Week ended July 23, 1938
Landed tons	3,070	1,208
Delivered tons	1,078	1,184
Stocks, end of week tons	94,259	94,283

WORLD SHIPMENTS OF LINSEED ('000 tons)

	Week ended July 15, 1938	Week ended July 23, 1938	From Jan. 1 to July 24, 1937	From Jan. 1 to July 23, 1938
Argentine to—				
U.K. and Orders	3·7	7·6	336·4	183·4
Continent	7·3	6·2	351·5	392·3
U.S.A. and Canada	7·4	3·9	527·4	192·0
Australia, Brazil, etc.	...	...	17·6	12·0
Calcutta to—				
U.K. and Orders	1·3	...	80·3	49·6
Continent	...	...	0·2	0·9
Bombay to—				
U.K. and Orders	0·9	0·1	23·1	90·7
Continent	...	...	8·1	3·4
Madras to U.K.	...	...	...	...
India to—				
Australia, etc.	...	...	6·0	6·1
U.S.A.	...	...	...	...
Sundries	...	...	...	...
Total	20·6	17·8	1350·7	930·4

AMERICAN WHOLESALE PRICES

	July 20, 1938 Cents	July 27, 1938 Cents
GRAINS (per bushel)—		
Wheat, Chicago, Sept.	69	67⅞
Winnipeg, July	100	93
Maize, Chicago, Sept.	58	57⅝
Oats, Chicago, Sept.	26¼	24¼
Rye, Chicago, Sept.	51½	48¾
Barley, Winnipeg, July	47⅝	45
METALS (per lb.)—		
Copper, N.Y., Domestic spot	9·70	10·12½
Producers' export	10·02½	10·45
METALS (per lb.)—*cont.*		
Tin, N.Y., Straits spot	43·50	43·65
Lead, N.Y., spot	4·90	4·90
Spelter, East St. Louis, spot	4·75	4·75
MISCELLANEOUS (per lb.)—		
Cocoa, N.Y., Accra, Sept.	4·92	5·06
Coffee, N.Y., cash—		
Rio, No. 7	4⅞	4⅞
Santos, No. 4	7½	7½
Cotton, N.Y., Am. mid., spot	8·74	8·76
MISCELLANEOUS (per lb.)—*cont.*		
Cotton, Am. Mid., Aug.	8·60	8·62
Lard, Chicago, July	9·00	8·95
Petroleum, Mid-cont. crude 33 deg. to 33·90, at well, per barrel	116	116
Rubber, N.Y., smkd. sheet spot	15	16⅛
Do. do. Aug.	15 5/16	16 1/16
Sugar, N.Y., Cuban Cent., 96 deg., spot	2·85	2·82

COMPANY MEETINGS

RICHARD THOMAS AND COMPANY, LIMITED

DEVELOPMENTS AT EBBW VALE

ADVANTAGES OF THE SITE

SCHEME FOR PROVISION OF NEW MONEY APPROVED

EXPENDITURE TO INCREASE EFFICIENCY

SIR WILLIAM FIRTH'S ADDRESS

The eighty-ninth ordinary general meeting of the shareholders of Richard Thomas and Company, Limited, was held, on the 28th instant, at Southern House, Cannon Street, London, E.C., Sir William Firth (chairman and managing director) presiding.

The Chairman said:—Ladies and Gentlemen,—With your permission I will take the accounts as read and proceed to anticipate some of the questions that must be uppermost in the minds of absent shareholders.

SHAREHOLDERS' QUESTIONS

Those of you who were present at the previous meetings and heard some of the questions put and answered will, I am sure, forgive repetition.

Why did we select the Ebbw Vale site?

Is it a good site geographically?

Can the heavy cost be justified?

Is the excess over the estimate due to careless estimating and careless supervision?

Does it spell ruin to our company?

Was there an ulterior motive behind the chairman's circular of February?

What are the dividend prospects for the future?

Should we agree to the financial scheme proposed?

Is it reasonable and fair that the preference shareholders should be asked to make sacrifices, and for both the preference and ordinary shareholders to agree to the holders of the new 100,000 "A" ordinary shares having three times the number of votes held by all other shareholders?

Do I consider it any advantage to have on the board directors drawn from competing companies?

A FAVOURABLE SITE

Ebbw Vale is a favourable site, because of its proximity to our own coal mines, where cheap and extremely good coking coal is obtainable and because it is well situated both for export and inland distribution. The site is approximately two and a half miles long, and its length makes it eminently suitable for the type of plant we have built. We have in sequence our coke ovens, blast furnaces, steel works, hot strip mill, cold reduction mill and finishing plant, with delivery sidings adjacent to the Great Western Railway.

The inter-departmental transfer costs are comparatively negligible. In time of national emergency it is less vulnerable than the East Coast. Good offices and labour and houses were available.

On the site stood an out-of-date steel plant and billet mill, which had to be demolished, but the cost of demolition was partially offset by the scrap recovered. In the centre of the site ran a small river and on either side of this river two slag heaps. The river had to be culverted and the slag heaps moved and/or levelled.

TRAFFIC ECONOMIES

The cost of this work made the site, on an acreage valuation, expensive, but we calculated that the interest charge on this cost would be more than offset by the traffic economies the site lent itself to. We chose the Ebbw Vale site because, socially, we thought it was a fault to build in a district where there was no unemployment and to neglect a district where there was grave unemployment. We were also anxious to make a good case for isolating the tinplate trade to Wales, its birthplace. We feared if we built the plant outside Wales it might result in other tinplate plant being built outside Wales, and the eventual removal of the tinplate industry from Wales.

THE TIME FACTOR

From a time factor point of view we have been exceedingly unlucky. If, instead of delaying erection while we endeavoured to persuade the industry to build a co-operative plant, we had proceeded with our programme twelve months earlier, we should have avoided the extra cost due to wage increase and abnormal demand conditions that raised the cost of machinery and buildings and foundation work, and we should have benefited from the 1937 conditions when demand exceeded supply, and to-day I should have been able to present to you a very different picture.

Nevertheless, taking the long view, the future standard of living and wages in this country are more likely to rise than fall, and the cost of building a few years hence is, therefore, more likely to be higher than lower, and I think the profits the new works will contribute in the interval will more than make good to the shareholders the cost of our bad timing. Preparing estimates for so huge an integrated plant is a very lengthy and complicated problem, and I am satisfied that the estimates were prepared with care.

UNFORESEEN DIFFICULTIES

What happened was that insufficient margin was allowed for wage increases that have taken place—in the case of labourers the wages have advanced 28 per cent.—insufficient provision was made for unforeseen site difficulties, such as unsuspected areas of rock-like concrete that we encountered in some parts of the site ten feet beneath the surface, on which there was nothing to indicate its existence. Insufficient allowance was made for the advances in the prices of structural steel and machinery, and no allowance was made by the experts for the abnormal delays we have experienced in obtaining delivery, which delays, we are told, are due to the re-armament programme. Another difficulty was the absence of experience of our contractors in the foundation work necessary for strip mill plant.

The American experts anticipated the cost would not be higher than in America, but in fairness to the American experts and the British contractors, it must be remembered that in America 25 similar plants have been erected and American contractors have, therefore, had great experience of this type of work and possess plant particularly suitable for this type of foundation.

EXCESS COST OF PLANTS

The excess cost for the total integrated plants over the original estimates approximates £2,600,000, but of this only £1,100,000 represents under-estimating, i.e. increased costs. The remaining £1,500,000 covers the cost of providing larger buildings than originally intended, to house additional processing plant, and the purchase of additional boiler plant, and the cost of a privately-owned railway, additional equipment for the orefields and the provision of additional transport facilities, such as siding and roadways, etc.

This £1,500,000 additional expenditure will undoubtedly increase the efficiency of the New Works, by making them more flexible and by reducing the production cost, and must not be counted as money lost or unwisely spent, although it is true it was spent in a period when prices were high. The integrated plant, when working to 90 per cent. of capacity, will provide direct employment for approximately 6,000 men. During erection it has provided employment for a still greater number.

ALTERED CONDITIONS

The only criticism that can justly be directed against your board for this additional expenditure is that it was embarked upon before the money was secured, and I must confess, in the light of subsequent events, it is difficult to satisfactorily answer such criticism, but at the time your board approved of this additional expenditure, trading conditions were entirely different from those now prevailing.

Viewed in the light of world conditions then and our then order book position, there was every indication that our old type plant and other properties would yield profits substantially in excess of the £2,138,000 we made in the year under review and there was every promise of such profits being maintained. In this atmosphere, your directors felt justified in embarking upon this additional expenditure. They did not anticipate, nor I think did anyone else, the sudden and almost catastrophic collapse of trading conditions in America, and the heavy fall in commodity values throughout the world.

POSITION LAST YEAR

If you will cast your minds back to the first six months of last year, you will better understand the then views of myself and my colleagues. The order book position indicated earnings for the year approximating £1,000,000 more than the figure given in the prospectus, instead of only £500,000 more, as realised. With regard to my circular letter of February, it is true by then business had tailed off and demand was less strong and the excess costs, over estimates, were apparent, but the effects of the American depression had not then been fully felt in this country. Our order book was still strong, and our current profits very satisfactory, and I remained firmly convinced that it would be possible to borrow from your company's bankers the money we required as payments fell due. I had no indication from them, at that date, to cause me to think otherwise. Even to-day, our total indebtedness to bankers does not exceed £1,345,000.

I have no desire to cross swords with stockbrokers, or to find fault with the sincerity of their calculations and valuations. It is obviously exceedingly difficult for them, without technical knowledge of sheet and tinplate production methods, to assess accurately the potential earning power of our new plant, but as an illustration of how wide of the mark stockbrokers can be in their valuations, the following facts are interesting:—

VALUATION AND EARNING POWER

Just before I was appointed chairman of your company in 1931, the Stock Exchange valuation of the then issued 3,120,346 preference shares was 3s., and the then issued 2,790,560 £1 ordinary shares was 1s., giving a total Stock Exchange valuation of our combined ordinary and preference share capital of £608,000.

In the six years ended March 31st last, your company earned sufficient to take care of the following items:—

	£
Wages and salaries	18,790,186
Interest on debentures and bank overdraft ...	1,130,830
Payments to railway and shipping companies, including freight on inwards goods (estimated at £1,700,000)	4,850,000
Distribution of dividends to shareholders ...	1,957,460
Earned for the Government	1,148,270
Retained in the business in the form of depreciation reserves, etc., and undistributed profits	2,538,780

If to this latter item is added the net proceeds of the premium on the new shares, which is also retained in the business, we have a total balance sheet improvement of £3,432,745.

THE NEW MONEY

With regard to the terms on which the new money is to be provided—when at the end of April it was found that the company's bankers were unwilling to entertain so large an advance as would be involved in the provision of the necessary money to complete our programme, exceptional measures had to be taken, and it was found that the only terms on which the money was available were those with which you are now all familiar, involving as they do the appointment of a control committee. This control committee will receive no fees, and will act in a fiduciary capacity and will not interfere with the general management of the business.

This condition regarding control is naturally one to which I have given great thought, but on reflection I find it is one to which I can agree without misgivings.

VALUE OF CONTROL COMMITTEE

The existence of such a committee, composed as it is of eminent persons, will, I am sure, be of great assistance to your board, and the best answer I can give to any question that may arise in your minds as to the effect which the imposition of control may have upon the dividend policy of your company is to say that, although the control has been imposed at the instance of the prior lien debenture holders, it will be of such a nature as to ensure the best interests of the company in the widest sense.

It must be realised that those providing the money were not seeking this investment—in fact, I do not doubt that they would have preferred to avoid it. It is not unusual when a large sum of money is brought into a business, whether as an investment or in circumstances similar to the present, for some measure of control to be attached to the new money and, inasmuch as the control will be exercised in the best interests of the company in the widest sense, I think it fair and reasonable in all the circumstances that the voting power should be vested in it.

RIGHTS OF PREFERENCE SHAREHOLDERS

I also think it reasonable and fair, inasmuch as the existing debenture holders have modified their rights of foreclosure, that the preference shareholders should waive their cumulative rights for a period of five years and exchange their tax-free rights for *pari passu* dividend rights with the ordinary shareholders up to 3½ per cent.

The investment by the Bank of England of £500,000 in ordinary shares at par increases the cover behind the preference shares, and on that count alone justified my board asking the preference shareholders to agree to the amendment of their rights.

There is another factor which has perhaps not been fully realised. Provision of the new £6,000,000 will give us (if we include the £250,000 set aside to take care of starting-up difficulties) an increase in our working capital of approximately £1,891,917 as compared with January, 1937, the prospectus date, because undivided profits and depreciation reserves at March, 1938, had increased our working capital as compared with January, 1937, by approximately £877,000, to which must be added the £1,014,903 provided for in the new scheme.

CALL ON NEW MONEY

This additional working capital may not be needed if trade is bad, and sight should not be lost of the fact that under the terms on which we are borrowing the new money we are not bound to take the whole £6,000,000 unless we need it—we have a valuable call on it—and further, I would call your attention to the fact that whatever money we take will be net money, i.e. free of all underwriting expense.

On the other hand, if trade is good and we do need it, we shall have the compensation of good profits to offset the interest and redemption charges. I welcome the appointment to the board of Sir Charles Wright and Mr James and Mr Beale. The fact that they are associated with other steel companies, even competing steel companies, cannot prove to our disadvantage. It should, indeed, strengthen co-operation in the industry.

THE OUTLOOK

With regard to the immediate future, I think the current year will be a disappointing one. We are carrying heavy standing charges on the incompleted works. The experts engaged to supervise operations are, instead, spending their time pressing for belated deliveries, and we are carrying heavy interest charges on the incompleted works.

In recent months demand has been small and our order book is unsatisfactory, although in the tinplate section it is 18 per cent. better than it was in July, 1935.

Since March our operations have been substantially curtailed and as a result our profits for the current year to date are disappointing, but we have during that period reduced our stocks by some £400,000 without loss.

The absence of new business has been partly due to world depression and general lack of confidence, but largely due to the liquidation of stocks held by customers not only in this country but all over the world.

It is very doubtful if normal trading conditions will return until conditions in America have greatly improved. When this improvement will materialise, I prefer not to venture an opinion, but one thing is, I think, certain. If the continuation of liquidation of world stocks proceeds at current rate, a substantial improvement in world demand, at a not very distant date, must surely mature because current consumption is in excess of current production, and I have no reason to suppose the demand for sheets and tinplates will not improve.

A PERSONAL STATEMENT

May I make a personal comment? Letters from some shareholders have suggested that, with inside knowledge, I have doubtless taken care to dispose of my personal holding in the company. My answer

is, that I took up over 200,000 of the 13s. 4d. shares and still hold them, together with several hundred thousand additional shares, some of which were bought at a still higher price, and that I still retain a large block of preference shares, and my personal loss is undoubtedly much larger than the loss of any other individual interested in the company, and rightly or wrongly, I still retain unabated confidence in the future of the company.

DIRECTORS AND STAFF

In conclusion, may I say a few words about our staff and my colleagues who have borne with me the responsibility and anxiety of managing this business, and the erection of this huge modern plant.

I include the directors who have retired to make room for the new directors. No band of men could have worked more assiduously or conscientiously to achieve success, or have been more loyal to the interests of the company, and to each other, and I doubt if any chairman of any company is fortunate enough to have such splendid colleagues, ready at all times to sacrifice themselves in the interests of the company. Our staff, as always, have been wonderful and if you consider despite the abnormal fluctuation in trading and financial conditions that has taken place during the year under review, you are entitled to criticise and blame the management, please believe I prefer that blame be directed to me.

Mr Cedric Thomas and Mr Latham have resigned from the board, but Mr Thomas will remain in the service of the company, while Mr Latham will remain a good friend and a good customer. Mr Phillips does not offer himself for re-election on account of his great age. He wished to retire two years ago, but I pressed him to stay until the Ebbw Vale plant was complete. Despite his age, he has a clear logical mind, and during my association with him has been of great help to me taking charge of all the legal formalities inseparable from the purchase of so many businesses, and giving me the benefit of his sound and seasoned judgment, which I shall greatly miss.

I now propose: "That the directors' report and accounts for the year ended March 31, 1938, as submitted, be approved and adopted."

Major L. Beaumont Thomas, M.C., J.P. (deputy chairman), seconded the resolution, and after the chairman had replied to questions and comments from shareholders, it was carried unanimously.

The retiring directors, Major L. Beaumont Thomas and Sir Edward Boyle, Bt., were re-elected, and the auditors, Messrs Peat, Marwick, Mitchell and Company, were reappointed.

A hearty vote of thanks was passed to the chairman.

Prior to the annual general meeting, class meetings of the holders of preference and ordinary shares and an extraordinary general meeting of the company were held to consider resolutions approving the scheme for the provision of new money.

At the meeting of the preference shareholders the resolution was defeated on a show of hands, and a poll was taken, with the result that the resolution was carried by 1,254,896 votes to 7,385. The chairman, in announcing the result, pointed out that that represented a 99 per cent. vote in favour of the scheme.

At the class meeting of ordinary shareholders the resolution was carried on a show of hands with four dissentients, and at the extraordinary general meeting of the company it was carried with two dissentients.

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GOLD FIELDS RHODESIAN DEVELOPMENT COMPANY, LIMITED

INCREASED DIVIDEND REVENUE

MR D. CHRISTOPHERSON'S SPEECH

The twenty-sixth ordinary general meeting of the Gold Fiel Rhodesian Development Company, Limited, was held, on the 28 instant, at the Chartered Insurance Institute, 20 Aldermanbur London.

Mr D. Christopherson, C.B.E. (the chairman), who presided, sa that the profit carried down to appropriation account was £139,96 as compared with £263,066 for the year ended May 31, 1937. Wh comparing these figures, however, shareholders had to bear in mir that during the whole of the financial year under review, marke had been continuously in a more or less disturbed and depresse condition. It was in the April of last year that they had had wh we remembered as the Gold Scare, followed by the disturbing effe of the first proposal as regarded the N.D.C. Tax, which, when lat modified, had been followed by constant fear of European compl cations. All that, coupled with depressed American markets an low commodity prices, had operated against profitable realisatio of investments. Once again, however, it was satisfactory to b able to record that the revenue from dividends had shown an in crease—in fact, the Company's revenue from that source ha amounted to over £66,000, representing some 42½ per cent. o the total revenue for the year. As had been stated at previou meetings, it was the desire of the board to endeavour to increas that source of revenue to a more substantial figure.

THE AVAILABLE BALANCE

To the profit of £139,963 there had to be added a balance o £28,669 brought in from the previous year, and £25,000 transferre from reserve account, making a total of £193,632. After deductin £106,000 for depreciation reserve in order to permit of writing dow all the Company's investments to the market prices obtaining a May 31st, where that was lower than cost, there remained availab £87,632. The directors recommended that a final dividend of 5 pe cent., less tax, be paid, which would absorb £62,856, leaving £24,77 to be carried forward to the current year's accounts.

Investments at cost, less amounts written off, stood at £1,064,25 —a decrease of £9,295 as compared with the previous year. Thi was after having deducted the full £106,000 for depreciation. I would be of interest to shareholders to know that at the price obtaining at May 31st, the value of the Company's quoted invest ments much exceeded the figure shown in the balance sheet. Th cash resources placed the Company in a strong position, and woul enable them to take advantage of any opportunity that might occu of making investments holding out prospects of profitable business.

It was a matter of great regret that the directors had been unabl to declare an interim dividend of 5 per cent., as had been the cas during recent years, but he hoped shareholders would agree tha under the then existing conditions, which unfortunately had con tinued until the end of the financial year, the board had acted wisel in postponing consideration of a dividend payment for the time being. Had there been a marked improvement in market condition in April and May, enabling a greater profit to be made from realisa tion of investments, and making it unnecessary to provide for so large a sum for depreciation and reserve, there might, in that case, have been justification for declaring at the end of the year an interim dividend as well as the proposed final dividend. It was that which the directors had had in mind when they issued the notice in April last to the effect that consideration of the payment of an interim dividend had been postponed until it was seen more clearly what the final results of the year was likely to be.

CLASSIFICATION OF INVESTMENTS

It might interest shareholders to hear under what headings the Company's various investments could be classified, and what percentage such headings bore to the total, with a comparison with what such percentages were the year before. The figures were as follows:—Gold 68½ per cent., as compared with 64½ per cent. last year; other metals 4 per cent., compared with 8 per cent.; industrial 3 per cent., compared with 3 per cent.; holding companies 1 per cent., compared with 1½ per cent.; oil companies 1½ per cent., compared with 2 per cent., and land 9 per cent., compared with 8½ per cent., while cash and debtors, less creditors, were 13 per cent., compared with 12½ per cent.

Proceeding, the chairman gave details of the Company's principal shareholding interests in Rhodesia, on the Witwatersrand, in West Africa, Australia, Colombia and New Guinea. In California they still possessed their interest in the Golden Queen mine, where profits continued to be made, and development work held out promise of substantial additions to the ore reserves, while in Mexico the Fresnillo mine, though working under considerable labour and political difficulties, continued to make reasonable profits. Taking their portfolio as a whole, he thought it could be considered such as to offer prospects of their Company receiving substantial and, he hoped, increasing dividends, and, given an improvement in market conditions, should ensure an appreciation of the capital invested. Shareholders would not expect him to give a forecast of the profits at this early stage of their financial year, but there was encouragement in the generally improved outlook during the last two months. He thought they could reasonably say that both of Europe and the United States. The recent recovery in the United States had been somewhat remarkable, and a continuance, joined with improvement in commodity prices, should be an index of better and improving conditions in the business world generally.

In concluding, he would again like to express their sincere thanks and keen appreciation of the services rendered to the Company by their managers in South Africa, and their consulting engineer, Mr Carleton Jones and his staff. The work of these gentlemen had been of great value to the Company, also to Major Tulloch, their resident engineer, and the staff in Rhodesia for their unremitting efforts on the Company's behalf during the year.

The report and accounts were unanimously adopted.

THE VICTORIA FALLS AND TRANSVAAL POWER COMPANY, LIMITED

FURTHER EXPANSION

INCREASED DIVIDEND

At the annual general meeting of shareholders of the above Company held, on the 26th instant, in London, the chairman and managing director, Mr Arthur E. Hadley, C.B.E., presented a satisfactory account of the company's business for the year 1937.

The net profit for the year, after providing for taxation and all other requirements, amounted, he said, to £612,628 against £586,365. The full dividend of 10 per cent. had again been paid on the preference shares and the dividend on the ordinary shares had been increased from 12 per cent. to 13½ per cent. The reserve fund had been brought up to £500,000 by the addition of a further £100,000, being the same amount as in the previous year.

GROWTH AND DEMAND

The demand for power had steadily increased during the year, reflecting the activity of the gold-mining industry, the supply to which formed the basis of the undertaking. The way in which gold had maintained its position during the past few years had strengthened the conclusion that gold was the safest protection against the effects of economic upheavals and showed, if anything, a tendency to increase in value. The good position of the gold-mining industry augured well for the continued use of the company's installations and for considerable further expansion of them. The demand for power had increased during 1937 by 57,000 kw. and the units sold rose by 345 million units. The notified loads still to be met at various dates in the future were also greater than twelve months previously.

The forecast prepared from available data indicated that the annual rate of increase might be expected to continue at about 50,000 kw. per annum for the next four years, and provision had to be made to meet these requirements. To meet these demands the capacity of the Klip Station was being doubled by the installation of six generating sets, each of 33,000 kw., three of which sets should be at work during this year and the station practically completed by the end of 1939, when it would have an installed capacity of 400,000 kw.

NEW POWER STATION

Mr Hadley went on to say that by the middle of 1941 forecasts showed that the load will have overtaken the total installed capacity. As a result, arrangements had been completed with the Electricity Supply Commission for the erection of a further power station to be called the Vaal Station. This, in the first instance, would provide for an installation of 100,000 kw., and the work in connection therewith would be carried out by the Electricity Supply Commission and the company in co-operation. In order to meet the growth of business, estimates indicated that a further outlay of between two and three million pounds will have to be made by the company during the next few years and, in addition, large sums will have to be spent on renewals.

The policy of the company had been to devise a tariff which would give its consumers reductions in price progressively as the volume of business increased. In 1937 a very satisfactory reduction in the charges for power was made, the rebate being £185,000 higher than for the previous year.

The work of constructing the hydro installation at the Victoria Falls was completed early this summer, and, after trials of the plant, had been set to work by the Governor of Northern Rhodesia and had since been supplying satisfactorily the town of Livingstone.

MANAGEMENT OF STAFF

Mr T. G. Otley continued as general manager in South Africa, with Mr F. McCardle and Mr V. Pickles as the two principal officers under him, the board being thoroughly satisfied that the management was in good hands. In addition, Dr Bernard Price remained as resident director and adviser on matters in South Africa.

In the early part of this year one of the directors, Mr R. E. Shott, and Mr N. Brooksbank, the chief London engineer, visited Johannesburg to complete arrangements with the Electricity Supply Commission in connection with the new Vaal Station and to inspect the company's organisation, plant and equipment.

Mr Hadley asked the shareholders to authorise him to convey their appreciation to the staff in Africa and London for the way in which they had so successfully conducted the company's affairs during the year.

The report and accounts were adopted, and the retiring directors, Dr Bernard Price and Mr R. E. Shott, were re-elected and Messrs Cooper Brothers and Company were re-appointed auditors.

THRELFALL'S BREWERY COMPANY, LIMITED

FURTHER EXPANSION OF BUSINESS

The fifty-first annual general meeting of Threlfall's Brewery Company, Limited, was held, on the 27th instant, in London.

Major C. M. Threlfall, J.P., chairman of the company, in the course of his speech, said: The output and trading results of our breweries and licensed establishments compare favourably with those of the preceding year, and increased profits have again been earned. Business in this our jubilee year has continued to expand, although not to a sufficient extent to appreciably offset the increased taxation and higher costs and expenses we have had to bear. Every effort has been made to cope with the important problem of keeping expenditure within reasonable bounds, but all our essential costs have shown an upward trend, and, as the selling prices of our commodities are practically stabilised, we are left to bear these increased charges. Any variation in the sales of our beers is inseparably linked up with the question of general employment, and it is useless to obscure the fact that unfortunately during the past year there has been a downward trend as regards employment in the cotton trade upon which the livelihood of so many of our customers depends. However, the modern hotels we have erected in recent years have enabled us to counterbalance this and maintain our sales during the past twelve months.

Your company to-day is in an incomparably stronger position as regards its properties, which are the basis of our financial strength, than at any previous period, and the substantial figures shown in the report and balance sheet now before you undoubtedly may be considered satisfactory.

During the year under review we have been successful in obtaining permission to erect three hotels in new localities, and to rebuild and extend several of our older properties.

The gross trading profit for the year is £419,765, and there is a net profit of £311,324.

The report and accounts were unanimously adopted and a dividend at the rate of 20 per cent. on the ordinary shares, making 18 per cent. for the year, was approved.

Resolutions were also passed increasing the existing borrowing powers of the company by £500,000 and converting the shares into stock.

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.*

FURNESS, WITHY AND COMPANY, LIMITED

INCREASED PROFITS AND DIVIDEND

PROBLEMS OF SHIPPING INDUSTRY

The forty-seventh annual general meeting of Furness, Withy & Co., Limited, was held, on the 26th instant, at the registered office of the company, Furness House, Leadenhall Street, London.

The Lord Essendon presided, and in the course of his speech, said: Let me say at once that our hopeful anticipations of a year ago were not entirely fulfilled. It is true that we are able to submit to you a statement of account showing increased profits, and also to recommend the payment of an increased dividend on our Ordinary stock, but these results fall short of our expectations, due in part to the fact that freight markets experienced a general setback in the autumn of last year, from which there has not yet been any material recovery. In the main, however, the results are satisfactory. Comparatively speaking, the year has been a good one for practically all our enterprises, and it may be that we pitched our anticipations a little too high.

The profit and loss account shows an increased profit for the year, viz., £620,681, compared with £544,744. In the final result there is a credit balance on profit and loss account of £834,494, including £213,812 brought forward, from which £55,312 is due to the Preference shareholders, £350,000 has been transferred to depreciation account, and subject to your approval it is proposed to pay a dividend of 5 per cent., less income tax, on the Ordinary stock capital, which will absorb £217,500, leaving £211,681 to be carried forward to the current year. The dividend on the Ordinary stock compares with 3 per cent. paid in 1937, and in the circumstances I hope this will be regarded as a satisfactory reflection of the improved results achieved.

It is well known, in general terms, that expenses have increased in almost every direction, but I am sure it is not realised exactly what these increases mean to a company such as ours. It will therefore be of interest to stockholders to know that in respect of the fleets which are managed from this building (which include Shaw, Savill & Albion, Royal Mail, Manchester Liners, Cairn Line, and so on) the increase in operating costs, covering such items as fuel, wages, stores and insurance, compared with the level of costs a year ago, is at the rate of £275,000 per annum. This is necessarily an incomplete picture, as it is impossible to calculate what is the extra cost of dock labour and many other items of expenditure in the various ports at which our vessels load and discharge.

THE COMPANY'S SERVICES

As regards the various trades in which we are interested, the New York/Bermuda Service experienced only a moderate year. The service between the North Pacific Coast and the United Kingdom yielded improved results, and the refrigerating vessels engaged in the South American trade, which to a large extent are operated under long-term contracts, yielded earnings which are considered to be reasonably satisfactory.

The services to South America and South Africa from the United States, which are operated by the Prince Line, are, for the moment, in the shadow of political events which are entirely beyond our control.

The facts in regard to our United States Services more than ever justify the interest which we acquired a year or two ago in the Empire Trades operated by Shaw, Savill & Albion I am glad to be able to report that that company continues to do well and has fulfilled our expectations.

INSIDIOUS INFLUENCES

There are a great variety of insidious influences at work to-day which are undermining the position of British shipping in world trade, the precise nature of which can, in many cases, only be guessed at, but which all find an explanation in the real or fancied needs of individual nations. The urgent need of some nations to secure foreign exchange is, no doubt, one reason for this state of affairs; preparations for defence of the people, or protection of foreign trade in the event of another war, is undoubtedly another, and, of course, fear of the consequences of unpreparedness is ever present. In the midst of these considerations, it is not to be wondered at that shipowners sometimes find difficulty in maintaining a course consistent with the principles of freedom of action and judgment. There are so many divergent considerations that even those who have the best interests of British shipping at heart frequently look at the problem from different angles. In times of depression it is not unnatural that efforts should be made to restrict the supply of tonnage to the demand, but immediately there arises the fear that unless there is an agreement with foreign shipowners to act in unison, the British share of the world's carrying trade may be still further reduced and transferred to foreign ships.

The fact is that whilst shipowners' first duty is to operate their ships as a commercial venture, the public naturally looks askance at any weakening in the volume of British tonnage and any reduction in the British share of the world's carrying trade. Similarly, the shipbuilding industry has a very natural interest in desiring more and more ships to be built. Dominating the whole position is the indisputable fact that Great Britain must, at all times, have command of sufficient merchant ships to secure the continued life of the nation, and also to serve naval and military requirements in the event of another war.

A review of some of the important events of the past few years is not without interest. The first event I will refer to was the Trade Facilities Act, designed with the threefold purpose of providing employment, assisting the shipbuilding industry, and increasing the number of British ships. Then after a period of very acute depression, which brought tramp shipping to the verge of ruin, there was a tramp shipping subsidy which was in effective existence for the two years 1935 and 1936, and which cost the Government the comparatively small sum of £4,000,000, as against nearly £50,000,000 which has been spent in the support of beet sugar, cattle, milk, etc. More or less concurrently, there was the scrap-and-build scheme, which I personally still think was of greater benefit to the shipbuilding industry than it was to ship-owning. At any rate, it assisted shipowners to the extent of providing a means of building new ships in place of old ones, and at the same time reduced the total volume of British tonnage inasmuch as two tons of old shipping had to be scrapped for each new ton built. Arising out of the tramp subsidy, the industry itself put into operation a system of minimum freights in some of the bulk cargo trades. In 1936 overseas trade improved to a sufficient extent to enable practically all ocean-going tonnage to find profitable employment, and the tramp subsidy came to an end. In the autumn of 1937 the pendulum commenced its backward swing, with the result that tonnage is once more being laid up.

Confidence in the future and a revival of international trade would dispel some of the fears and solve at least part of the problem. In the meantime, however, each of the three major sections of the community which are most vitally concerned, viz., shipowners, shipbuilders and the Government, will each seek to find a panacea. That the Government have the matter closely before them is evident. Our shipbuilders (who, incidentally, have themselves done much in recent years to reduce competition within their own ranks by eliminating a number of redundant yards, and who are not at present able to build as cheaply as some of their foreign competitors) will do all in their power to encourage the building of new ships, and if I may quote from a recent address by one of our most prominent shipbuilders, Sir James Lithgow, it would seem that they have national requirements primarily in mind rather than the profit-earning possibilities of the ships. The quotation I refer to is as follows:—

"It remains for us to demonstrate the urgency of our problems, but from our own and the national standpoint, to be assured of public opinion awakening to the peril of attempting to run an Empire on a dwindling mercantile marine."

One cannot avoid the reflection that if British shipowners had, at their own expense, during the past few years built more ships on an over-stocked market simply for the sake of maintaining the percentage of the British Mercantile Marine in relation to world tonnage, the depression in the industry would have been even more acute and prolonged.

THE OUTLOOK

It may be thought from the tenor of my remarks to-day that I take a gloomy view of the outlook. That is far from being the case. That there has been a temporary setback is beyond all doubt, but the gap between unprofitable and profitable trading can quickly be bridged by a revival in international trade, as was demonstrated very clearly no longer than eighteen months ago. Most of the elements needed to bring about such a revival are merely waiting a return of confidence in the political sphere, and it is to be hoped that the very strenuous efforts which are being made by our Government to establish better relationships throughout the world will meet with the success which we all believe to be possible. Beggar your neighbour never did much good either to the beggar or the neighbour, and, in my view, active and prosperous trading amongst nations is one of the surest methods of achieving peace and restoring confidence, the lack of which is one of the greatest stumbling blocks to-day.

The report was adopted.

McDOUGALLS TRUST, LIMITED

ANOTHER SATISFACTORY YEAR

The fifth annual general meeting of McDougalls Trust, Limited, was held, on the 25th instant, at the registered office, 3 Thames House, Queen Street Place, London, Mr Kenneth A. E. Moore, chairman of the company, presiding.

The Chairman, in the course of his speech, in dealing with the results of the operating company, said the past year's trading resulted in a profit of £241,036, as compared with an average, over the seven years ended March 31, 1937, of £194,000 per annum. We therefore regard the result for the year ended March 31, 1938, as an exceptionally good one, the more so because from a managerial point of view it was a year of unusual difficulty.

In addition to all the ordinary problems and to the ever present competition, the management had to cope with rising secondary costs and wide fluctuations in the wheat market occasioned by wars, and rumours of wars, followed ultimately by a substantial decline in wheat prices arising from favourable harvest prospects. It is, however, a tribute to the underlying strength, stability and soundness of the business that we emerged from a year of such complexity with a very satisfactory trading profit.

Out of the profit of £241,036, McDougalls Trust, Limited, has received £202,000 by way of dividend, £4,500 is absorbed by staff bonuses, £12,000 is reserved for National Defence Contribution and £9,406 for income tax. The balance of £13,130 has been retained in the business, an addition of £15,000 having been made to the general reserve, the carry-forward being slightly reduced at £29,602.

As you will have seen from the balance sheet of McDougalls, Limited, the financial position remains very strong, and even after paying for the new buildings erected during the last few years at Millwall and Andover and for the plant and machinery installed in them, McDougalls, Limited, still has over £200,000 invested outside the business in trustee securities of the highest class.

NEW PACKING WAREHOUSE

I referred last year to our new packing warehouse at Millwall. This has now been in full operation for over a year, and I repeat the invitation which I then extended to our shareholders to come down and see it. We have taken the opportunity in the good times which have been our lot for some years past completely to modernise our packing and certain other plant and equipment at Millwall by the installation of the very latest automatic machinery, and the new arrangements have proved a great success.

Shareholders may be interested to learn that as a form of A.R.P. we have reconditioned much of the old packing plant replaced at Millwall and have installed it at our country establishments as some insurance against the possibility of our operations being hampered in London in the event of war.

During the past year new silos have been erected at our Andover Mill, which greatly facilitate the handling and use of locally grown wheat and enable us to take in large quantities at harvest time. This is not only useful to us, but is also a convenience and economy to local farmers, who, if they wish, can dispose of their wheat at once instead of putting it into stack or store.

Turning now to the accounts of McDougalls Trust, Limited, the net income at £201,973 is practically the same as that for the previous year. After payment of the preference dividend and an interim dividend of 4 per cent. on the ordinary shares and provision for income tax, there remains a balance of £104,689, after including the amount brought forward from the previous year. The directors recommend the payment of a final dividend of 4 per cent. together with a bonus of 2 per cent.—making a total of 10 per cent. for the year—which will leave a balance of £39,497 to be carried forward, compared with £37,817 brought in.

OUTLOOK FOR CURRENT YEAR

With regard to the prospects for the current year, I am conscious of the fact that of all forms of error, prophecy is the most gratuitous. In any case, it is impossible at this stage to give you any reliable forecast. I can say, however, that in the first quarter of its year the operating company has experienced a gratifying increase in trade at a slightly reduced but nevertheless satisfactory margin of profit. What the outcome of the rest of the year will be remains to be seen, but I can assure you that the business of McDougalls, Limited, has never been better equipped nor more virile than it is at present.

Many shareholders have recently received circulars from sources unconnected with any recognised Stock Exchange, offering to purchase shares in McDougalls Trust, Limited, and offering for sale certain other shares whose merits are no concern of mine. Before entering into such transactions, shareholders should consult their bank managers or stockbrokers.

The report and accounts were unanimously adopted.

CENTRAL COMMERCIAL PROPERTIES LIMITED

A DECADE OF PROGRESS

MR W. S. EDGSON'S REMARKS

The tenth annual ordinary general meeting of Central Commercial Properties, Limited, was held, on the 26th instant, at 80, Grosvenor Street, London.

Mr W. Stanley Edgson, F.S.I., F.A.I. (the chairman), said that this period completed their tenth year and it was with no mean pride that he looked back on the progressive success that had been achieved during the past decade. During the period under review circumstances had forced them to a year of consolidation which he felt sure shareholders would agree had proved most beneficial to the company and placed them in a stronger position than ever before.

A year of difficulty and uncertainty had forced home to them that a rainy day might set in. He did not, however, foresee any material setback in their particular type of investment and his considered view was that the best type of shop property would not further decline in value in the near future.

A SCRIP BONUS

Perhaps the most interesting part of his remarks was the recommendation to capitalise a substantial part of their reserves in the form of a scrip bonus of one in three to the ordinary shareholders.

A summary of the results of the last ten years' working shows that during the first six years the revenue amounted to £122,131, of which 21 per cent. was paid in taxation, 54.2 per cent. dividends, and £21,604, representing 17.7 per cent., placed to reserves. During the last four years the revenue amounted to £207,384, and after paying 67.9 per cent. in taxation and dividends, there was placed to reserves no less than £59,787, or 28.8 per cent.

Those reserves had largely been built up from profits on resales, and, in view of the fact that recent valuations had proved that there was a very substantial reserve indeed in the difference of the cost and the market value of their securities, the board had come to the conclusion that they were fully justified in capitalising some substantial portion of those reserves.

BOARD'S DIVIDEND POLICY

He wished to make it abundantly clear that the directors did not anticipate maintaining the same rate of dividend and cash bonus on ordinary shares. In fact, they aimed more to reducing the basic dividend to a constant 10 per cent., perhaps plus a cash bonus commensurate with each individual year's results, and for the coming year he had distinct hopes that any such bonus would at least bring the distribution up to the equivalent in amount that they would have received for the previous year. The intention was to discontinue annual scrip bonuses and to aim at building up still further over a period of years the capital and contingency reserves, as it was their endeavour to maintain at least the same rate of satisfactory progress that had been achieved during recent years&

THE BURDEN OF TAXATION

He viewed with considerable misgiving the alarming increase in both Imperial and local taxation. Whilst the nation might be forced to spend much money in re-armament in order wisely to preserve peace, he felt it most desirable that other forms of Government expenditure, particularly on social services and reconstruction works, should be severely restricted. He considered that now was the time when all Local Authorities and the Government should eliminate every possible for of "non-essential" expenditure so that not onlly might the steady and burdensome rise in rates be arrested but that there might be a reserve of public works upon which to embark when the re-armament programme began to subside.

A close study of the general conditions in both manufacturing and retailing sides of industry had led him to the conclusion that the present high rate of local and Imperial taxation was stifling expansion, curtailing fresh enterprise, and severely impairing the saving power of our great nation.

PROBLEM OF INSURANCE AGAINST WAR RISKS

He also expressed regret that the Government should not have thought fit to have commenced, even if only on the voluntary basis, a scheme for insurance of buildings against war risks. That problem was unquestionably a national one, which the country would have to face in the event of war, and it seemed to him that it would be only prudent to build up a strong national insurance fund during times of peace in order to give property owners, manufacturers and traders that sense of protection that they deserved.

The report and accounts were unanimously adopted.

EASTWOODS CEMENT, LIMITED

DIVIDEND OF 12½ PER CENT

The thirteenth ordinary general meeting of Eastwoods Cement, Limited, was held, on the 27th instant, at River Plate House, London.

Mr Horace Boot, M.Inst.C.E., M.I.Mech.E., M.I.E.E. (the chairman), in the course of his speech, said that the profit carried to the balance sheet amounted to £27,363, which compared with £37,018 last year, and the directors recommended a final dividend at the rate of 7½ per cent., less tax, making 12½ per cent. for the year. The results for the year might be a disappointment to some of the shareholders, but the position was already anticipated by the directors, having regard to the continuous rise in the cost of fuel, wages and all materials used for maintenance and constructional purposes. The long overdue adjustment in selling prices was delayed until December, 1937, in circumstances entirely out of their control. Consequently they stood to receive the benefit of only three months' improved trading, even had the higher selling prices been available. Earnings were further reduced by lower income from investments, and by an extensive overhaul of the kilns and coal mills, etc., during the winter.

As regards trading prospects, although the figures fluctuated from month to month in different areas, there was so far no diminution in total this year compared with the record deliveries reached in the industry for 1937, when the loadings for the home trade amounted to six and three-quarter million tons. There was again apparent a resumption in house-building activity, which indicated renewed confidence in the general position. The whole field of enterprise for furthering the consumption of cement in this country had not yet been fully explored, but users should bear in mind that, when specifying cement for any of its multifarious purposes, they were assisting in the expansion of the demand for coal, all of which was produced in this country. He felt confident that when their new Humber interests were firmly established, the policy of the board would be amply justified, and that they would shortly begin to enjoy the benefits to be derived from consolidating the sales production of the three Eastwoods cement works in the markets best suited to each, to the mutual advantage of all of them.

The report was unanimously adopted.

CHOSEN CORPORATION, LIMITED

SALE OF INTERESTS

An extraordinary general meeting of The Chosen Corporation, Limited, was held, on the 27th instant, in London.

Mr G. W. B. Portman, who presided, said that the agreement under consideration provided for the sale of the company's holding in Nurupi to the American Overseas Mining Investment Corporation for £345,000, payable in cash, partly in sterling and partly in foreign exchange, in London by August 31, 1938. The company remained the sole shareholder to all intents and purposes of Kapam K.K.K., the second of the Japanese companies, the liquid resources of which were estimated to be worth approximately £70,000.

In respect of the sales of its Nurupi interests and from Kapam the company would therefore be entitled on completion to a sum equivalent at current rates of exchange to £415,000 sterling. A deposit of 500,000 U.S.A. dollars, equivalent to upwards of £100,000, had already been put down in cash in London by the purchasers and was now held in joint names. There were other sums to which the company might become entitled under the agreement. It had been brought to the attention of shareholders on previous occasions that there had been disputes between Nurupi and the tax authorities in Japan, and large sums had been paid by way of tax which it was considered Nurupi should be able to recover. The agreement provided that any sums so recovered by Nurupi should belong to The Chosen Corporation.

Shareholders would expect some explanation as to how it came about that the directors were now placing those proposals before them in view of the fact that at the last meeting discussion had centred on a sum of £350,000. It had never become possible for the company to obtain possession or in any way to control the application of that sum. It was now practically impossible to get sterling out of Japan. Under the present agreement a large part of the consideration was in sterling. The balance was in foreign exchange, the market for which was now pegged, and the board had promised that that exchange would not be sold in such a way as to disorganise the market or create pressure on the rate.

On the resolution being put to the meeting it was carried by a majority of those present. A poll was demanded, which resulted as follows:—In favour of the resolution, 326,575 votes; against, 83,188 votes.

SOUTHERN KINTA CONSOLIDATED, LIMITED

SUCCESS OF CONSERVATIVE POLICY

The fourth ordinary general meeting of this company was held, on the 25th instant, in London.

Captain Oliver Lyttelton, the chairman, in the course of his speech, said that it would be seen from the balance sheet that the company's Government securities had been sold against the day, now close at hand, when the big part of the bill for the new dredge must be paid; £194,000 now remained to be found. When, in addition, taxes and the final and interim dividends had been paid, it would be seen that nearly all the surplus cash would have been used.

As to the new share issue, the financial policy of the directors for the last few years had been broadly to provide liberal depreciation reserves, full reserves for all known tax liabilities, and full reserves for bucket band renewals and running repairs. That conservative policy, and particularly the liberal depreciation reserves, had enabled them during the last two years to finance out of the company's resources an ambitious plan of plant reconstruction, the purchase of a new dredge, the acquisition of the two new properties, and so forth. The main items were: New dredge, £220,000; dredge reconstruction, £38,000; and purchase of property, £87,000.

It was therefore without the slightest apology that the directors proposed to increase the issued capital by 350,924 shares of 5s. each, or £87,731; that was one share in 10, plus 1,217 shares to make the capital into a round figure of £962,000.

Last year they increased their carry forward by £16,000, and they would use all or part of that sum, if necessary, in equalising their interim dividends.

As he had promised in the previous year, the directors had limited their additional remuneration to a total of £5,000. Under the Articles it would have been £8,200.

He thought that shareholders could now look forward to more stable conditions, but full prosperity could only be reached when there was an industrial revival in the United States. Their company, which was the largest individual producer in the British Empire, was well equipped, could make modest profits in bad times, and give prospects of excellent returns when times were normal.

The report and accounts were unanimously adopted.

BANK STATEMENTS

Imperial Bank of India.—Net profits for the half year to June 30, 1938, Rs. 39,52,300. Dividend of 12 per cent. per annum, tax free, absorbs Rs. 33,75,000; to reserve fund, Rs. 2,50,000; to pension fund, Rs. 69,000; to premises account, Rs. 2,50,000. Carried forward, Rs. 30,49,900, against Rs. 30,41,600.

Guaranty Trust Company of New York.—Statement, June 30, 1938, shows: Deposits $1,496,430,798·21, as compared with $1,446,430,628·38 on March 31, 1938. Total resources $1,816,207,890·46, as compared with $1,770,408,085·52 on March 31, 1938. Undivided profits $12,010,401·89, as compared with $11,840,362·51 on March 31, 1938. Capital and surplus remain unchanged at $90,000,000·00 and $170,000,000·00 respectively.

Bank of America. — Earnings, $12,321,000 in the first six months of 1938, or $3.08 per share for the half-year, compared with $10,007,000 for the same period last year, and $19,203,000 (or $4.80 per share) for the full year 1937. Dividends, $4,800,000 ($4,000,000). Capital funds, $112,231,000, as compared with $107,268,000 June 30, 1937. Deposits, $1,357,778,000, an increase of $77,058,000.

Manufacturers Trust Company. — Deposits, June 30, 1938, $619,824,134, and resources $737,811,929 against $592,002,055 and $709,748,291, respectively, on March 31, 1938. Net operating earnings for quarter ended June 30, 1938, $2,155,579, against $2,323,713 for the same period in 1937. After dividends of $233,913 on preferred and $824,959 on common, $840,573 was transferred to reserves, and balance used for amortisation and taxes.

Bankers Trust Company.—Statement, June 30, 1938, shows that cash now stands at $324,078,437 against $269,118,786 a year ago. Exchanges for Clearing House amount to $46,834,199 against $53,841,630, and U.S. Government securities to $399,353,059 against $401,066,208. Deposits $915,956,618 against $945,168,425 on June 30, 1937. Undivided profits have risen to $27,650,902 from $25,366,182 a year ago. Total assets $1,038,156,262 against $1,066,081,502.

CURRENT STATISTICS

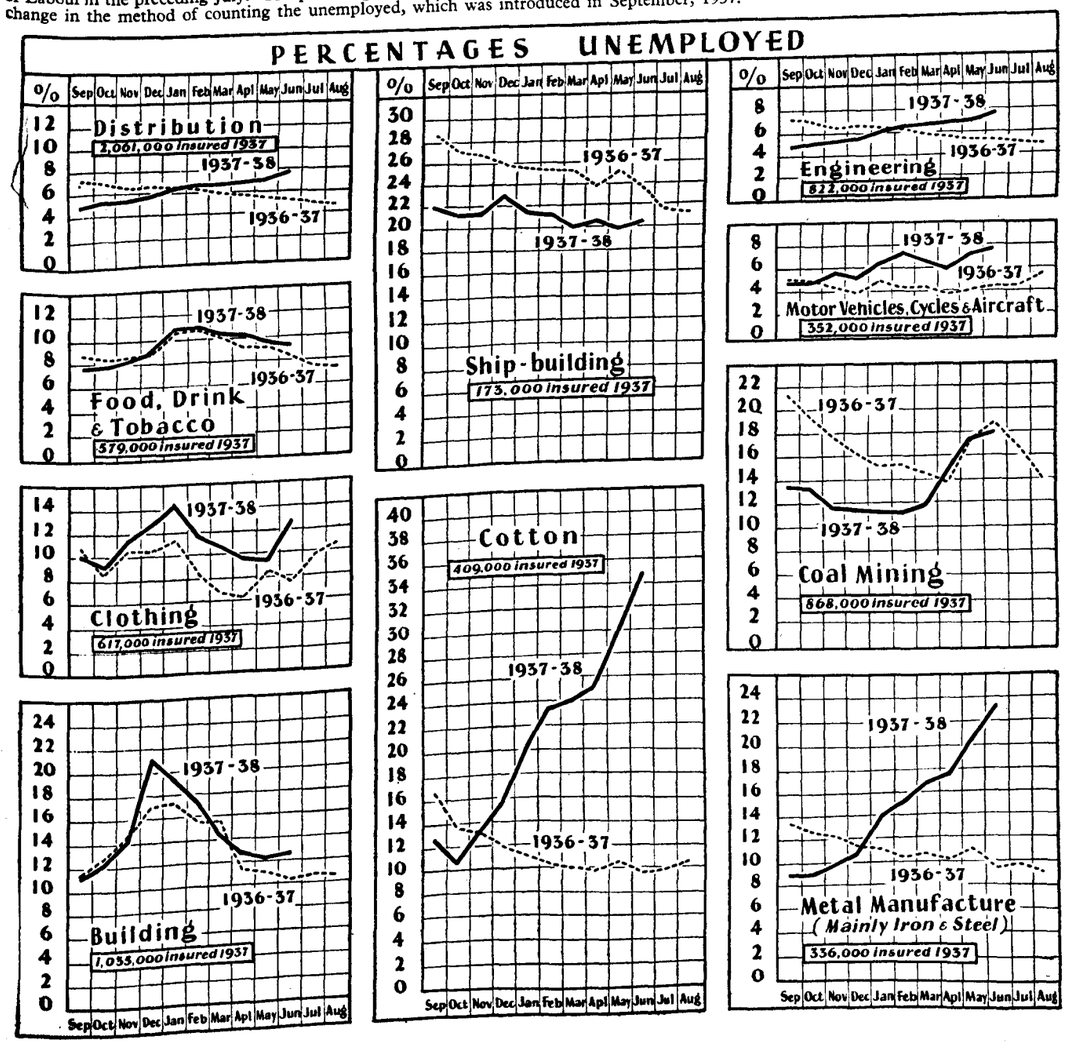
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Where Are the Workless?—II

The following charts show the recent course of unemployment in a number of industries and industrial groups. For each month the results are expressed as a percentage of the number of persons aged 16–64 insured against unemployment in that industry, as recorded by the Ministry of Labour in the preceding July. The percentages for 1936–37 (indicated by a dotted line) have been adjusted by the Ministry to allow for the change in the method of counting the unemployed, which was introduced in September, 1937.



Finance

GOVERNMENT RETURNS

For the week ended July 23, 1938, total ordinary revenue was £18,055,000, against ordinary expenditure of £14,824,000. Thus, excluding sinking fund allocations, the deficit accrued since April 1st last is £112,790,000, against a deficit of £73,801,000 a year ago.

ORDINARY AND SELF-BALANCING REVENUE AND EXPENDITURE

Revenue	Receipts into the Exchequer (£ thousands)			
	April 1, 1937, to July 24, 1937	April 1, 1938, to July 23, 1938	Week ended July 24 1937	Week ended July 23 1938
ORDINARY REVENUE				
Income Tax	26,386	24,681	2,662	2,516
Sur-tax	5,640	6,910	160	260
Estate, etc., duties	29,190	25,240	1,500	2,000
Stamps	5,500	5,580	300	400
N.D.C.	...	2,820	...	620
Other Inland Rev.	130	280	10	60
Total I. Revenue	66,846	65,511	4,632	5,856
Customs	70,392	68,620	5,136	4,708
Excise	35,200	35,300	2,400	5,900
Total Customs and Excise	105,592	103,920	7,536	10,608
Motor duties	5,906	5,771	...	...
P.O. (net receipt)	6,030	3,570	1,000	1,350
Crown Lands	500	520	240	240
Receipts from Sun. Loans	1,741	1,522	2	...
Misc. receipts	2,027	1,830	71	1
Total Ordinary Rev.	188,642	182,644	13,481	18,055
SELF-BAL. REVENUE Post Office and Broadcasting*	19,770	22,230	950	850
Total	208,412	204,874	14,431	18,905

Expenditure	Issues out of the Exchequer to meet payments (£ thousands)			
	April 1, 1937, to July 24, 1937	April 1, 1938, to July23, 1938	Week ended July 24 1937	Week ended July 23 1938
ORDINARY EXPENDITURE				
Int. & Man. of Nat. Debt	87,156	87,131	351	824
Payments to N. Ireland	2,094	1,880	257	...
Other Con. Fund Services	1,427	1,177	...	...
Total	90,677	90,188	608	824
Supply Services†	171,767	205,245	12,080	14,000
Total Ord. Expend.	262,444	295,433	12,688	14,824
SELF-BALANCING EXPENDITURE Post Office and Broadcasting Votes	19,770	22,230	950	850
Total	282,214	317,663	13,638	15,674

* Revenue required to meet expenditure.
† Excluding Post Office and Broadcasting.

After raising Exchequer balances by £170,053 to £2,791,670, the other operations for the week (as shown below) reduced the gross National Debt by £3,061,000 to about £8,259 millions.

WEEK'S CHANGES IN DEBT

(£ thousands)

NET INCREASE IN DEBT		NET REPAYMENTS, ETC.	
3% Nat. Def. Ln.	200	Public Dep. Adv.	3,495
Treasury bills	1,814	Nat. Savings Certs.	1,150
		P.O. & Tel. (Mon.) Acts	400
		N. Atlantic Ship.	30
	2,014		5,075

AGGREGATE ISSUES AND RECEIPTS

The aggregate issues and receipts from April 1, 1938, to July 23, 1938, are shown below :—

(£ thousands)

Ordinary Exp.	295,434	Ordinary Rev.	182,644
Inc. in balances	427	Eire receipts*	3,000
		Gross borr.	112,208
		Less Sinkg. Fds.	1,991
		Net borrowing	110,217
	295,861		295,861

* Receipts under Sec. 2 (3) of Eire (Confirmation of Agreement) Act, 1938.

FLOATING DEBT

(£ millions)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt	Floating Assets
1937						
Mar. 31	674·6*		23·5	...	698·1	...*
July 24	543·0	308·2	28·7	...	879·9	336·9
Dec. 31	889·7*		39·4	55·7	984·9	...*
1938						
Apr. 23	532·0	296·1	27·2	...	855·3	323·3
„ 30	545·0	288·6	36·5	...	870·2	325·1
May 7	560·0	281·6	35·9	8·0	885·4	317·5
„ 14	570·0	278·1	39·2	...	887·3	317·3
„ 21	570·0	276·0	41·8	...	887·8	317·8
„ 28	570·0	281·4	40·8	...	892·2	322·2
June 4	575·0	308·7	43·9	2·0	929·6	352·6
„ 11	580·0	310·7	41·6	...	932·3	352·3
„ 18	585·0	303·4	40·1	...	928·5	343·5
„ 25	583·0	305·7	44·7	...	933·4	350·4
„ 30	851·0*		42·4	41·5	934·9	...*
July 9	573·0	298·3	43·1	...	914·5	341·4
„ 16	568·0	302·3	40·7	...	911·1	343·0
„ 23	568·0	304·1	37·2	...	909·4	341·3

* Owing to inequalities between Treasury bill payments and maturities at the end of the quarter, it is impossible to separate tender and tap issues or to calculate floating assets.

TREASURY BILLS

(£ millions)

Date of Tender	Amount: Offered	Amount: Applied for	Amount: Allotted	Average Rate %	Per Cent. Allotted at minimum Rate
1937				s. d.	
July 23	40·0	89·8	40·0	10 4·30	19
Dec. 31	50·0	80·5	50·0	10 11·59	47
1938					
Apr. 15	45·0	85·6	45·0	10 2·82	41
„ 22	45·0	88·5	45·0	10 2·95	41
„ 29	45·0	80·3	45·0	10 1·99	60
May 6	45·0	87·8	40·0	10 0·69	29
„ 13	30·0	73·5	30·0	10 1·12	29
„ 20	35·0	74·3	35·0	10 1·11	35
„ 27	45·0	69·0	45·0	10 9·37	57
June 3	50·0	83·1	50·0	12 1·04	51
„ 10	50·0	86·0	50·0	12 9·19	58
„ 17	50·0	80·5	48·0	11 5·68	69
„ 24	45·0	66·7	45·0	10 9·18	57
July 1	45·0	84·8	45·0	10 5·33	40
„ 8	45·0	85·2	45·0	10 5·43	40
„ 15	45·0	90·7	45·0	10 5·21	37
„ 22	45·0	88·3	42·0	10 5·03	32

Bills are paid for during following week, on any working day at applicant's option. When normal length is 92 days, bills paid for Saturday are 91-day bills and there are no Monday maturities. When normal length is 90 days, bills paid for on Monday are 89-day bills. Bills paid for in February are 89-day bills, except those paid for each Tuesday, which are 88-day bills.

On July 22nd, applications at £99 17s. 4d. per cent. for bills to be paid for on any day except Saturday of the following week were accepted as to about 32 per cent. of the amount applied for. Applications at higher prices were accepted in full. Applications for bills to be paid for on Saturday at £99 17s. 5d. per cent. and above were allotted in full. £40·0 millions of Treasury bills are being offered on July 29th.

NATIONAL SAVINGS CERTIFICATES

Sales in	Number	Purchase Price
		£
27 weeks to July 10, 1937†	17,729,943	13,297,457
27 weeks to July 9, 1938	17,723,300	13,292,475
Week to July 10, 1937	568,468	426,351
Week to July 2, 1938	655,191	491,393
Week to July 9, 1938	617,325	462,994

† After adjustments to June 19th.
N.B.—Net Exchequer receipts, 9 days ended July 9, 1938 : £300,000.

BANK OF ENGLAND RETURNS

JULY 27, 1938

ISSUE DEPARTMENT

	£		£
Notes Issued :		Govt. Debt	11,015,100
In circultn.	493,311,544	Other Govt. Securities	188,936,484
In Bnkg. Department	33,100,206	Other Secs.	37,594
		Silver Coin	10,822
		Amt. of Fid. uciary Issue	200,000,000
		Gold Coin & Bullion	326,411,750
	526,411,750		526,411,750

BANKING DEPARTMENT

	£		£
Props. Capital	14,553,000	Govt. Secs.	115,761,164
Rest	3,528,292	Other Secs. :	
Public Deps.*	11,186,673	*Discts., etc.*	*9,475,959*
Other Deps.:		*Securities*	*21,268,632*
Bankers	*116,356,344*		30,744,591
Other	*35,051,469*	Notes	33,100,206
	151,407,813	Gold & Silver Coin	1,069,817
	180,675,778		180,675,778

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

THE WEEK'S CHANGES

(£ thousands)

Both Departments	Amt. July 27, 1938	Compared with Last Week	Compared with Last Year
COMBINED LIABILITIES			
Note circulation	493,312	+ 6,201	− 5,027
Deposits : Public	11,187	− 11,298	+ 638
Bankers'	116,356	+ 9,017	+ 12,000
Others	35,052	+ 382	− 2,271
Total outside liabilities	655,906	+ 4,303	+ 5,457
Capital and rest	18,081	+ 47	− 23
COMBINED ASSETS			
Govt. debt and securities	315,713	+ 6,377	+ 5,153
Discounts and advances	9,476	+ 171	+ 3,664
Other securities	21,306	− 2,253	− 3,345
Silver coin in issue dept.	11	− 1	− 3
Gold coin and bullion	327,482	+ 56	− 35
RESERVES			
Res. of notes & coin in banking department	34,170	− 6,147	+ 4,993
Proportion of reserve to outside liabilities—			
(*a*) Bnkg. dept. only ("proportion")	21·0%	− 3·5%	+ 1·9%
(*b*) Gold stocks to deposits and notes ("reserve ratio")	49·9%	− 0·3%	− 0·4%

COMPARATIVE ANALYSIS

(£ millions)

	1937	1938			
	July 28	July 6	July 13	July 20	July 27*
Issue Dept.:					
Notes in circ.	498·3	488·2	488·1	487·1	493·3
Notes in banking dept.	28·1	38·2	38·3	39·3	33·1
Govt. debt and securities	196·1	199·9	200·0	199·5	199·9
Other secs.	3·8	0·0	0·0	0·5	0·0
Gold	326·4	326·4	326·4	326·4	326·4
Deposits:					
Public	10·5	12·5	13·2	22·5	11·2
Bankers'	104·3	115·7	113·0	107·3	116·4
Others	37·3	36·0	35·5	34·7	35·1
Total	152·1	164·2	161·7	164·5	162·6
Bkg. Dept. Secs.:					
Government	114·4	111·9	109·6	109·8	115·8
Discounts, etc.	5·8	10·7	10·3	9·3	9·5
Other	20·8	20·4	20·6	23·1	21·3
Total	141·0	143·0	140·4	142·2	146·5
Banking dept. reserve	29·2	39·1	39·3	40·3	34·2
"Proportion"	% 19·1	% 23·8	% 24·2	% 24·5	% 21·0
Reserve ratio†	50·3	50·2	50·4	50·3	49·9

† Gold stocks in both departments to deposits and notes in circulation. * At this date, Government debt was £11,015,100 ; silver coin in Issue Department, £10,822 ; capital, £14,553,000 ; rest, £3,528,292.

OVERSEAS BANK RETURNS

NOTE.—A return of the Bank of Spain appeared in *The Economist* of May 28th last. The latest return of the Bank of Roumania appeared in *The Economist* of April 23rd ; Banque Mellié Iran, of June 25th ; Argentina, of July 2nd ; International Settlements, of July 9th; Canada, Denmark, Latvia, of July 16th; Federal Reserve Reporting Members, Bulgaria, Danzig, Estonia, Finland, Hungary, Java, Jugoslavia, and Portugal, of July 23rd.

U.S. FEDERAL RESERVE BANKS

Million $'s

12 U.S.F.R. BANKS RESOURCES	July 29, 1937	June 30, 1938	July 21, 1938	July 28, 1938
Gold certifs. on hand and due from Treas.	8,834	10,636	10,633	10,633
Total reserves	9,167	11,052	11,050	11,064
Total cash reserves	324	407	406	421
Total bills discounted	15	10	7	7
Bills bt. in open mkt.	3	1	1	1
Total bills on hand	18	10	8	8
Industrial advances	22	17	16	16
Total U.S. Govt. secs.	2,526	2,564	2,564	2,564
Total bills and secs.	2,566	2,591	2,588	2,588
Total resources	12,440	14,272	14,351	14,303
LIABILITIES				
F.R. notes in actual circulation	4,193	4,124	4,124	4,110
Aggregate of excess mr. bank res. over reqts.	810	2,900	3,040	3,040
Deposits — Member-bank reserve account	6,775	8,041	8,201	8,188
Govt. deposits	228	864	723	732
Total deposits	7,309	9,271	9,279	9,303
Cap. paid in and surplus	306	309	309	309
Total liabilities	12,440	14,272	14,351	14,303
Ratio of total res. to deposit and F.R. note liabs. combined	79·7%	82·5%	82·4%	82·5%
U.S.F.R. BANKS AND TREASURY COMBINED RESOURCES				
Monetary gold stock	12,433	12,962	12,989	13,002
Treasury and Nat. Bk. currency	2,574	2,712	2,717	2,719
LIABILITIES				
Money in circulation	6,424	6,428	6,433	6,416
Treasury cash and deposits with F.R. Bks	3,804	3,163	3,045	3,060

NEW YORK FEDERAL RESERVE BANK.—Million $'s

	July 29, 1937	June 30, 1938	July 21, 1938	July 28, 1938
Total gold reserves	3451·4	4565·9	4612·6	4648·0
Total bills discounted	7·1	3·6	2·4	1·6
Bills bt. in open mkt.	1·1	0·2	0·2	0·2
Total U.S. Govt. secs.	725·0	745·8	780·1	780·1
Total bills and securts.	739·1	754·0	786·9	786·0
Deposits — Member-bank reserve account	2948·0	3822·7	3949·1	3907·1
Total res. to dep. and Fed. Res. note liabilities combined	84·0%	87·3%	86·8%	87·0%

BANK OF FRANCE.—Million francs

ASSETS	July 22, 1937	June 23, 1938	July 14, 1938	July 21, 1938
Gold	48,860	55,808	55,808	55,808
Advances on gold coin	1,099	...	...	...
Bills : Commercial	10,310	7,325	5,921	6,278
Bought abroad	869	760	744	744
Advances on securities	4,026	3,454	3,560	3,589
Thirty-day advances	734	304	660	853
Loans to State without interest : (*a*) general	3,200	3,200	3,200	3,200
(*b*) provisional	21,380	40,134	†40134	†40134
Negotiable bonds, Sinking Fund Dept.	5,641	5,575	5,574	5,574
Other assets	4,137	3,980	4,221	3,935
LIABILITIES				
Notes in circulation	87,911	99,191	101100	99,880
Deposits : Public	3,031	3,233	3,335	3,389
Private	9,105	15,203	12,657	13,955
Other liabilities	2,716	2,914	2,731	2,892
Gold reserve to sight liabilities	48·8%	47·4%	47·6%	47·6%

† Of which fcs. 18,050 millions under Conventions whose permissible limit is Fcs. 30,000 millions.

AUSTRALIAN COMMONWEALTH BANK.—Million £'s

ASSETS	July 26, 1937	June 27, 1938	July 18, 1938	July 25, 1938
Gold and English stg.	16·01	16·01	16·01	16·01
Other coin, bullion, &c.	5·68	5·24	5·19	5·48
Money at short call—London	33·69	28·62	25·86	25·22
Short-term loans	3·0	...	...	...
Secrts. and Treas. bills	76·59	87·96	88·85	89·03
Discounts and advances	10·49	12·83	13·68	13·82
LIABILITIES				
Notes issued	47·04	49·03	49·03	49·03
Res. pm. on gold sold	7·75	7·75	7·75	7·75
Deposits, etc.	85·36	85·79	85·60	85·64

NATIONAL BANK OF BELGIUM

Million belgas

ASSETS	June 16, 1938	July 7, 1938	July 14, 1938	July 18, 1938
Gold	2,777	2,877	2,911	2,923
Silver and other coin	53	48	47	46
Bills and securities	742	797	817	817
Advances	841	774	753	740
LIABILITIES	74	61	57	58
Notes in circulation	4,109	4,186	4,173	4,168
Deposits : Govt.	15	11	8	16
Other	279	276	319	315

REICHSBANK

Million Reichsmarks

ASSETS	July 23, 1937	June 23, 1938	July 15, 1938	July 23, 1938
Gold	69·1	70·8	70·8	70·8
Of which depstd. abroad	19·4	20·3	20·3	20·3
Res. in foreign currencs.	6·0	5·9	5·6	5·4
Bills of exchange and cheques	4664·1	5204·7	5693·7	5526·7
Silver and other coin	232·1	254·2	195·2	215·7
Advances	36·8	57·8	49·0	34·5
Investments	403·4	845·7	846·6	846·8
Other assets	715·6	1239·8	1097·4	1147·7
LIABILITIES				
Reserves	493·0	514·4	514·4	514·4
Notes in circulation	4577·6	5724·3	6080·1	5973·0
Other daily maturing obligations	666·2	1029·5	941·4	932·1
Other liabilities	240·4	260·7	272·5	278·1
Cover of note circulatn.	1·64%	1·33%	1·26%	1·27%

NATIONAL BANK OF CZECHOSLOVAKIA.—Million Cz. Kr.

ASSETS	July 15, 1937	June 15, 1938	July 7, 1938	July 15, 1938
Gold	2,577	2,651	2,652	2,653
Balance abroad and foreign currencies	377	344	289	273
Discounts and advances	1,892	3,667	3,623	3,268
State notes debt	2,015	2,006	2,006	2,006
LIABILITIES				
Bank notes in circulatn.	5,607	7,538	7,614	7,225
Deposits	456	838	600	648

NATIONAL BANK OF EGYPT

Million £E

	June 30, 1937	Apr. 30, 1938	May 31, 1938	June 30, 1938
Banking Department : LIABILITIES				
Capital	2·92	2·92	2·92	2·92
Reserves	2·92	2·92	2·92	2·92
Government deposits	10·01	8·12	7·36	6·90
Other deposits	18·45	18·31	17·04	16·51
Other accounts	3·92	3·14	3·71	4·62
ASSETS				
Cash : Notes	1·34	1·30	1·29	1·42
Gold, silver, etc.	0·69	0·80	0·81	0·81
Money at call, etc.	1·46	0·83	0·55	0·24
Investments	25·28	23·02	22·65	22·87
Advances	3·05	4·57	4·14	4·10
Bills	1·14	1·44	1·18	1·24
Other accounts	5·27	3·47	3·34	3·19
Note Issue Department : LIABILITIES				
Notes issued	21·20	21·20	21·10	20·60
ASSETS				
Gold	6·24	6·24	6·24	6·24
Brit. Treas. bills & bonds	5·74	5·74	5·64	5·14
British War Loan at par	7·72	7·72	7·72	7·72
Egyptian Govt. secs. at market price	1·50	1·50	1·50	1·50

BANK OF GREECE.—Million drachmae

ASSETS	July 15, 1937	June 15, 1938	July 7, 1938	July 15, 1938
Gold and gold exchange	3,336	3,539	3,450	3,431
State gold bonds	543	522	522	522
Bills discounted	540	647	656	697
Advances	3,380	6,116	6,374	6,394
State debt	3,557	3,836	3,838	3,838
LIABILITIES				
Notes in circulation	6,319	6,415	6,495	6,514
Dep. and current accts.	5,026	7,911	7,818	7,794
Foreign exch. liabilities	168	231	216	225

RESERVE BANK OF INDIA

Million Rupees

ASSETS	July 23, 1937	June 24, 1938	July 15, 1938	July 22, 1938
Gold coin & bullion	444	444	444	444
Rupee coin	587	628	651	662
Balances abroad	167	20	9	29
Sterling securities	803	761	721	695
Indian Govt. rupee securities	274	323	324	323
Investments	86	66	66	65
LIABILITIES				
Notes in circuln. : India	1,783	1,682	1,680	1,662
Burma	29	72	73	71
Deposits : Govt.	97	207	140	148
Banks	346	180	216	231
Gold and sterling to liabilities	59·2%	55·9%	54·5%	53·6%

BANK OF SWEDEN.—Million Kronor

ASSETS	July 23, 1937	June 22, 1938	July 15, 1938	July 23, 1938
Gold reserve	465·8	524·7	525·9	526·1
Govt. secs. : Swedish	2·0	41·1	51·0	51·0
Foreign	51·7	40·6	41·0	41·5
Gold abroad not in gold reserve	68·8	85·7	89·9	89·9
Balances with foreign banks	208·6	250·9	242·9	238·8
Bills payable in Sweden	12·8	12·8	12·5	12·3
Bills payable abroad	655·7	523·3	527·0	528·0
Advances	27·9	21·9	22·5	22·6
LIABILITIES				
Notes in circulation	788·7	910·6	903·8	874·1
Deposits : Government	139·5	381·7	321·1	298·4
Com. banks	743·1	437·4	513·1	556·5
Other	10·0	5·7	3·4	3·1

BANK OF JAPAN.—Million yen

ASSETS	July 3, 1937	June 4, 1938	June 25, 1938	July 2, 1938
Coin and bullion : Gold	519·5	801·3	801·3	801·3
Other	56·3	49·1	47·9	46·8
Discounts and advances	775·2	505·2	488·7	487·2
Government bonds	828·0	1127·1	1280·0	1226·8
Agencies' accounts	98·3	93·3	117·8	99·9
LIABILITIES				
Notes issued	1538·6	1837·4	1946·1	1989·9
Deposits : Government	297·9	320·5	258·8	249·7
Other	69·8	127·4	193·6	91·0

BANK OF LITHUANIA.—Million litas

ASSETS	July 15, 1937	June 15, 1938	June 30, 1938	July 15, 1938
Gold	76·65	79·15	79·15	79·17
Silver and other coins	11·10	13·78	14·11	14·13
Foreign currency	2·19	1·00	1·10	1·21
Discounts : (*a*) Home	75·94	88·60	83·64	81·08
(*b*) Foreign	3·85	2·45	3·91	4·18
Advances	15·44	16·01	21·52	21·23
LIABILITIES				
Bank notes in circulatn.	107·24	120·98	122·50	119·87
Current accounts	54·28	63·56	62·10	60·93
Deposits	25·00	14·81	13·83	16·23

RESERVE BANK OF NEW ZEALAND

Million £'s

ASSETS	July 19, 1937	June 20, 1938	July 11, 1938	July 18, 1938
Gold	2·80	2·80	2·80	2·80
Sterling exchange	20·59	17·02	15·89	15·61
Advances to State	5·00	4·56	4·28	4·57
Investments	2·91	2·73	2·73	2·73
LIABILITIES				
Bank notes	12·58	13·71	13·59	13·54
Demand liabs. : State	6·12	4·47	3·09	2·59
Banks and others	11·17	7·64	7·73	8·25
Reserves to sight liabs.	78·3%	76·8%	76·6%	75·5%

NETHERLANDS BANK

Million florins

ASSETS	July 19, 1937	June 20, 1938	July 11, 1938	July 18, 1938
Gold	1257·9	1481·2	1480·7	1480·7
Silver	18·5	21·1	19·9	20·1
Home bills, etc.	14·5	8·4	8·0	8·3
Foreign bills	2·4	5·4	5·4	4·9
Loans and advances in current account	166·9	328·4	326·2	325·3
LIABILITIES				
Notes in circulation	824·8	905·5	932·3	920·1
Deposits : (*a*) Govt.	104·5	152·6	164·8	166·8
(*b*) Other	550·9	806·9	761·6	770·8

BANK OF NORWAY

Million kroner

ASSETS	July 22, 1937	June 22, 1938	July 15, 1938	July 22, 1938
Coin and bullion (gold reserve)	118·8	134·0	133·9	133·9
Bal. abroad & for. bills	127·4	238·6	189·6	189·5
Funds provisionally in gold, not in gold res.	70·3	64·8	84·7	84·7
Norwegian and foreign Govt. securities	83·7	100·6	121·8	120·6
Discounts and loans	166·5	105·6	107·4	108·4
LIABILITIES				
Notes in circulation	417·4	435·1	451·3	451·8
Deposits at sight	100·0	185·1	142·0	140·3

BANK OF POLAND

Million zloty

ASSETS	July 20, 1937	June 20, 1938	July 10, 1938	July 20, 1938
Gold	425·4	445·9	446·5	446·9
For. exch. and balances	28·3	13·3	11·7	11·4
Bills discounted	501·1	634·2	685·6	659·5
Loans against securities	27·0	22·7	25·4	23·2
Treas. bills discnted.	46·2	28·7	28·6	29·6
Securities	134·2	127·8	127·5	127·5
LIABILITIES				
Notes in circulation	939·1	1077·6	1102·3	1064·6
Sight liabilities : (*a*) Government	5·5	30·9	32·1	48·3
(*b*) Others	277·2	260·8	256·2	248·4

SOUTH AFRICAN RESERVE BANK

Million £'s

ASSETS	July 23, 1937	June 17, 1938	July 8, 1938	July 15, 1938
Gold coin and bullion	22·87	23·06	22·28	22·28
Bills discounted : Home	0·04	0·02	0·02	0·02
Foreign	5·12	8·24	5·27	6·38
Investments	1·73	1·72	1·72	1·72
Other assets	10·64	11·22	10·92	10·76
LIABILITIES				
Notes in circulation	14·93	15·82	16·86	16·16
Deposits : Government	2·34	2·21	1·77	2·24
Bankers'	16·63	19·99	18·04	19·36
Cash reserves to liabilities to public	58·3%	53·4%	55·7%	54·8%

SWISS NATIONAL BANK

Million francs

ASSETS	July 23, 1937	June 23, 1938	July 15, 1938	July 23, 1938
Gold	2594·4	2805·7	2786·2	2786·0
Foreign exchange	66·5	379·0	379·1	382·1
Discounts, etc.	7·1	13·0	5·1	5·0
Advances	28·9	21·0	21·1	20·8
Securities	15·9	95·1	95·0	95·0
LIABILITIES				
Notes in circulation	1371·6	1475·9	1496·3	1494·9
Deposits	1316·6	1830·3	1767·2	1768·1

N.B.—Exchange Equalisation Fund and assets included in returns December 31, 1936, onwards at 538,583,653 frs.

CLEARING BANKS

LONDON

(£ thousands)

	Month of June			Week ended Wednesday		Aggregate from January 1 to	
	1937	1938	Change †	July 28, 1937	July 27, 1938	July 28, 1937	July 27, 1938
Number of wkg. days:	26	25	%	6	6	174	175
Town	3,251,533	2,738,543	−12·4	678,008	625,446	22,028,830	19,505,814
Metropolitan	180,485	163,422	− 5·8	41,681	38,382	1,279,274	1,225,209
Country	317,374	287,214	− 5·9	65,771	62,713	2,207,523	2,153,063
Total	3,749,392	3,189,179	−11·6	785,460	726,541	25,515,627	22,884,086

† Based on average working day.

PROVINCIAL

(£ thousands)

	Month of June			Week ended Saturday		Aggregate January 1 to	
	1937	1938	Change †	July 24, 1937	July 23, 1938	July 24, 1937	July 23, 1938
No. of working days:—	26	25	%	6	6	172	173
BIRMINGHAM	10,853	9,866	− 5·5	2,261	2,269	79,577	71,381
BRADFORD	4,280	3,169	−23·0	1,026	744	31,356	23,525
BRISTOL	5,896	5,174	− 8·8	1,211	1,285	37,897	37,153
HULL	3,770	3,202	−11·7	857	825	27,169	24,929
LEEDS	4,191	3,538	−12·2	917	1,187	30,816	29,361
LEICESTER	3,282	2,753	−13·1	790	734	22,682	20,895
LIVERPOOL	27,683	22,434	−15·7	6,710	5,182	210,839	156,596
MANCHESTER	48,340	35,423	−23·8	9,273	7,791	328,920	276,839
NEWCASTLE	6,165	5,945	+ 0·3	1,322	1,454	42,800	45,213
NOTTINGHAM	2,175	1,916	− 8·4	440	448	15,621	14,916
SHEFFIELD	4,622	4,271	− 3·9	1,036	872	32,993	32,891
Total: 11 Towns	121,257	97,691	−18·2	25,843	22,791	860,270	733,689
DUBLIN	...	...	...	4,899	5,095	175,532†	190,162†

† Based on average working day. ‡ 30 calendar weeks.

MONEY RATES

LONDON

	July 21, 1938	July 22, 1938	July 23, 1938	July 25, 1938	July 26, 1938	July 27, 1938	July 28, 1938
Bank rate (changed from 2½% June 30, 1932)	2	2	2	2	2	2	2
Market rates of discount							
60 days' bnkrs.' drafts	17/32–9/16	17/32–9/16	17/32–9/16	17/32	17/32	17/32	17/32
3 months' do.	17/32–9/16	17/32–9/16	17/32–9/16	17/32	17/32	17/32	17/32
4 months' do.	9/16	9/16	9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16
6 months' do.	9/16	9/16	9/16	9/16	9/16	9/16	9/16
Discount Treasury Bills							
2 months'	17/32	17/32	17/32	17/32	17/32	17/32	17/32
3 months'	17/32	17/32	17/32	17/32	17/32	17/32	17/32
Loans—Day-to-day	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1
Short	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1
Deposit allwncs.: Bk.	1/2	1/2	1/2	1/2	1/2	1/2	1/2
Discount houses at call	1/2	1/2	1/2	1/2	1/2	1/2	1/2
At notice	5/4	5/4	5/4	5/4	5/4	5/4	5/4

Comparison with previous weeks

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1938	%	%	%	%	%	%	%
June 30	1/2–1	9/16	9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
July 7	1/2–1	9/16	9/16	9/16–5/8	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 14	1/2–1	17/32–9/16	9/16	9/16–5/8	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 21	1/2–1	17/32–9/16	9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 28	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3

NEW YORK

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

	July 28, 1937	June 29, 1938	July 6, 1938	July 13, 1938	July 20, 1938	July 27, 1938
	%	%	%	%	%	%
Call money	1	1	1	1	1	1
Time money (90 days' mixed call)	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Bank acceptances:—	Selling Rates					
Members—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Non-mem.—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Commercial accept., 90 dys.	1	1	1	1	1	1

EXCHANGE RATES

LONDON—SPOT

(a) Active Exchanges

(Range of the day's business)

London on	Par of Exch. per £	July 22, 1938	July 23, 1938	July 25, 1938	July 26, 1938	July 27, 1938	July 28, 1938
New York, $	‡4·8623	4·911/32–921/32	4·913/4–911/4	4·92–921/32	4·92–923/4	4·921/4–927/8	4·913/4–921/8
Montreal, $	4·8623	4·931/8–937/8	4·931/4–933/4	4·93–933/4	4·931/4–94	4·931/2–941/4	4·931/4–933/4
Paris, Fr.	124·21	178 1/16–1/4	178 1/16–1/4	177 15/16–178 1/16	178–178 3/16	178–178 3/16	178–178 5/16
Brussels, Bel.	35·00a	29·08–11	29·09–12	29·10–13	29·09–12	29·09–11	29·07 1/2–10 1/2
Milan, L.	92·46	93 3/8–9/16 93·42i	93 3/8–9/16 93·42i	93 3/8–5/8 93·57i	93 3/8–11/16 93·53i	93 3/8–3/4 93·58i	93 3/8–5/8 93·56i
Zurich, Fr.	25·22 1/2	21·48–51	21·48–50	21·48 1/2–50 1/2	21·48 1/2–50 1/2	21·48–50	21·46 1/2–49 1/2
Athens, Dr.	375	540–55	540–55	540–55	540–55	540–55	540–55
Amst'd'm, Fl.	12·107	8·94 1/2–95 1/2	8·94 1/2–95 1/2	8·94 3/4–95 3/4	8·95–95 3/4	8·95–95 3/4	8·95–95 3/4
Berlin, Mk.	20·43	12·23–26	12·23–26	12·23–26	12·23–26	12·24–27	12·23–26
Registered Marks	(c)	511/2–561/2	511/2–561/2	511/2–561/2	511/2–561/2	511/2–561/2	511/2–561/2
Br. India Rup.	†18d.	177/8–15/16	1729/32–15/16	1725/32–31/32	1729/32–31/32	1729/32–31/32	1729/32–31/32
Hong Kong, $	† ...	14 13/16–15/16	14 13/16–15/16	14 7/8–31/32	14 7/8–31/32	14 7/8–15/16	14 7/8–15/16
Shanghai, $	† ...	8 3/4–9 1/2(l)	8 3/4–9 1/2(l)	8 3/4–9 1/2(l)	8 3/4–9 1/2(l)	8 3/4–9 1/2(l)	8 3/4–9 1/2(l)
Rio. Mil.	†3·899d.	27/32*m	27/32*m	27/32*m	27/32*m	27/32*m	27/32*m
B. Aires, $	11·45	18·92–97g	18·92–97g	18·93–98g	18·92–96g	18·88–98g	18·88–95g
Valparaiso, $	40	16·12h	16·12h	16·12h	16·12h	16·12h	16·12h
M'video, $	†51d.	12 4/e(l)	12 4/e(l)	12 4/e(l)	12 4/e(l)	12 4/e(l)	12 4/e(l)
Lima, Sol.	17·38	19 1/2–20 1/2	19 1/2–20 1/2	19 1/2–20 1/2	19 1/2–20 1/2	19 1/2–20 1/2	19 1/2–20 1/2
Mexico, Pes.	9·76	21–22(l)	21–22(l)	21–22(l)	21–22(l)	20–21(l)	20–21(l)
Manila, Pes.	†24·66d.	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd
Moscow, Rbls.	...	23 7/8–24 1/8	23 7/8–24 1/8	23 7/8–24 1/8	23 7/8–24 1/8	23 7/8–24 1/8	23 7/8–24 1/8
		26·05 1/4–057/8	26·05 1/4–057/8	26·09 1/4–097/8	26·08 1/4–087/8	26·10 7/8–111/2	26·08 1/4–087/8

Usance: T.T., Rio de Janeiro, Lima, Valparaiso (90 days). *Sellers. †Pence per unit of local currency. ‡ Par 8·2331/32 since dollar devaluation on February 1, 1934. (a) Prior to devaluation on April 2, 1935. (c) Per cent. discount. (e) Latest "export" rate. (g) Official rate is $15 sellers. (h) Average remittance rate for importers. (i) Rate for payments to the Bank of England, for account Controller of Anglo-Italian debts. (l) Nominal. (m) Official.

(b) Other Exchanges

London on	Par of Exch. per £	July 22, 1938	July 27, 1938	July 28, 1938
Helsingfors, M.	193·23	226 1/2–227	226 1/2–227	226 1/2–227
Madrid, Pt.	25·22 1/2	100–200 (l) 77	100–200(l) 77	100–200(l) 77
Lisbon, Esc.	110	110–110 3/8	110–110 3/8	110–110 5/8
Budapest, Pen.	27·82	24 5/8–25 1/8	24 5/8–25 1/8	24 5/8–25 1/8
Prague, Kc.	$164 1/2	142 1/4–5/4	142 5/8–5/4	142 1/4–5/4
Danzig, Gul.	25·00	25 7/8–26 3/8	25 7/8–26 3/8	25 7/8–26 3/8
Warsaw, Zl.	48·38	25 7/8–26 3/8	25 7/8–26 3/8	25 7/8–26 3/8
Riga, Lat.	25·22 1/2	24 3/4–25 3/4	24 5/4–25 3/4	24 3/4–25 3/4
Bucharest, Lei	813·8	660–680	660–680	660–680
Constantinople, Pst.	110	618*	616*	616*
Belgrade, Din.	276·32	620k	620k	620k
Kovno, Lit	48·66	212–222	212–222	212–222
Sofia, Lev	673·66	28 3/4–29 1/2	28 3/4–29 1/2	28 3/4–29 1/2
Tallinn, E. Kr.	18·159	390–420	390–420	390–420
Oslo, Kr.	18·159	17 3/4–18 5/4	17 3/4–18 5/4	17 3/4–18 5/4
Stockholm, Kr.	18·159	19·85–95	19·85–95	19·85–95
Copenhagen, Kr.	18·159	19·35–45	19·35–45	19·35–45
Alexandria, Pst.	97 1/2	22·35–45	22·35–45	22·35–45
Kobe, Yen	†24·58d.	97 3/8–5/8	97 3/8–5/8	97 3/8–5/8
Singapore, $	† 28d.	131 5/16–14 1/16	131 5/16–14 1/16	131 5/16–14 1/16
Batavia, F.	12·11	27 7/8–28 1/8	27 7/8–28 1/8	27 7/8–28 1/8
Bangkok, Baht	†21·82d.	8·92–95	8·92 1/2–95 1/2	8·92 1/2–95 1/2
		22–22 1/4	22–22 1/4	22–22 1/4

Usance: T.T., except Alexandria (Sight). * Sellers. † Pence per unit of local currency. § Par, 197·105/16 since koruna devaluation on February 17, 1934. Rate for payments to the Bank of England:—(j) Under Anglo-Spanish Agreement. (k) Under Anglo-Turkish Agreement. (l) Nominal.

LONDON—FORWARD

(Closing quotations)

London on		July 22, 1938 Per £	July 23, 1938 Per £	July 25, 1938 Per £	July 26, 1938 Per £	July 27, 1938 Per £	July 28, 1938 Per £
New York cent.	1 Month	(p) 5/16–5/16	(p) 9 32/32–1/2	(p) 9 32/32–1/2	(p) 9 32/32–1/2	(p) 9 32/32–1/2	(p) 9 32/32–1/2
	2 „	1/2–3/8	1/2–5/8	1/2–5/8	1/2–7/16	1/2–5/8	1/2–5/8
	3 „	11/16–9/16	3/4–5/8	3/4–5/8	3/4–5/8	3/4–5/8	3/4–5/8
Paris, francs	1 Month	(d) 1/2–5/8	(d) 1/2–5/8	(d) 5/8–1/2	(d) 7/16–9/16	(d) 7/16–9/16	(d) 7/16–9/16
	2 „	1 5/8–1 5/8	1 7/16–1 9/16	1 5/8–1 1/2	1 7/16–1 9/16	1 5/8–1 1/2	1 3/8–1 1/2
	3 „	2 5/8–2 5/8	2 1/4–2 5/8	2 1/8–2 5/8	2 5/16–2 5/16	2 1/8–2 1/4	2 1/8–2 1/4
Amsterdam, cent.	1 Month	(p) 3/4–5/8	(p) 3/4–5/8	(p) 3/4–5/8	(p) 3/4–5/8	(p) 7/8–5/8	(p) 7/8–5/8
	2 „	1 1/2–1	1 1/2–1	1 5/8–7/8	1 5/8–7/8	1 1/2–1	1 3/4–1 1/4
	3 „	2–1 1/2	2–1 1/2	1 7/8–1 3/8	1 7/8–1 3/8	2–1 1/2	1 3/4–1 1/4
Brussels, cent.	1 Month	(d) 5–7	(d) 5–8	(d) 6–8	(d) 6–7	(d) 5–7	(d) 8–10
	2 „	13–17	16–19	16–20	17–19	16–20	20–24
	3 „	24–28	26–30	27–31	27–30	26–31	32–36
Geneva, cent.	1 Month	(p) 2–1	(p) 2–1	(p) 2–1	(p) 2–1	(p) 2–1	(p) 2–1
	2 „	4–3	3 3/4–2 3/4	3 3/4–2 3/4	3 3/4–2 3/4	3 3/4–2 3/4	3 3/4–2 3/4
	3 „	5 1/2–4 1/2	5 1/2–4 1/2	5 1/2–4 1/2	5 3/4–4 3/4	5 1/2–4 1/2	5 1/2–4 1/2

(p) Premium. (d) Discount.

EXCHANGE RATES—cont.

NEW YORK

New York on	Par of Exch. per cent.	July 21, 1938	July 22, 1938	July 23, 1938	July 25, 1938	July 26, 1938	July 27, 1938
London:—	Old Par						
60 days	4·8666	4·913/32	4·917/32	4·912 1/32	4·912 3/32	4·923/32	4·912 7/32
Cables	New Par	4·913/4	4·917/8	4·925/16	4·921/4	4·925/8	4·923/8
Demand	8·2397	4·915/8	4·915/4	4·923/16	4·921/8	4·921/2	4·921/4
Paris, Fr.	6·63	2·76	2·76 1/8	2·76 3/8	2·76 7/16	2·76 1/2	2·76 1/2
Brussels, Bel.	23·54	16·91	16·91	16·91 1/2	16·91 3/8	16·93	16·92 3/4
Switz'l'd, Fr.	32·67	22·89	22·88 1/2	22·91	22·90 1/4	22·92	22·91
Italy, Lira	8·91	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4
Berlin, Mk.	40·33	40·16 1/2	40·16 1/2	40·18	40·19	40·18 1/2	40·18 1/2
Vienna, Sch.	23·82	...	...	...	...	...	...
Madrid, Pt.	32·67	...	...	...	...	...	...
Amst'd'm Gldr	68·06	54·95	54·96	55·00	54·98 1/2	55·02	55·00 1/2
Cop'h'gn, Kr.	145·37	21·95 1/2	21·96	21·98	21·97 1/2	21·99	21·98
Oslo, Kr.		24·71 1/2	24·72	24·74	24·73 1/2	24·75	24·74
Stockh'm, Kr.		25·35 1/2	25·36	25·38 1/2	25·38	25·39 1/2	25·38 1/2
Athens, Dr.	1·29	0·90 1/4	0·90 1/4	0·90 1/4	0·90 1/4	0·90 3/8	0·90 3/8
Mont'real, Can. $	169·31	99·625	99·680	99·750	99·750	99·710	99·71
Yokohama, Yen	84·40	28·69	28·69	28·72	28·72	28·74	28·73
Shanghai, $	...	18·75	18·68	18·68	18·75	18·68	18·68
B. Aires, Peso	...	30·51	30·51	30·53	30·53	30·55	30·54
Rio, Ms. †	11·96	5·90	5·90	5·90	5·90	5·90	5·90

Usance: T.T. * Dollars per £1. † Official.

IMPORTS AND EXPORTS OF GOLD AND SILVER

Week ended July 28, 1938

Imports			Exports		
From	Bullion	Coin	To	Bullion	Coin
GOLD	£	£	GOLD	£	£
British S. Africa	1,697,266	...	Finland	22,414	...
British India	...	556,519	Sweden	778,466	...
Australia	409,176	...	Norway	299,504	...
New Zealand	46,679	...	Netherlands	10,582	107,068
Canada	...	428,230	France	11,965	307,557
Mexico	...	98,000	Switzerland	942,670	18,955
Venezuela	36,290	...	United States	462,980	...
Total*	2,223,189	1,111,183	Total*	2,539,811	450,843
SILVER			SILVER		
Eire	...	2,000	Aden. & Dep.	...	12,576
British S. Africa	179	...	British India	2,700	...
Netherlands	...	332	Sweden	590	...
Belgium	16,147	23,238	Norway	1,022	...
France	...	616	Netherlands	850	55
Switzerland	...	107	Portugal	1,125	...
Other Countries	169	...	Other Countries	234	808
Total	16,495	26,293	Total	6,521	13,439

* Including other countries.

Investment

TRANSPORT RECEIPTS

BRITISH RAILWAY TRAFFICS

	Gross Receipts, week ended July 24 (£'000)					Aggregate Gross Receipts. 29 weeks (£'000)				
	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts
L. & S.—										
1937	738	473	192	665	1,403	14,255	14242	7,529	21,771	36,026
1938	773	394	203	597	1,370	14,297	13400	7,372	20,772	35,069
L. & N. E. (a)—										
1937	473	318	194	512	988	9,329	9,826	7,204	17,028	26,357
1938	483	268	192	460	943	9,226	9,300	6,978	16,278	25,504
Great Western—										
1937	312	206	108	314	626	5,961	5,731	3,274	9,005	14,966
1938	318	176	102	278	596	5,911	5,448	3,186	8,634	14,545
Southern—										
1937	437	68	26	94	531	9,062	1,806	904	2,710	11,772
1938	437	61	29	90	527	9,021	1,748	880	2,628	11,649
Total—										
1937	1960	1065	520	1585	3,545	38,607	31603	18,911	50,514	89,121
1938	2011	899	526	1425	3,436	38,455	29896	18,416	48,312	86,767

(a) Week ended July 23.

CUMULATIVE AND WEEKLY COMPARISONS

(000's omitted)

	L.M.S.	L.N.E.R.	Great Western	Southern
Cumulative Figures				
Gross increase, second half 1937, over second half 1936	+ 1,443	+ 1,099	+ 647	+ 372
Gross decrease, first half 1938, over first half 1937	− 780	− 638	− 318	− 105
Gross decrease, second half 1938, over second half 1937	− 177	− 215	− 103	− 18
3 weeks to July 24, 1938				
Weekly Figures				
Av. weekly decrease, 2nd half 1938	−59·00	−71·66	−34·33	−6·00
Latest week compared with 1937	− 33	− 42	− 30	− 4
Latest week compared with average 1927–30	− 143	− 173	− 56	+ 18

IRISH RAILWAY TRAFFICS

Company	Gross Receipts, week ended July 22 (£'000)			Aggregate Gross Receipts 29 weeks (£'000)		
	Pass.	Goods	Total	Pass.	Goods	Total
Belfast & Co. Down—						
1937	4·6	0·5	5·1	70·8	14·4	85·2
1938	4·9	0·5	5·4	67·5	12·4	79·9
Great Northern—						
1937	15·7	9·7	25·4	289·3	274·6	563·9
1938	16·5	9·5	26·0	287·7	254·2	541·9
Great Southern—						
1937	51·5	37·8	89·3	958·1	1189·8	2147·9
1938	51·4	38·2	89·6	965·9	1130·5	2096·4

OVERSEAS WEEKLY TRAFFIC RECEIPTS

INDIAN

Name	Weeks	Ending	Gross Receipts for Week		Aggregate Gross Receipts	
			1938	+ or −	1938	+ or −
		1938	Rs.	Rs.	Rs.	Rs.
Bengal & N. Western	14	July 10	₹9,61,471	− 77,291	1,14,64,285	− 5,69,016
Bengal-Nagpur	13	June 30	‡26,10,000	+1,27,721	2,45,81,565	− 1,26,223
Bombay, Bar. & C.I.	16	July 20	‡25,70,000	− 2,000	3,75,12,000	− 9,75,000
Madras & S. Mah.	14	10	‡19,99,000	+1,44,964	2,21,70,650	+11,19,987
S. Indian	13	June 30	‡14,94,912	−1,08,523	1,43,32,012	+ 97,820

‡ 10 days.

CANADIAN

		1938	$	$	$	$
Canadian National	29	July 21	3,296,205	− 408,178	92,203,345	−13775217
Canadian Pacific	29	21	2,519,000	− 169,000	68,628,000	− 6,162,000

SOUTH & CENTRAL AMERICAN

		1938				
Antofagasta	29	July 24	£11,700	− 2,140	462,250	− 21,990
Argentine N.E.	3	23	‡198,200	+ 14,900	619,700	+ 54,900
			*£12,295	+ 924	38,443	+ 3,406
B.A. and Pacific	3	23	‡1,201,000	− 131,000	3,873,000	− 697,000
			*£74,504	− 8,126	240,261	− 43,238
B.A. Central	2	9	$146,100	− 11,700	180,700	− 38,300
B.A. Gt. Southern	3	23	‡1,950,000	− 81,000	6,588,000	+ 7,000
			*£120,968	− 3,025	408,685	+ 434
B.A. Western	9	23	‡605,000	− 163,000	2,045,000	− 441,000
			*£37,531	− 10,112	126,860	− 27,358
Central Argentine	3	23	‡1,637,350	− 778,600	5,564,700	−2,919,750
			*£101,573	− 48,300	345,205	− 181,125
Central Uruguayan	2	16	d143,855	− 867	335,049	+ 4,733
			e£16,764	+ 465	39,045	+ 1,770
Leopoldina	29	23	M1862000	+ 63,000	47,809,000	−3,602,000
			£21,491	− 2,571	545,601	− 113,138
Mexican Railway	29	21	$255,400	− 30,300	818,700	− 11,600
Nitrate	28	15	a†£4,463	+ 1,555	85,296	− 4,457
United of Havana	3	23	£17,176	+ 495	41,078	− 11,305

*Converted at average official rate 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."

SUEZ CANAL RECEIPTS

		1938	£	£	£	£
Transit Receipts‡	28	July 20	279,300	− 6,500	5,345,500	− 918,600

‡ 10 days.

LONDON TRANSPORT BOARD

	Receipts	Compared with prev. Year
	£	£
Week ending July 23, 1938, before pooling	568,800	+ 11,100
Total, 4 weeks to date	2,288,300	+ 19,800
L.P.T.B. receipts 52 weeks to June 25, 1938	29,388,200	+ 657,100
L.P.T.B. receipts, 52 weeks to June 26, 1937	28,732,000	+ 255,000
L.P.T.B. receipts, year to June, 1937, after pooling	30,247,378	+ 522,655
London Transport Pool receipts, year to June 30, 1937	41,377,929	+ 771,590

THE WEEK'S COMPANY RESULTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation: Dividend: Prefce. Amount	Dividend: Ordinary: Amount	Dividend: Ordinary: Rate	Carried to Reserve, Depreciation, etc.	Balance Forward	Corresp Period Ye: Net Profit
Breweries		£	£	£	£	£	%	£	£	£
Associated Breweries	June 30	49,763	111,023	160,786	31,621	67,103	10	3,000	59,062	100,145
Nuttall's Breweries	June 30	3,734	88,215	91,949	42,000	24,000	6	16,500	9,449	79,100
Financial Land, etc.										
City of Aberdeen Land	June 30	1,509	9,383	10,892	1,500	7,612	15	500	1,280	13,169
Cons. Sisal Ests. of E. Africa	Mar. 31	773	650	1,423	...	...	...	...	1,423	5,372
Tea Corporation	Jan. 31	4,216	11,229	15,445	...	7,351	7	2,900	5,194	6,025
Iron, Coal and Steel										
Steel Barrel, Scammells, etc.	June 30	1,162	32,594	33,756	5,156	14,162	14	10,500	3,938	28,113
Rubber										
Jeram	Mar. 31	2,021	17,630	19,651	...	10,697	7½	6,000	2,954	11,848
Pahang Para	Apr. 30	314	3,648	3,962	...	1,545	2·08	1,000	1,417	3,531
Semenyih	Apr. 30	10,987	8,857	19,844	...	8,507	18	1,000	10,337	10,062
Shipping										
Alexander Shipping	Mar. 31	12,108	141,415	153,523	1,913	7,973	10	110,805	32,832	(a)
Tea										
Dhamai	Dec. 31	4,141	15,072	19,213	846	12,649	25	2,000	3,718	15,200
Textiles										
Hinde (Fras) and Hardy	June 30	30,049	*Dr. 25,069*	4,980	4,922	...	...	...	58	19,536
Trusts										
Continental and Indus. Trust	May 31	104,823	94,299	199,122	41,250	41,068	5½	16,693	100,111	97,119
East Int. Rubber, etc., Trust	June 30	1,843	18,832	20,675	...	16,523	5·17	1,000	3,152	14,887
Waterworks										
Cleveland Water	June 30*	10,266	137	10,403	...	3,400	10 & 7	...	7,003	2,242
Other Companies										
Britannia Electric Lamp	Apr. 30	...	42,493	42,493	...	7,612	6	25,263	9,618	(a)
Crystalate, Ltd.	Mar. 31	2,145	4,951	7,096	...	...	...	...	7,096	(b)723
Dublin (South) City Mkt.	June 30*	4,385	4,318	8,703	...	3,488	4½	500	4,715	4,266
Ebonite Container	Feb. 28	9,271	13,424	22,695	...	6,800	8	8,000	7,895	19,192
Falk, Stadelmann & Co.	Mar. 31	23,608	110,962	134,570	31,500	57,750	10	18,000	27,320	117,105
Harringay Arena	May 31	*Dr. 3,542*	2,447	*Dr. 1,095*	...	...	...	...	*Dr. 1,095*	(a)
Hollychrome Bricks	May 31	659	25,058	25,717	...	16,500	15	8,000	1,217	23,676
Manchester Canal Whg.	June 24	2,526	10,129	12,655	4,702	4,050	5½	705	3,198	10,314
Manchester Dock Extension	June 24	2,275	34,158	36,433	17,789	13,125	5½	1,906	3,613	34,368
Peachey (A.) and Co.	Apr. 30	2,953	428	3,381	...	...	...	1,111	2,270	(a)
Skinner (Thomas) and Co.	Apr. 2	...	17,642	17,642	6,710	4,375	2½	5,003	1,554	(a)
West (George) Weatherproofs	Mar. 31	12,339	37,400	49,739	18,750	...	...	13,257	17,732	23,322
Yorkshire Brick Company	Mar. 31	12,187	40,932	53,119	13,500	5,699	3	20,749	13,171	37,862
Total Profits, 1938, in £000's:	No. of Cos.									
To July 23	*1,614*	*62,049*	*227,636*	*289,685*	*37,539*	*120,553*	...	*63,985*	*67,608*	*203,624*
To July 30	*1,637*	*62,344*	*228,304*	*290,648*	*37,753*	*120,875*	...	*64,117*	*67,902*	*204,301*

* For half year. (a) No comparable figure. (b) 14 months.

DIVIDEND ANNOUNCEMENTS

Rates are actual, unless stated per annum or shown in cash per share. Rate for previous year refers to total dividend, unless marke asterisk to indicate interim dividend.

Company	*Int. or †Final	Total	Pay-able	Prev. Year
RAILWAYS	%	%		%
Lond. & N. Eastern:				
4% 1st Guar. Stk.	2*	...	Aug. 13	2*
4% 2nd Guar. Stk.	2*	...	Aug. 13	2*
4% 1st Pref. Stk.	Nil*	...	...	1*
5% Red. Pref. Stk.	Nil*	...	...	1¼*
Met. Rly. (Surp. Lds.)	1⅜*	...	...	1⅜*
Southern Pref. Ord.	1*	...	Aug. 9	2*
BANKS				
Bk. of N. S. Wales	c6/-ps*	...	Aug. 25	c6/-ps*
INSURANCE				
Employers' Liability	30*	...	Sept. 23	30*
TEA & RUBBER				
Lampong Rubber	...	5½	...	5
South Sumatra Rbr.	...	5	...	4
MINING				
Ferreira Estate	1/-ps*	...	...	...
Glynn's Lydenburg	7½*	...	...	7½*
Kwahu Mining	‡18¾*	...	Aug. 8	...
Petaling Tin	7½*	...	Aug. 6	20*
Yellowdine Invstmts.	...	1/3 p.s.	...	...
Do. do.	9d. ps*	...	...	...
OTHER COMPANIES				
Anglo-Amer. Telegph.	15/-ps*	...	...	*15/-p*
Baird (Wm.) and Co.	12†	16	...	13
Bairds & Dalmellington	4*	...	Aug. 18	4*
Belfast Ropework	1½†	4	...	5½
Benn Brothers	10†	15	...	15
Do. Deferred	200†	300	...	300
Bent's Brewery	5*	...	...	5*
Birmingham Canal	2*	...	...	2*
Boddingtons Brewery	2½*	...	...	2½*
Bolding (John) & Sons	5*	...	Aug. 10	5*
Bournemouth, &c. El.	6*	...	Sept. 16	6*
British Wagon	8½*	...	July 30	8½*
Byard Manfg.	3*	...	...	2¼₂*
Chester United Gas	2½*	...	...	2½*
City of Lond. Electric	3½*	...	Sept. 30	3½*
Clapton Stadium	a 12½*	...	Aug. 9	15*
Clifford Components	15†	20	...	15
Cons. Gas &c. Bltmre.	90c*	...	Oct. 1	90c*
County of Lon. Elect.	3*	...	Sept. 30	3*
Davis and Timmins	10*	...	...	10*
E.N.V. Engineering	6¼*	...	Aug. 26	5*
East End Dwellings	‡2½*	...	...	2½*
East Surrey Gas	3*	...	...	3*

Company	*Int. or †Final	Total	Pay-able	Prev. Year
	%	%		%
Ed. and Dundee Invst.	4½†	7½	...	7½
E. Int. Rub. &c. Trust	...	‡ 33⅓	Aug. 11	‡3⅓
Ellis and Goldstein	6*	...	July 28	6*
Enfield Cable	a6¼*	...	...	10*
Gabriel Wade, etc.	...	8	Aug. 12	8
Gaskell and Chambers	a5*	...	Aug. 1	5*
Gas Light and Coke	5¹₂ps*	...	...	5¹₂ps*
Greenwood (J.) Millers	2½†	5	...	12
Greyhound Reg. Tst.	a15*	...	July 31	15*
Harrods (B.A.) 4% Pf.	2*	...	...	Nil*
Do. 8% Pref.	4*	...	...	Nil*
Do. 5% Funding Cts	2½*	...	...	Nil*
Henley's (W. T.)	5*	...	Oct. 1	5*
Hydro-Electric	20c.ps.	* ...	Aug. 1	...
Illovo Sugar	...	5	...	5
Imp. Tob. (G.B. & I.)	‡7½*	...	Sept. 1	‡7½*
Jones Sewing Machine	3†	6	...	6
Linen Thread	3*	...	Aug. 27	3*
Liverpool Post	10*	...	Aug. 31	10*
Lon. & Lomond Inv.	2¼*	...	Sept. 1	2¼*
Lon. Com. Sale Rooms	4*	...	Aug. 18	5*
London Electric	3*	...	...	3*
Lon. Lab. Dwellings	3*	...	Sept. 15	3*
Lotus, Ltd.	1½*	...	Aug. 9	2½*
Macleans Ltd.	20†	30	...	20
McNamara and Co.	‡2⅞*	...	Aug. 10	‡2⅞*
Mallandain (A. E.)	3*	...	Aug. 15	3*
May (Joseph) Leeds	...	3	...	7½
Merchants Trust	3*	...	Sept. 1	3*
New Monckton Colls.	...	4	Oct. 1	‡4
O-Cedar, Ltd.	...	10	Aug. 24	12½
Oxford Gas	5*	...	...	5*
Parkes (Josiah)	3*	...	Aug. 12	4*
Penmount Estates	3*	...	...	3*
Perry and Co.	2½*	...	Aug. 31	2½*
Price's Trust	37¼†	50	...	45
Projectile & Eng.	(a)7½*	...	...	7½*
Range Boilers	5*	...	...	5*
Richmond (Surrey) El.	3*	...	Sept. 16	3*
Rowton Houses	‡2½*	...	Sept. 30	‡2½*
Ryder and Son	...	5	...	5
Sackville Estates	2*	...	...	2*
Saint Mungo Prpty.	...	1	Aug. 1	1
Sandown Park	2½*	...	Aug. 29	2½*
Scottish Waggon	4*	...	...	4*
Sec. Clydesdale Inv.	3†	5	Aug. 9	5

Company	*Int. or †Final	Total	Pay-able
	%	%	
Sec. Scot. Westn. Inv.	2†	4	Aug. 9
Sth Brit. Investment	3†	5	...
South Lon. Electric	3*	...	Sept. 30
Sth. Suburban Gas	3*	...	...
Third Guardian Tst.	2*	...	...
Third Scot. Amer. Tst.	13†	19	Aug. 19
Walker (P.) & R. Cain	2*	...	Aug. 31
Williams (H.) and Co.	4*	...	...
Yorks Elect. Power	3*	...	...

‡ Free of income tax. (a) Paid on a capital. (c) To be paid in Australian currency.

ELECTRICAL INDUSTRIES TRUS Distribution 6d. per unit tax free, for in received in fifth half-year ended June 30, Total tax free distribution for year 9·2d. against

J. SAMUEL WHITE AND COMPANY.— years' arrears of dividend on the 6 per cent. c lative preferred shares are to be paid on August up to March 31, 1938. The accounts will be c in future on September 30th, the next acco covering eighteen months.

ENGLISH VELVET AND CORD DYER It has been decided to defer consideration o dividend on the 5 per cent. cumulative prefe shares for the half-year ended June 30, 1938 January the company paid arrears of dividend account of one and a half years to June 30, 1936

TRUST OF INSURANCE SHARES.—D bution payable August 2, 1938, is 3·5177d. per after tax, making 6·3592d. for year, or £3 12s. per cent. gross on initial price of 19s. 9d.

IMPERIAL TOBACCO (GREAT BRIT AND IRELAND).—Interim ordinary divid maintained at 7½ per cent. tax free.

HARRODS (BUENOS AIRES).—Interim dends of 2 per cent. on the 4 per cent. red. pref. shares, and of 4 per cent. on the 8 per cum. pref. It is also proposed to pay a half-y interest on the 5 per cent. funding certificates. Interim payments were made last year.

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War Debts Again

THE regime of War Debts, we have frequently been assured, is dead; but for four years it has obstinately refused to lie down, and in the last few weeks there has been a positive resurrection of interest. A fortnight ago Lord Samuel initiated a debate in the House of Lords with a frank advocacy of a resumption of payments by Great Britain to the United States—on a reduced scale, it is true, but on a scale sufficient to secure American acceptance. Several other peers supported Lord Samuel; and since then hardly a day has passed without an editorial in some newspaper, a rumour, or the denial of a rumour, of negotiations in progress, or a pronouncement by some weighty authority. The remarkable thing is not that interest has thus suddenly revived in a topic long dormant, but that every contribution to the discussion either asserts or tacitly and, perhaps, regretfully accepts the desirability of a resumption of payments.

To those who remember the mood of injured irritation and frustration with which the whole question was regarded in England at the time of the final default four years ago, this sudden revelation of a change of mind must come as a surprise. The default, it is true, was never considered on this side of the Atlantic to be either complete or permanent. It was the action of Congress, not of the British Government, that brought the token payments to an end, and the British Note that announced the decision to make no payment on June 15, 1934, spoke of it as the "suspension" of payments "until it becomes possible to discuss the ultimate settlement of inter-governmental war debts with a reasonable prospect of agreement." Have the intervening years brought any closer that prospect of agreement? In one respect it is very difficult to see any change. Neither British nor American public opinion has altered by more than a trifle the stand on principle which it took up four—or, for that matter, fourteen—years ago. It would be hard to find more than a handful of Englishmen who do not believe that the course we pursued from the Armistice to the default was justified on the highest moral grounds. The nation has in no sense a guilty conscience. On the other side of the Atlantic the tiny minority is of those who do not accept the moral justification of the case for payment in full. If those who coined the despicable epithet of "Uncle Shylock" thought to shame the American people into forgiveness of its debtors, they have completely failed.

But if there has been no retreat in four years from the narrow and windy eminences of principle then occupied, there has been a distinct tendency to leave them, as it were, in permanent garrison and to descend to the broad plain of practical possibilities to tackle the problem once again. The change that has happened in four years is that either country, without yielding its pretensions, would, nevertheless, now be glad to reach a practical compromise for the sake of finally burying, if not the debt itself, at least the problem of the debt. To the end of removing this irritating obstacle to understanding between the two nations (and let no one make the cardinal mistake of underrating its irritant power, especially in the United States) most people in Great Britain would be willing to pay something more than the nothing they believe to be the only just figure,

while United States opinion seems ready to contemplate a lower figure than that which it considers rightly due.

Many factors have combined to produce this concentration on the practical issue. The long negotiations for a Trade Agreement have naturally turned minds in this direction, though the negotiating Governments have from the start wisely decided not to complicate the already involved matters of tariffs and trade with bargaining on the thorny subject of debts. The inter-connection, however, is obvious. So, too, is the effect which the fear of war has had on the British view. It is altogether too crude to represent Great Britain as thinking only of putting herself in a position to borrow again if need be, since it is clear that America's decision, in a future war, to give or withhold financial aid to the other democracies will turn on issues far more momentous than whether they can produce the right number of debt receipts. But the darkening shadow of war inevitably encourages like-minded nations to draw closer together and to remove such causes of mutual irritation as exist between them.

The war debt problem is thus in effect rapidly being reduced to the practical one: How much? What is the highest figure within her financial capacity that Great Britain would be prepared to shoulder, and is this figure within bargaining reach of the lowest that America would be willing to accept? It is, perhaps, worth emphasising that this *is* the only question, since the ingenious chorus of those who claim to have found methods of painless payment has struck up once again. Unless the novel method would create an *additional* volume of trade between the two countries (that is, additional American purchases of British goods and services) it is merely a way of earmarking part of the flow of funds already passing across the exchanges. Thus the latest suggestion for payment by means of sterling travellers' cheques to be sold to American tourists would, indeed, supply funds for payment, but only at the expense of depriving the foreign exchange market of this source of demand for sterling. The effect on the pound sterling would be exactly the same as if payment were made by more orthodox means. The only practical basis for agreement is to consider how much could be transferred by the normal methods of international exchange. And it may be added that though the history of financial events since 1934 shows that something could be paid without imposing intolerable strain upon the exchanges (save perhaps in exceptional years like 1931, for which exceptional provision could be made), it also shows that nothing like the very large sums contemplated by the Mellon-Baldwin Treaty could be paid.

How much? If an honest attempt were made to answer this question, without any too Oriental eagerness to stake purely bargaining claims, it is not merely possible but highly probable that a settlement would be reached. The honest attempt would have to involve the abandonment of any belief on the British side that payments of the token order of magnitude would be acceptable. An offer of £3 millions or £5 millions a year would be regarded in Washington, in 1938 as in 1934, as derisory. On the other hand, American opinion, if it is in earnest about wanting a settlement, will do well to abandon the attempt to maintain any formal relationship with the inflated figures of 1919, or even of 1925. Even with the entire remission of interest, the principal formally due can barely be reduced to £500 millions, and no British Government could promise to pay as much as that.

The bargaining range is thus fairly clearly defined: £5 millions a year is less than the Americans can accept; £25 millions a year is more than we can offer. Somewhere between there is a figure on which both could agree. The opportunity may not be perfect for setting out on an intensive search for the golden mean; but it is never likely to be better.

Disunity in Poland

ON the direct road from Berlin to Moscow, and from Moscow to Prague, Poland is to-day, more than ever, in a key position on the map of Europe and the world. More than ever, the scheming diplomats of the Continent would like to know where, in their combinations, Poland stands. And more than ever, the answer is a cryptic one, not to be read in the external journeyings of Colonel Beck, who was last week in Norway, and before that in Latvia, seeking associates for a policy that is neither pro-German nor pro-Russian so much as anti-League. The answer must be sought from the domestic stirrings of the uneasy Polish people.

Eighteen troubled months have now elapsed since Colonel Adam Koc, under the terms of reference received from Marshal Smigly-Rydz, Inspector-General of the Forces, produced the "Political-Ideological Declaration" that was to have been the Magna Charta of Polish National Unity. The Declaration was based on the predominance of the Roman Catholic faith, the doctrine of nationalism, and the glorification of the Army. All the forces of the nation were to be dedicated to the strengthening of national defence and to raising the standards of Polish life. And, said Marshal Smigly-Rydz in his terms of reference, "the days of privilege are over."

This reference to privilege was the crux of the programme. In the nine years between the Pilsudski *coup d'état* of May, 1926, and his death in May, 1935, the Legionnaires who fought with Pilsudski for the recovery of Polish independence obtained a commanding position in national affairs, which they consolidated under the new Constitution enacted just before Pilsudski's death. They and their friends became "the élite."

The nation received with a scepticism which has since been justified the statement about the days of privilege being over. The general reaction to the Declaration itself was to wait and see, and, in the meantime, for many, perhaps the majority, to maintain an attitude of passive resistance to the governing regime. The Declaration, in fact, caused more stir within the governing regime than it did among the Opposition, and it was not long before Colonel Koc narrowly escaped a bomb attempt on his life, which was presumed to have been an "inside job." A few months later Colonel Koc retired into oblivion, and his Declaration has now been forgotten. The National Unity Camp which he created still exists, but its importance may be measured from the fact that Deputies belonging to the Camp recently elected Colonel Slawek as Marshal of the Sejm and Colonel Slawek was the Camp's bitterest opponent within the regime.

The Koc movement was thus killed by opposition from within and passive resistance from without, and no doubt President Moscicki and Marshal Smigly-Rydz are now sorry that they sponsored the movement and endorsed the Declaration. But responsibility for the failure was largely theirs, because the selection of Koc to "organise" National Unity was a mistake, and their failure to put any real substance into the words about the days of privilege being over deprived the movement of its only chance of arousing any popular echo.

The problem of Poland's political future is thus substantially where it was twelve years ago, after Pilsudski threw over the extremely democratic form of government which he and his followers felt had led only to chaos. It is true that since 1926 an oligarchy and an extensive bureaucracy have grown up; but an oligarchy is only a transient form of government, and the true Pilsudskists, now well past middle age, are steadily dying off. What is to take their place?

It need hardly be doubted that, given another ten years of peace, Poland will gradually return to more democratic forms of government—probably somewhere in between the extreme Liberalism of 1920-26 and the "directed democracy" which was Pilsudski's aim. Time may well show that the agonies and disunity (even within the governing regime) of the last three years were merely the birth pains of a new order which will evolve gradually. It is necessary to recall that, even under Pilsudski, Poland was never, in the Soviet or Fascist sense, a dictatorship. Pilsudski's idea, during the period of transition, was a strong centralised Government, with a Cabinet of experts, and himself as "the deciding factor." He would never have tolerated the electoral system which was enacted soon after his death. It is, in fact, a flagrant violation of the last State document Pilsudski signed—the Constitution of April, 1935.

There has been much talk since his death about a military dictatorship and totalitarianism, and it is probable that Colonel Koc toyed with the idea of a totalitarian system based on rubber-truncheons and bayonets—in short, a military-police State much as Germany, Italy and Russia now are. But the Poles would be about the most difficult people in the world to "totalitarianise." The police have been trying for years to teach and persuade the inhabitants of Warsaw to cross the streets at inter-sections and to obey traffic lights, but the task now seems to have been given up as hopeless. If Warsaw had one-hundredth part of the motor vehicle traffic of London or New York, the number of accidents would be appalling. It is much the same in politics. They form a National Unity Camp and then each member of it has his own ideas about what national unity means.

Both President Moscicki and Marshal Smigly-Rydz, during recent weeks, have disavowed any ideas about totalitarianism; nor was it, indeed, ever seriously thought that they would countenance such ideas in others. All the efforts of the leaders of the regime, with the President and the Marshal taking a prominent part, now seem to be directed towards improving relations with the peasants, who number—apart from the Ukrainians and other minorities—nearly 20 millions out of a population of 35 millions. The peasants' spokesmen have so far been adamant in insisting that any understanding with the regime must be preceded by a promise to restore their political rights and by the return as a free man of M. Witos, a former Prime Minister and the President of the Populist Party, who fled to Czechoslovakia in 1930 when the principal Opposition leaders were "purged." M. Witos still has a sentence of two years' imprisonment to serve. President Moscicki has recently been discussing with peasant representatives from Galicia the possibility of M. Witos returning to Poland, and it has been reported that an acceptable formula is now being sought. There are many who feel that politically M. Witos is a spent force; that he is simply being "martyrised" by exile; and that—especially in such a time as the present—he is more to be feared by the regime while in Czechoslovakia than he would be in Poland. If he would promise to recognise and support the present Constitution it might be good politics to allow him to return and even to make him Minister of Agriculture or Minister of the Interior. But M. Witos himself probably realises that by returning to Poland he would be conferring a favour on the Government rather than accepting one from them; and his terms may be stiffening in consequence.

A beginning—or perhaps gesture would be a better word—towards the restoration of political rights to the masses has just been made by the enactment of new laws for elections to municipalities and communes, and it is most likely that after the life of the present Parliament expires in 1940 a new and more liberal electoral system will be introduced.

The peasants are strong to-day because they are united; and they are united because they are in opposition. If they were asked to form a Government their unity would disappear almost overnight. There is no doubt that the peasants' strike in Galicia last August, during which forty or more lost their lives and several hundred were sent to gaol, made a deep impression on the Government; its effects can be seen in the subsequent economic legislation and agrarian reform. Under M. Poniatowski, the present Minister of Agriculture, land distribution has progressed faster in the last two years than it did in the previous ten; and the main efforts of the Government are now concerned with maintaining agricultural prices at the highest possible level and in promoting better living conditions among the peasantry. The latest step was the introduction of export premiums on grain and a processing tax on flour, the enactment of which may have been due in part to the rumours of another attempt by the peasants to "starve the towns" this August—and on a national scale this time.

An impressive demonstration of peasant solidarity and political consciousness was provided at a National Congress held in Cracow a few months ago, when nearly 1,000 delegates from all parts of Poland assembled. One of the resolutions then voted expressed grave dissatisfaction with the Government's foreign policy, and reiterated what the peasants have resolved on many occasions in the past—namely, a foreign policy based on wholehearted friendship and co-operation with the democratic powers, including Czechoslovakia.

The strongly pro-democratic sentiments of the masses have never, since May, 1926, been allowed to influence foreign policy, but this situation did not cause much concern while Pilsudski was in charge of affairs. The masses knew where he stood; they had full confidence in his judgment; and they knew he would never be overwhelmed by fear of Germany. They have not the same confidence in Colonel Beck, who has been foreign Minister since 1932, and whose influence on foreign policy since Pilsudski's death has probably been decisive. As the "guardian of Pilsudski's testament"—although no written testament has ever been known to exist—Colonel Beck appears to have considered himself above public opinion, and even above influential opinion within the regime. But his views about the League, his coldness towards France, his handling of the Danzig question, his extreme reticence and general air of mystery, have done nothing to win him the esteem of the masses; nor is Polish-German "friendship" regarded by them as anything but a temporary expedient. Good neighbourly relations with Germany are, of course, acceptable, but not at the cost of weakening Polish ties with Paris and London. It would be wrong to assume that public opinion would not assert itself decisively in the event of a war in which France and England—and perhaps eventually the United States—became engaged.

It would, indeed, be wrong to make any too rigid assumptions about Polish foreign policy in future contingencies. Wedged between the two military giants of Europe, Poland is necessarily an opportunist. Her primary instinct is self-preservation; and the methods must be changed with the changing identity of the major menace. But even beyond this inevitable waiting upon others, there is, in foreign affairs as in domestic, the uneasy equilibrium between those who are in office but not in unlimited power, and those who, without being in office, speak for the ultimate forces of the nation. In any future war Poland will do her utmost to be neutral. In whose interest she will be neutral is not decided. It may very well be that events, rather than Polish wishes, will decide it.

Sanctuary for Exiles

THIS week representatives of more than 30 nations, including the United States, have met in London to consider ways and means of assisting refugees from Germany and Austria. They have taken up the problem where it was left last month at Evian, after a conference called hurriedly together by President Roosevelt, when it seemed evident that the thousands put to flight from Austria since the Anschluss bade fair to break down the loose-knit structure of aid to refugees built up by the League of Nations, and by private organisations, and governments in the years since the war. Once more the resources of statecraft are to be tried and tested by one of the saddest by-products of contemporary political and economic systems. Lord Winterton has been appointed permanent President and Mr George Rublee, an American lawyer, Director of the inter-Governmental Committee, whose terms of reference are broad and whose aims are of the essence of humanitarianism.

The problem of refugees is not new. Since exclusive nationalism became the dominant note in Europe's politics millions of unhappy fugitives have sought new homes in foreign lands. The disintegration of the Turkish Empire and the clash of rising nations in the Balkans set up waves of migration in the generation before the war. The beginning of the mass flight of Jews from Russia can be dated even earlier, in 1882. But the aftermath of war swelled these movements to a new magnitude. In Russia, the Bolshevik revolution, the succeeding civil war and the dread accompaniment of famine drove upwards of a million refugees westwards to Poland, Germany and the Baltic, southwards to Roumania, Constantinople and beyond, and eastwards to Manchuria and China. In the Balkans, the wars of 1912, 1913 and 1914-18, and the defeat of advancing Greece at the hands of Turkey in 1922, threw frontiers into the melting pot, and brought Greeks and Bulgarians back to their nominal homeland seeking refuge. In Italy, political persecution began in 1923, and some 10,000 political refugees have since sought shelter, aid and employment abroad. In Germany, the gospel of racism and political hatred was enthroned five years ago, and more than 150,000 migrants have come to foreign countries for help.

The sad record of the post-war treks of the homeless and stateless of Europe is set out in the latest publication of Chatham House.* Sir John Hope Simpson shows with dreadful clarity how "the existence of refugees is a symptom of the disappearance of economic and political liberalism." Refugees are the consequence of closed and authoritarian economies. The nationalism which persecutes and expels them in one country denies them freedom of entry across the frontiers of others. They are the products of the pressure of population upon national resources deliberately brought about by restrictions upon international commerce. At bottom "the problem of refugees is the problem of economic and political adjustment."

This week's meeting in the Locarno Room at the Foreign Office cannot hope to solve the refugee problem in the only complete way by removing its causes. The Committee's terms of reference do not include the task of setting right a disjointed world. A great deal can be done, however, and has been done in the troubled years since 1918, to ease the distress of the migrants, and to overcome the difficulties of the communities in which they have sought asylum, by international co-operation, generosity and good sense. Indeed, it could almost be said that the problem embraced by fugitive Russians, Greeks, Bulgarians, Armenians, Italians and even Germans had been virtually solved in fact or *in posse*—apart from the tragic Russians in Harbin, Shanghai and Tientsin—when the flight from Austria heralded a new exodus impelled by rising anti-Semitism, blocked by the same savage sentiment in possible fields of migration, and exacerbated by the virtual confiscation by the Reich of Jewish property. At least, in Sir John Hope Simpson's words "on a broad view it may be said that the existing refugee population, with one major exception, the Russians in the Far East, is now distributed where final absorption could take place." And international Jewry were confident—before the events of this year betokened a new threat, not only to 350,000 Jews in Germany and 191,000 in Austria, but also to five million Jews in Hungary, Poland, Roumania and Lithuania—that they could save their persecuted fellows from dying in the wilderness.

How has the refugee problem been tackled so far? Broadly, the difficulties which confronted the League, governments and private bodies in the case of the Russians, Armenians and Germans, as they now confront the London Conference, were three: a refugee is an alien without a legal status or the shield and support of a protecting government; he commonly lacks food, clothing and shelter; and he needs a method of earning his living for the future. The first of these problems, legal and political status, has been the field in which the League of Nations has assumed some responsibility, though the last word has lain with the sovereign states themselves. The problems of relief and settlement have been largely left to private enterprise and philanthropic finance.

In 1921, Dr Nansen was appointed League High Commissioner for Russian Refugees; and the scope of the Nansen Office was afterwards widened to include Armenians, Assyrians, Assyro-Chaldeans, and Saarlanders. In 1933, a similar Commission, under, first Mr James Macdonald, and later, in 1936, Sir Neill Malcolm, was set up to deal with German refugees. The work of these bodies was mainly to secure international agreements for the legal protection of those under their care, and to assist in the co-ordination of relief and settlement. In 1922, the so-called Nansen passport gave some degree of legal status to fugitive Russians, and in 1927 a similar "stateless" document was proposed for refugees not under the Nansen Office, and actually granted in 1936 to refugee Germans. By agreement a status of refugeedom was evolved and defined. Both the Nansen Office and the Commission for German refugees are due to lapse shortly, but the continuance of their functions in some way was agreed by the League Council in May.

Clearly, the League's mission as guide, philosopher and friend must ultimately be dependent upon the readiness of private organisations to relieve and assist refugees and, still more in the long run, upon the willingness of governments to receive and recognise refugees, to grant them asylum, legal rights and permission to work. The League's responsibility can only be temporary. Voluntary bodies, and notably to the everlasting credit of their country, Americans, have done their relief work nobly; the Jews of the free world have shown their unfailing generosity towards their persecuted brethren; and the countries conspicuously exposed to refugee migration, such as France, Holland, Jugoslavia, Czechoslovakia and Palestine have responded with varying degrees of generosity to the calls made upon them. The liberal traditions of France have combined with her need for man-power in mine and factory to afford a home to 190,000 refugees, congregated for the most part in large cities, in Paris, Marseilles and Lyons, and now including close upon 100,000 Russians and, temporarily, some 30,000 Spaniards. Jugoslavia has hospitably received 28,000 Russians, while in Czechoslovakia the *Action Russe*, until it ended in 1929, gave aid and education to over 10,000 Russians. Among its 282,000 immigrants since 1920, Palestine has received some 30,000 German refugees; their settlement has been well planned and organised; but fears for the country's absorptive capacity and political troubles have set a strict limit to the numbers Palestine may welcome annually. Only in the Far East, where thousands of Russians are working as labourers—when they can get the work—at half the wages paid to Japanese, while their women walk the streets, has the problem been wholly unsolved.

The only final end to the problem of refugeedom is naturalisation and absorption; France has gained artisans; Holland has gained traders. The refugees of to-day, like the Flemings and Huguenots of the past, have contributions to make to the life of their new countries. Much of the greatness of the United States is historically based upon the talent and enterprise of refugees.

But absorption and assimilation are so slow and difficult that they could barely cope with the scale of the refugee problem as it stood before the *Anschluss*. Even liberal France warns that she has reached the limit; and vested professional interests in Britain are not disposed to be generous. The dimensions of the problem to come threaten to swamp the agencies which have so far spread the waters of migration relatively smoothly over new lands. One field has been practically untouched so far; that is, colonisation—except where refugees have been merged with existing schemes as in Palestine and Argentina. South America, North Africa, Australia, New Zealand, Madagascar, Kenya, the New Hebrides, and Angola have been suggested for settlement. But, since the cost of settling a family in a new land runs close to £1,000, there are clearly financial burdens to be borne as the basis of any extended scheme of settlement. Mass migration is impracticable, but planned infiltration adequately financed is clearly feasible; and the rights of Imperial Powers like Britain and France spell duties and responsibilities also. Responsibility lies heaviest upon the persecuting powers, and more heavily than ever upon Germany for her sudden expulsion of Jews this year without the wherewithal to make their way in the world. Private charity cannot cope with the new flood of fugitives. The nations must come together to check the flow by persuasion and argument; to canalise it by organised migration; and to run it to fruitful purpose by generous absorption and schemes of settlement. The rich and the powerful among the nations have a matchless opportunity to show that they have some element of those other qualities of mercy and charity which alone can truly authorise them to call themselves Great Powers in the world.

* "Refugees." By Sir John Hope Simpson. Royal Institute of International Affairs. 229 pages. 3s. 6d.

August the Inauspicious

THIS is the season when the thoughts and feet of British citizens turn towards other sea coasts than those of Bohemia. But the preoccupations of modern Bohemia are responsible for dragging at least their thoughts back to graver matters than holiday-making. We may be forgiven if, in the first days of August, we recall a sunny Bank Holiday week-end twenty-four years ago; and what came of it at last. We have no desire to crab the holiday spirit; but we feel inclined to break a lance with those who talk airily of "the end of the season," the dog days, and the general uneventfulness of August. For us, as for General Staffs and munitions works and the Foreign Office and the fighting Services and all the cables and wireless in the world, August is a horrid, an incalculably eventful month.

Consider the counts in the indictment of August since 1914. Of sheer and wilful ominousness it has been quite as guilty as any other month, and regularly. The landing at Suvla Bay and the taking of a National Register occurred in August, 1915. In the same month of 1916 Italy declared war on Germany, Roumania on Austria-Hungary, Germany on Roumania, and Turkey on Roumania; and Field Marshal von Hindenburg became Chief of the German General Staff. Next August, Roumania collapsed, China entered the war against Germany, the first battle of Ypres opened, and—causing other casualties—the U.S. Senate adopted the Constitutional Amendment which boosted bootlegging and raised the status of gangsters. In August of 1918, apart from the German defeat on the Western Front, the Allies (including the United States) recognised Czechoslovakia as an allied nation, and British troops landed at Archangel and Vladivostok, while the British Government issued its simultaneous Declaration to the Russian Peoples abjuring any intention of intervening in Russian politics.

The first August of Peace brought nothing more exciting than the collapse of Béla Kun's Communist regime in Hungary, a British battle or two with the Bolsheviks in Russia, the occupation of Hungary by the Roumanian army, proclamation of the Weimar Republic by the German National Assembly, and the first blows of the "Geddes axe" at the root of the Ministerial trees in Whitehall. As for August of 1920, the Straits were internationalised, Smyrna was given to Greece as an airy gesture (which brought a war a year or two later), the Habsburg Monarchy was split up, the first Little Entente alliance was signed, and the Polish army, with the help of General Weygand, routed the Russians in the Battle of Warsaw. By 1921, August had become quite humdrum: the United States convoked the Washington Conference on disarmament, the Spaniards were defeated in Morocco, the British Government's offer for the Irish settlement was published, De Valera refused it, and the United States signed separate Treaties of Peace with Austria, Germany and Hungary.

August of 1922 began in grand style: the Balfour Note on reparations and debts went off on the 1st; civil war broke out in Italy on the 4th; the British Air Force was expanded by 500 machines for only £2,000,000 (*O tempora!*); Britain ratified the Washington Treaties; an Allied conference on reparations and the proposed moratorium opened in London, while the mark shot downwards; the Bradbury Committee went to Berlin for the Reparations Commission; General Sun Yat-Sen, after his defeat in China, escaped on a British gunboat; British Orders-in-Council established a Government in Palestine; the President of the Dail died; Michael Collins (then head of the Irish Free State Government) was killed by irregulars in County Cork; and the Greek Army was annihilated in Asia Minor. That was an August, that was!

The next was milder, for only the bombardment of Corfu by the Italians took place, the Anglo-Japanese Alliance lapsed, the mark fell to 36,000,000 to the £, President Harding died, and Mr de Valera was arrested. In the dog-days of 1924 came the arrest of J. R. Campbell—destined soon to bring down the first Labour Government—the Dawes Agreement with Germany, the Ruhr

evacuation, and the outbreak of passive resistance by Swarajists in India. By comparison, August of 1925 was homely: nothing much, beyond the French war in the Jebel Druse, the seizure of power in China by an army commandant named Chiang Kai-shek, and a debt settlement or two. So in 1926, apart from Mexico falling under a Papal interdict over the Church dispute, a revolution in Greece oversetting General Pangalos, and large-scale military operations in China, all was calm and bright.

But in 1927 August got into its ominous stride again. The Conference on Naval Limitation collapsed, Sacco-Vanzetti demonstrations and bombs blew up all over the world, Fianna Fail decided to co-operate in the Irish Dail, and Lord Cecil resigned from the Cabinet over the Government's attitude to disarmament. By 1928 August was going full pelt: it began with Mr Baldwin's pledge not to introduce protection or taxes on food, warmed up with the death from wounds in the Jugoslav Lower House of M. Raditch, the Croat leader, and careered on to Venizelos's victory in Greece, and the signing of the Kellogg Pact in Paris. This was only the prelude to August of 1929, when the Hague Conference evoked Mr Snowden's famous gibe of "*grotesque et ridicule*" at the French; the Reparations Agreement was signed; massacres of Jews broke out in Palestine; and the Anglo-Egyptian settlement was framed. August of 1930 was the last of the calm post-war dog-days: Sir Otto Niemeyer heralded the world economic blizzard by telling the Australian Loan Council to economise; a revolution racked Peru, and murderous assaults broke out in India.

Summer fireworks went up again in August of 1931. On the 1st the Bank of England borrowed the £50 millions loan from France and the United States to buttress sterling; and they wound up that *entrée* with a sweet, on the 28th, of another £80 millions from the same two lenders. On the ominous fourth Germany imposed exchange control; on the 8th the Bank of England invited Prime Minister MacDonald to stablish British finances; on the inauspicious 13th the Cabinet coolly decided to balance the Budget; on the 17th the Japanese Government issued their ominous statement on the murder of Captain Nakamura in China; on the 18th the Layton-Wiggin Report recommending a short-term moratorium for Germany appeared; on the 19th Count Bethlen resigned the Premiership of Hungary after eleven years; on the 22nd came the British Cabinet split over a cut in unemployment benefits; on the 23rd the King returned to town; on the 24th the Cabinet resigned and Mr Ramsay MacDonald became first leader of the National Government, with Labour in opposition. Not a bad August bag.

And what shall we say of those other Augusts since then: of '32, when the Ottawa Agreements were concluded, with the £ at $3.60, and the Reichstag meeting under a Communist woman Speaker? Of '33, when the international loan was made to Austria, and Britain and France protested to Nazi Germany on the activities of Nazis in Austria? Of '34, when Hindenburg died in favour of Hitler, a German plebiscite was held, and Mussolini met his friend Schuschnigg at Florence? Of '35, when Italian men and *matériel de guerre* were crowding through the Suez Canal towards Ethiopia, when the League Council were being twisted by dissension over prevention of war, and when unhappy Austria was again in Nazi toils? Of '36, when war in Spain, barely a fortnight old, was still capable of being throttled by Britain and France; when the Treaty with Egypt was concluded; and when Palestine was racked again? Finally, of last August, when yet another undeclared war declared itself in the Far East, when submarine piracy broke out in the Mediterranean and caused the Nyon Agreement, when Mr Chamberlain penned his first *billet doux* to Signor Mussolini, when France suffered another politico-economic crisis, when Portugal broke off diplomatic relations with Czechoslovakia, when the Iraqi Chief of the General Staff was assassinated, and the British Ambassador to China and his staff were bombed and machine-gunned by Japanese aeroplanes?

Well, there is the tale of Augusts since 1914. It is scarcely a sedative; and the current month has opened with news of hectic fortifications on at least five European frontiers, with another war or rumour of war in the East, with energetic Air Raids Precautions, thunder clouds filling and looming over Central Europe, and the gloomy tinge of economic depression beginning to spread over our domestic landscape. Nevertheless, when we look back and contemplate what we have already survived, we feel that we can still hope to live, rather than die, by accident. August the ominous may, like the Fat Boy, try to make our flesh creep, to become August the 'orrible. But, whether stuck at our posts in London, or, like Rupert Brooke's "ordinary young man" in August of 1914, sailing beyond war's alarums and the ambit of Fleet Street, we shall refuse to be discountenanced by bogys, come they never so thick. For August, that brings the omens, recruits the nervous energy to dispel them. We may yet find ourselves shooting the annual rapids once more with accustomed adroitness and sliding into the smoother waters of another season of mists.

Topics of the Week

The State of Trade.—A few hours before Members dispersed for their holidays on July 29th, the Commons briefly debated the immediate prospects for British commerce and industry. For the Labour Party, Mr Alexander did well to emphasise the fact that, although the outlook was not so gloomy as it had seemed a month before, the existence of a sharp recession was unmistakable; there was no convincing evidence that the downward plunge which began last autumn had been finally arrested. It was many months before the Government was compelled by the precipitous nature of the decline, reflected in mounting unemployment and falling trade, to recognise the existence of depression. While Mr Stanley was quite justified in his reply to Mr Alexander in laying stress upon the more encouraging factors which have recently emerged, such as the slackening rate of increase in the adverse balance of trade and greater optimism in business circles in this country and in the United States, his concentration upon optimistic signs suggested that the Government was still hopeful of being absolved by the course of events from the necessity of drafting that policy for recession which has been conspicuously lacking from their programme during the past Session. Mr Alexander called for more vigorous action towards the freeing of world trade, but the information he sought about the Anglo-American Trade negotiations, which have still reached no conclusion, was not forthcoming.

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Earlier in the day, Mr Chamberlain had denied that we were on the edge of a slump and disclaimed powers of "wizardry" sufficient to find new industries for Lancashire during the Parliamentary recess. No one expects any Government to perform miracles. But, in the present situation, when no concrete evidence has so far appeared to bear out the slightly better tone of business sentiment or the recent rally in Wall Street, and when depression has reached crisis dimensions in certain textile districts, the proper policy is surely to hope for the best and prepare for the worst. Public works may have been put out of court by the prior claims of re-armament; but this particular Government, without loving public works, have always been ready to take credit for the improvement of the recovery years. If that improvement was the result of policy—and of policy other than public works—why cannot some of the policies, notably cheap money, be tried again?

* * *

Promotion in the Services.—Mr Hore-Belisha is evidently not allowing the dragging survival of the Sandys affair to obstruct the progress of Army reform. The main changes of the past year or two have been directed towards the reorganisation of the Army to meet new tactical and strategic needs and towards improving the conditions of life and work for the men in the ranks. Now it is the officers' turn. Hitherto the profession of arms has had two outstanding disabilities. It has been very difficult for the young man without means to gain entry to the cadet colleges. And promotion has been very slow, carrying with it, for rich and poor alike, long years of subordinate duties, and for the poor a painful struggle to make ends meet. The matter has now become urgent, since it is no longer enough to rely on the supply of gilded youths, who rarely possess the talents for coping with the ever more complex problems of a modern army; and even this source of supply has shown signs of drying up. The new reforms consequently provide for increased and more numerous scholarships to Sandhurst and Woolwich, for more rapid and more certain promotion in the lower ranks, and for earlier and more selective retirement in the upper ranks. There are also small but welcome adjustments of pay. Similar reforms are also being introduced into the Navy and the R.A.F.—*mutatis mutandis*, since these services have not suffered so severely from some of the disabilities of the Army. It need hardly be said that reforms such as these are very welcome. Nobody in Britain would like to see the reproduction in this country of conditions such as prevailed in pre-war Germany and, to a lesser extent, in France, when an unfortunately large share of the talent of the country was automatically diverted to the services. But if we are to have fighting services they must have good officers, and it is foolish in the extreme to limit the range of selection to such an extent that the able are prevented or dissuaded from offering their services. The *carrière ouverte aux talents*, is, of course, a democratic principle, and an increase in the democratic nature as well as in the competence of the officers' corps can be expected from the reforms begun (but, we hope, not ended) last week. That will not be the least of their advantages.

* * *

Another War Scare?—People in many countries held their breath on Bank Holiday when it became known that fighting on a large scale—in which tanks, aircraft and heavy artillery were employed by both sides—broke out last Saturday and Sunday between Russian and Japanese troops in the border country where Korea, Manchukuo and the Soviet's Siberian Maritime Province meet, south of Vladivostok. For some weeks a dispute had been raging, accompanied by strong diplomatic action in each capital by the other—suspended since July 20th—about a hill near Changkufeng, to which both laid claim. Sporadic sniping and sorties took place, until one night the troops of General Blücher's Far Eastern Command seized the hill. They were later dislodged by Japanese troops; but last week-end the Russians seem to have resumed fighting. Reports differ on the engagements and their results, but it appears that the Russians have retired once more. Meanwhile, the Japanese Foreign Minister and Defence Chiefs have met, and the official spokesmen in Tokyo have made it plain that Japan does not want a war with Russia at a time when Japan's armies are hundreds of miles up-country in China, pressing on to Hankow, and when the scale of Chinese operations may be greatly enlarged. It is not generally known that Japan's crack generals and troops have not been in China at all during the last year of hostilities. They have been holding the Manchukuo-Russian frontier in wartime strength, for any emergency. How wise this was, even at the cost of defeats and disappointments in China, can now be gauged. General Blücher may have wanted to help China by creating a diversion of Japan's energies; or to embarrass M. Stalin by losing a battle to Japan; or to become dictatorial nominee of a Far Eastern Soviet legion that, in defiance of Moscow, defeated Japan's forces. The Japanese have wisely offered a truce, leaving the hill in a demilitarised zone; and we believe the Moscow authorities' statement that they do not see why a war should result. For, if it did, the temptation of Europe's dictators to fish in the Soviet's troubled waters—indeed, perhaps to poach in her European Slavonic preserves—might at the present moment prove irresistible.

* * *

Germany and Czechoslovakia.—While Lord Runciman's arrival in Prague on Wednesday was marked by evident Czechoslovak sympathy, relations between the Sudeten German Party and the Czechoslovak Government have taken a turn for the worse. This is partly due to a sharp outbreak of intransigence in the party, following Herr Konrad Henlein's words and activities on the platform with Herr Hitler at the rally of Germans from outside Germany held at Breslau at the end of last week. On that occasion Herr Hitler allowed himself the petty triumph of ostentatiously turning his back on the Czechoslovak flag. Herr Henlein then again demanded, on foreign soil, for his party the right to be a part of the National Socialist movement in another country. Secondly, however, the German military authorities have suddenly displayed a frenzy of warlike preparations.

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The former Austrian-Czechoslovak frontier, from near Bratislava up to Bavaria, is reported as being denuded of Austro-German peasants; whole villages as having been razed to the ground for aerodromes and artillery emplacements; and every available road and railway, together with vehicles, as having been virtually commandeered. In the old Reich, the Rhineland is being rapidly reinforced with new defence works, largely by Austrian and other labour; and hundreds of thousands of labourers are said to have been rushed up there in the last fortnight. The region and its highways are being closely patrolled and controlled. All Reich officials have been warned to be back from holiday by August 15th, and the harvest is officially to be garnered by the 16th. Clearly, if such important news is made freely available to the outside world, Germany thereby hopes to achieve something; but what ? Premonitions in Prague ? Panic in Paris ? Or largesse in London ? Perhaps Germany hopes to frighten the British Government, now that Parliament has risen, into paying away Czechoslovak integrity as another instalment for a peace wearing thin.

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Meanwhile, M. Hodza has emphasised that the Draft of the Nationalities Statute is still open to discussion, both within the Coalition and by the Sudeten German Party; and the Government reiterated on Monday, after the Parliament had reassembled and been prorogued, their will to accord all concessions which did not imperil the integrity of the State or democratic rights. Lord Runciman's task as " adviser and mediator " will therefore be easy in the realm of language rights, and virtually impossible in the realm of ideology; for he has to reconcile antitheses, to try and bring an autonomous Nazi policy and world-outlook into conformity, in one and the same State, with a democracy of nationalities. On August 1st, for example, the Henlein Party published a demand for recognition of minorities as bodies corporate, presided over by a speaker with the power to veto almost every act of the State Administration. This kind of demand, like that for totalitarian powers over Jews and Sudeten German Social-democrats, shows that worlds lie between reasonable national questions and National Socialist claims.

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Disturbances in Burma.—For a number of years Burma has shared the restlessness of an India with which she was yoked for a century before the grant of self-government sent these two unequally matched Asiatic countries on their separate roads towards the attainment of full Dominion status. This unrest is fully explained by the severity of the mental, political and economic revolution through which India and Burma are passing. But this social condition makes any community inflammable; and the Burmese tinder has unhappily been set alight, during the last few days, by what seems to have been a casual spark. The trouble began at Rangoon on July 26th with a fight between Muslims and Buddhist monks on account of a book, published by a Muslim, which the Buddhists denounced as insulting their religion. To judge by the author's name, he was Burmese, like his assailants; but most Muslims in Burma belong to the local Indian colony —which in practice has always been virtually a foreign element in the country, notwithstanding its long association with the British Indian Empire. On this account, a conflict which started as a clash of religions immediately took on a racial aspect and threatened to develop into a general assault by the Burmans upon the Indians in their midst. In Rangoon, where the disorders continued for several days, the toll amounted to about fifty deaths and nearly 400 hospital cases. Moreover, the conflagration took the road to Mandalay, in Upper Burma; and a detachment of British troops had to be sent there. Happily the flames seem now to be dying down, and moderation is being urged by the responsible leaders of both the two contending communities. Nevertheless, this is an unlucky false step on Burma's road to responsible government.

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Bulgaria and Her Neighbours.—At Salonica, on July 31st, a new agreement was signed between the Prime Minister of Bulgaria, M. Kiosseivanov, and the Prime Minister of Greece, General Metaxas. The latter signed as President for the present year of the Balkan Entente, thereby committing not only his own country but her three partners, Jugoslavia, Roumania and Turkey. By this instrument, the States members of the Balkan Entente release Bulgaria from the military restrictions imposed upon her in the Peace Treaty of Neuilly: i.e. both the quantitative restriction upon the strength of her army and her armaments, and the geographical restrictions in the shape of the demilitarised zone along the Bulgaro-Turkish and part of the Bulgaro-Greek frontier. In return, Bulgaria undertakes not to seek to change, by any but non-violent means, the existing distribution of territory in the Balkans; and she further expresses her readiness to co-operate with the Balkan Entente in a spirit of good will—while still holding back from joining an association which exists, after all, for the express purpose of maintaining a distribution of territory which is to Bulgaria's disadvantage and is regarded by her as unjust. It is also expected that Bulgaria will now obtain across Greek territory that access to the Ægean Sea which was promised to her in the peace settlement, but which has never yet been actually arranged. In one sense, Bulgaria might appear to be getting something for nothing; but there is another sense in which the Balkan Entente may be said to be giving nothing away. For, as a matter of fact, Bulgaria has re-armed quietly already without asking leave—as has been done by all the other vanquished states on whom the victors in the war of 1914-18 succeeded in imposing a measure of unilateral disarmament. (Even Austria re-armed before her demise, not to speak of Hungary and Germany.) A lasting monument of Bulgaria's period of enforced disarmament is the system of compulsory civilian labour service which has been borrowed from post-war Bulgaria by Nazi Germany and which bids fair to become one of the established institutions of the modern world. The new agreement which ends Bulgarian disarmament *de jure* is largely the work of a Jugoslav statesman, M. Stoyadinovitch, who does not figure in the final ceremony. This agreement between Bulgaria and the Balkan Entente as a whole is, in fact, a sequel to the Bulgaro-Jugoslav agreement which was concluded in January, 1937. This is not the first time in the post-war period that the Balkans have set a good example to other parts of Europe.

* * *

Air Raid Precautions.—The melancholy story of delay in the execution of air raid precaution schemes due to disputes between the Government and local authorities about their respective contributions to the cost has happily and belatedly passed into a more hopeful chapter. The chief deterrent to local activity since A.R.P. became an approved policy at the beginning of last year has been uncertainty about the financial burdens likely to be involved; and last week's Home Office circular to local authorities, following upon the settlement in the spring of the percentage contributions that the Government were prepared to make, clarifies the position still further. To rank for grant, local expenditure on precautions must represent the incurring of new liabilities solely for A.R.P. The procedure by which authorities will stake their claims to central contributions by statements at the close of each financial year is laid down; and local bodies are requested to apply as soon as possible for grants in aid of expenditure incurred during the period of dispute since January 1, 1937, and in the current half-year. The position of public utilities is still unfortunately undefined; the circular states that expenditure on the protection of gas, water and electricity undertakings will not rank for Government grants in the ordinary way; and it is expected that the Bill embodying the Government's policy with regard to the utilities, who claim a right to special assistance in contrast to private businesses, will be introduced early next Session. Air raid precautions are making headway; plans for the evacuation of London are well advanced; and the chief cause for anxiety, now that the financial dilemma has been resolved, lies in the difficult problem of securing the rapid execution of a task of national importance through local bodies, with noticeably wide differences in the energy and efficiency with which they approach their new duties.

* * *

Trade Union Trends.—At a time when uncertainty about the prospects of both peace and prosperity is on the increase, the outline of trade union policy, provided by the agenda for the annual meeting of the Trades Union Congress, is of particular significance. Surprisingly, there is little reference in the programme to the present recession of trade or to plans to combat it. Less surprising, perhaps, in view of the unions' marked sense of discipline and their readiness to follow the law-abiding lead of their chiefs, is the absence of resolutions relating to the various controversial issues of industrial tactics which have from time to time loomed large during the past twelve months. The unions have fared very well since the T.U.C. last met, as the series of charts on page 302 analysing the recent course of wages amply shows. Collective bargaining and conciliation have brought the unions appreciable gains; and although depression has deepened and unemployment risen in recent months, there are yet no signs of an attack upon the positions won, in the shape of higher wages, by skilful negotiation. For the most part, the published resolutions reflect the unions' commendable concern with the improvement of existing social services. A proposal to secure the raising of the income limit for unemployment insurance from £250 to £500 a year, for instance, shows that the black-coated worker, whom inverted snobbery too often excludes from such discussions, will not be forgotten at Blackpool; and another to pool the surpluses of approved societies under the health insurance scheme, to make possible uniform benefits for all insured persons, touches upon an unfortunate anomaly. In general, controversy begins and ends with the resolutions which have been tabled on foreign policy, advocating arms for the Spanish Government, the boycott of aggressors' goods, and pressure upon the British Government to secure a stronger diplomacy. At the end we are left wondering whether the crucial question of the unions' participation in re-armament plans will be adequately ventilated at Blackpool; and whether any attempt will be made to thrash out an order of priority between the possible aims of union policy in the future, such as higher wages, shorter hours, and increased social and industrial amenities.

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Calcium Carbide.—Five months ago the project of the British Oxygen Company to make calcium carbide in the Highlands was rejected by the Commons for the third and final time. This scheme, which was associated with a complementary plan to manufacture carbide at Port Talbot in South Wales, was thrown out, not because calcium carbide is not of vital national importance, but because Members were reluctant to approve the industrial defilement of Inverness-shire, disinclined to accept the proposals for preferential rating embodied in the Company's Bill, and disposed to favour the establishment of a factory in one of the depressed areas to use coal, rather than in the Highlands to use water power. Calcium carbide, which is employed to produce acetylene gas for welding purposes, is essential to various industrial processes used in the manufacture of munitions. At present it is almost wholly imported; and, on the demise of the Caledonian Power Bill, a committee was set up by the Government to examine the possibility of producing calcium carbide in this country. This week it is reported that a scheme for manufacture at Holywell in Flintshire, North Wales, has been submitted to this body. The proposed site has easy access to local limestone; and anthracite from South Wales is reasonably accessible by the cheap sea route. There is excellent bituminous coal at Holywell which, if carbonised at low temperature, could provide valuable by-products in the form of fuel, oil and tar, as well as " smalls " for generating power on the spot. North Wales is not easily vulnerable from the air, and the Special Area of South Wales, if not exactly near at hand, is at least in a position to benefit in some degree from the introduction of new industrial enterprise in the northern part of the Principality. The scope of the scheme is perhaps not wide enough to render its social significance considerable. Further details of the proposals would be needed before final judgment of its desirability could be reached. But, in view of the great importance of calcium carbide, the Holywell scheme seems *prima facie* to merit careful examination.

* * *

Pope and Duce.—It almost begins to look as though Signor Mussolini were fey, if we can take, as a symptom of that uncanny mental state, an apparent persistence in going out of one's way to look for fresh and ever more serious trouble. The Duce had barely carried out his hazardous predatory adventure in Africa than he plunged into the ever more dangerous adventure in Spain. The course of Spanish events has obviously defeated all his calculations; yet at this very moment Signor Mussolini elects to pick a quarrel with the Pope on the question of Race—as though he could not bear to listen to the congratulations which he has latterly been receiving, even from quarters that do not wish him well, for his supposedly Machiavellian skill in avoiding Hitler's egregious error of charging full tilt against Religion. The first exchange of salvoes between the Duce and the Pope on the subject of Race was recorded in these columns the week before last. The Pope made it evident at once that, on this issue, if the Fascists insisted on forcing it, he would take up their challenge. Since then the Duce has been doing his best to make a conflict unavoidable. While it is laid down that a colour bar is to be drawn rigidly between the Italian conquerors and the conquered natives of East Africa, the determination of the Fascist regime to apply the doctrine of Race in Italy, too, is being proclaimed in emphatic language by the Italian dictator himself. The Pope has retorted that " whoever strikes Catholic Action strikes the Pope, and whoever strikes the Pope dies." It is, indeed, likely enough that, if he does insist on a trial of strength, the Duce will find the Church relatively a far more formidable antagonist than eight years ago. In stressing a racialism taken at second-hand from a German National-Socialist armoury, he will be emphasising the, to Italians, unpalatable fact that the Axis is a partnership in which Italy is the junior partner. It would be an ironical result if Mussolini's conversion to Hitler's racialism put the Pope in the position of being the champion of Italian nationalism against Teutonic ideology.

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Currency Reserve - £500,000
The Bank has branches throughout New Zealand and conducts every description of Banking business with that Dominion.

Fortune of War in Spain.—Lord Bacon said that the conquistadores in Spanish America used to pray *Mi venga la muerte de España!*—"May death come to me from Spain! "—for then it would be slow a-coming. General Franco, Signor Mussolini, and their German, Italian and Moorish auxiliaries must by now be painfully familiar with the dilatoriness of all things Spanish. The conflict is now in its third year; and it is four months since General Franco and his Italian divisions, covered by incessant barrages from Italian and German aircraft, swept down from Saragossa to the sea, cutting landward communication between the Spanish Government's Catalan and Andalusian territories. That sweep also drove Mr Chamberlain, privately, to hasten and conclude the Anglo-Italian agreement for an Agreement; and the British Plan for withdrawal of alien volunteers has been quickly worked out and accepted in principle by the Spanish Government. But the volunteers can't go, because General Franco doesn't answer the British Plan, because he can't let his Italian allies go, because he hasn't yet won that crushing victory so necessary to his and Signor Mussolini's regimes. The Spanish Government's forces just refuse to be beaten. And the reason why the latest drive by General Franco and his Italian divisions from Castellon and Teruel towards Valencia has not succeeded is that, meanwhile, the Government forces from Catalonia have daringly forced the crossing of the Ebro and, taking the insurgents by surprise in the rear, have driven a nasty wedge into the thin strip which General Franco controls down to the Mediterranean. He has had hurriedly to rush reinforcements northwards from his front against Sagunto; halt the latter's advance; and let loose both the waters of the pent-up Ebro from upstream and the thunderbolts of all his German and Italian bombers on this Government offensive. It has now been halted, but not reversed. As fast as the insurgents win one battle, they have to weaken that front to stave off defeat in another. And the bombing of legitimately trading foreign ships goes on. So does this bloody commentary on the perversion of European statecraft persist.

* * *

Coal Commission.—The long-debated Coal Bill has now received the Royal Assent, and there remains the formidable task of giving administrative effect to its detailed and complicated provisions. Much of the responsibility for its operation will devolve upon the Coal Commission, which will be responsible for administering the main sections of the Act, both those relating to the nationalisation of royalties and those concerning the reorganisation of the coal industry through the amalgamation of redundant undertakings. Last week-end the Secretary for Mines announced the appointment of five members to constitute the Commission. Sir Ernest Gowers has been Permanent Under-Secretary for Mines and chairman of the Board of Inland Revenue; as chairman since 1930 of the abortive Coal Mines Reorganisation Commission, now to be absorbed by the new Coal Commission, Sir Ernest was an automatic and essential choice. Sir Felix Pole, too, was a member of the C.M.R.C. and his experience as general manager of the Great Western Railway and chairman of Associated Electrical Industries, Limited, specially qualifies him to represent the industrial viewpoint. Mr G. P. Hyslop is a consulting mining engineer. Mr W. M. Codrington is an insurance director and on the board of various overseas railways. Finally, Mr Joseph Jones, another member of the C.M.R.C., general secretary of the Yorkshire Mineworkers' Association, and this year's president of the Mineworkers' Federation of Great Britain, represents the miners' great stake in their industry's future. It is an impressive team and much can be expected from the new Commission—if only the changes made in the Bill by the Commons have left a loophole for really effective reorganisation.

Overseas Correspondence

From Our Special Correspondents

United States

Higher Excess Reserves

New York, July 22.—About the middle of February the Reserve Board and the Treasury resumed a positive policy of reflation. The release of $300 millions of gold in September, 1937, and the subsequent small open market purchases were described as emergency measures. In February, 1938, however, it was announced that gold (whether imported or domestically produced) would be admitted into the Reserve Banks (i.e. monetised as bank cash) up to $100 millions in a quarter; and in mid-April the entire Inactive Gold Fund, amounting to $1,183 millions, was deposited in the Reserve Banks, together with certain other gold items, making a total of approximately $1,400 millions. At the same time, required reserves were reduced by some $700 millions, or 13¾ per cent.

RESERVE BANK AND TREASURY ITEMS
($000,000)

	Feb. 9, 1938	July 13, 1938	Change
	$	$	
Bills discounted	11	9	+ 2
Bills bought	1	1	0
U.S. securities	2,564	2,564	0
Gold stock	12,756	12,979	+ 223
Gold certificates on hand	9,116	10,635	+ 1,519
Member Banks reserves	7,205	8,273	+ 1,068
Excess reserves	1,410	3,150	+ 1,740
Treasury deposits (Federal Reserve banks)	156	628	+ 472
Money in circulation	6,306	6,444	+ 138
Federal Reserve notes	4,125	4,134	+ 9
Silver certificates in circulation	1,085 (Jan.)	1,230 (June)	+ 145

The gold certificates deposited by the Treasury in the Reserve Banks increased its current account immediately; but these deposits were only gradually transferred to the reserve account of the Member Banks by the redemption of maturing Treasury bills. At the same time, all gold produced or imported was promptly transferred to the Reserve Banks.

The result was that between February 9, 1938, and July 13, 1938, the increase in the amount of gold certificates held by the Reserve Banks was just over $1,500 millions, while the increase in the total gold stock was just over $200 millions; not all the resulting funds had passed into Member Bank reserves, which had increased by $1,068 millions, the remainder being still held in the Treasury balance. The release of gold *plus* the reduction in gold requirements, however, had more than doubled excess reserves. The net effect of all these manœuvres is that total reserves are at a new high level, while excess reserves are just a trifle under their level of two years ago, owing to the increase in required reserves.

The increase of excess reserves in five months by $1,740 millions is comparable to the decrease of excess reserves by $1,500 millions in August, 1936, brought about by the first increase in reserve requirements; but never before has there been an increase of this magnitude in such a short space of time. It seems likely that excess reserves will continue to increase both because of gold production and imports and through the release of Treasury balances. The process, however, may not be continuous, as the Treasury may increase its balances with the Reserve Banks, by transferring deposits from the Member Banks, or by holding idle the proceeds of loans.

Loans at Their Minimum

The policy of expansion pursued by the Treasury and the Reserve Board has enormously increased excess reserves. Up to the middle of July, however, it had not merely induced no expansion of Member Bank credit, but had not even arrested its rapid contraction. Between February 9th and July 13th total loans and investments of the Reporting Member Banks dropped by about $750 millions; demand deposits, however, rose by $480 millions. Figures for two years are as follows:

REPORTING MEMBER BANK ITEMS
($000,000)

	Aug. 12, 1936	Aug. 11, 1937	Feb. 9, 1938	July 13, 1938
Total loans and investments	22,324	22,331	21,226	20,468
Loans for carrying securities*	1,119	2,057	1,329	1,216
Other loans	7,233	7,860	7,596	7,015
U.S. and guaranteed securities	10,657	9,385	9,348	9,235
Other securities	3,315	3,029	2,953	3,002
Reserve with Reserve Banks	4,855	5,122	5,617	6,737
Demand deposits	14,752	14,914	14,511	14,994
Time deposits	5,021	5,229	5,223	5,209

* Includes brokers' loans.

The greatest quantitative change between February and July was the rise of approximately $1,100 millions in reserves. The most striking change, however, was the persistent decline in loans, other than speculative security loans, which amounted to almost $600 millions in five months. Demand deposits have risen, as the increase in reserves has more than equalled the decline in total loans and investments.

The recent marked increase in speculative loans, combined with a general change in the business attitude towards inventories, suggests that the great loan deflation is nearing its turn. So striking was this episode that the figures have been carried back through the cycle of loan inflation and deflation. The twelve months between August 12, 1936, and August 11, 1937, approximately covers the "restriction" period, during which required reserves were increased and the Inactive Gold Fund was created. The subsequent eleven months have been marked by a policy of expansion, made up of gold desterilisation in September ($300 millions); open market purchases in October ($34 millions); limited gold monetisation in February ($100 millions); gold desterilisation in April ($1,400 millions); and the reduction of required reserves in April ($700 millions).

The table above shows that the net consequence of these two successive policies was a remarkable stabilisation of demand deposits in the Reporting Member Banks. The year August, 1936-August, 1937, saw a stabilisation of total loans and investments, achieved by an increase in loans and a decrease in investments; the eleven months August, 1937-July, 1938, have seen a contraction in loans and the stabilisation of investments, accompanied by a great increase in reserves.

The boom of late 1936 is clearly visible in the figures both for speculative security loans and for what proved to be speculative commercial loans, used largely, it may be supposed, for carrying inventories. The subsequent collapse of the price structure in the commodity and stock markets and the liquidation of inventories are likewise clearly shown in the loan deflation of the last eleven months—a deflation which the progressive expansion of reserves was powerless to prevent, although it succeeded in maintaining the level of deposits.

The Banks and Interest Rates

This sequence of events raises a number of theoretical questions. In the year August, 1936-August, 1937, demand deposits and total loans and discounts were maintained at a given level because the banks exchanged investments for loans. In the eleven months August, 1937-July, 1938, when loans were being rapidly repaid, the banks did not make offsetting purchases of investments, so that the total of loans and investments fell severely. Although the banks consequently suffered a loss of potential earning power, they probably considered that, at the existing rates on Government securities, the return was too low to compensate for the risk of capital depreciation.

If the banks had replaced repaid loans dollar for dollar by a purchase of investments, the deflationary consequences of loan repayments would have been mitigated, and the volume of deposits would have been maintained, without the intervention of the Reserve and Treasury authorities. They were deterred from doing so by the unattractiveness of the yield on the only type of asset available, and it seems to follow that a rate structure which the Member Banks consider "too" low is capable of exerting a deflationary influence, analogous to that exerted by rates which are "too" high.

France

Holiday Calm

Paris, August 4.—August is traditionally a favourable month for military operations. French public opinion is on the alert. Even if the risk of war can be ruled out as a result of the recent manifestation of the community of aims and policy between Britain and France, the fear of disagreeable surprises remains. But August is also a great holiday month, and nowadays, when paid holidays are the rule, much more so than it used to be. The consequence is that we are now enjoying a period of calm, such as France has not known for many years. The Stock Exchange is almost entirely inactive.

A similar calm characterises industrial production. The figures of output in the metal trades during the first six months of the year are as follows:—

(Metric tons)	May	June	First Six months 1937	First Six months 1938
Steel production	501,000	480,000	3,933,000	3,230,000
Pig iron	483,000	463,000	3,819,000	3,178,000
Half manufactured	79,000	83,000	675,000	556,000
Manufactured	830,000	334,000	2,711,000	2,066,000
Iron output	2,628,000	2,671,000	18,250,000	17,274,000

Coal production, on the other hand, shows a slight improvement on the 1937 figures.

Meanwhile, subscriptions to the new National Defence Bonds are coming in steadily. And subscribers will come forward still more rapidly when the public are fully aware of the liberal terms offered by the Bank of France for the rediscounting of this paper. In the field of manufacture for defence purposes, the large-scale output of military aeroplanes will proceed more smoothly when there are sufficient engines to equip the machines.

Fixing the Price of Wheat

The price of wheat for the 1938 crop will be fixed on August 25th. Many Radicals are demanding a price of 200 francs per quintal, compared with 140 in 1937, a rise which can be justified less by the volume of the crop, which, in fact, largely exceeds internal needs, than by the rise in the cost of living and in industrial prices. Political considerations, in view of the approaching Senatorial elections, the date of which has just been fixed as October 23rd, will have some bearing on the price finally fixed. The Opposition lay stress upon the fact that higher wheat prices will mean a further increase in the price of bread and the cost of living; and, moreover, it will be necessary to absorb the surplus of wheat, notably in the manufacture of alcohol, which can only be done at a loss.

Prices are still falling. Wholesale prices have now been falling for a month, as the following table shows:—

Wholesale Prices (1914=100)

	July 9th	July 16th	July 23rd	July 30th
General Index	**658**	**657**	**654**	**652**
Domestic products	689	683	677	673
Imported products	603	610	613	613
Foodstuffs	659	654	645	638
Vegetables	*767*	*748*	*716*	*692*
Meat	*572*	*577*	*588*	*593*
Sugar, coffee, cocoa	*613*	*614*	*616*	*615*
Industrial products	657	660	662	665
Minerals and metals	*749*	*755*	*755*	*761*
Textiles	*555*	*559*	*566*	*566*
Miscellaneous	663	664	664	665

The decline in the general index is principally due to the fall in the price of vegetables. The fall is probably temporary, but it is conducive to confidence and the stability of the franc. The number of unemployed on July 23rd was 346,834, against 350,511 on July 16th and 313,716 a year ago.

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Bulgarian Credit and German Agreement

There is much talk in the financial press about a commercial credit of 500 million francs which is to be granted to Bulgaria and may be followed by similar arrangements with Roumania and Poland. These advances, which are made with the assistance of the Crédit National, are often presented as a parallel to the British loan to Turkey as tending to counterbalance German influence in the Balkans.

A new commercial agreement between France and Germany has just been signed in Berlin. Interest will be paid on the Austrian debts; the holders of Young Loans have been protected; and trade between Germany and the French colonies has been regulated in detail. Berlin considers that the volume of trade between the two countries (which is at present, however, very low) and the delivery of iron ore to Germany should be maintained.

Germany

Increased Tax on Profits

BERLIN, August 2.—After partly recovering from its collapse during the first half of August, the Bourse again declined last week. The realisation of shares and bonds to obtain cash for financing industry has been the rule for some time, and the unwillingness of the public to buy any kind of security has helped to depress prices. And now the taxation of profits has been sharply increased. This was, however, expected, and when it was announced on Saturday it had little effect on quotations, though the larger industrial companies will be badly hit.

The increase is in the corporation tax. This tax is levied on the net profits of joint-stock companies at a uniform rate (with some inconsiderable exceptions) of 30 per cent. Compared with depression times, its yield has increased more than that of any other impost, owing partly to the increase in its rate from 20 to 30 per cent. made in 1936, but mainly to the revival of company profits. The yield is now only exceeded by those of the income and turnover taxes and of Customs. In 1932-33 out of the Reich's gross tax revenue of Rm. 6,700 millions the corporation tax brought Rm. 106 millions; in 1937-38, out of Rm. 14,000 millions Rm. 1,553 millions came from this tax.

Thus, from realising one-thirteenth of the yield of income tax, the corporation tax has come to yield three-eighths. The rate of tax is now to be raised for 1938-39 from 30 to 35 per cent., and for the following two years to 40 per cent., except for company incomes not exceeding Rm. 100,000. The additional yield, according to unofficial estimates, will be Rm. 500 millions. In the case of the limited number of companies, mainly credit institutions or public land and mortgage banks, which at present pay 15 per cent., the new rate will be 17½ per cent. and later 20 per cent. The increase is for only three years, but it is more than likely that the term will be extended.

There has been considerable comment on the exemption of companies with small profits from the increased tax, regardless of their magnitude measured by capital or other standards. This provision introduces graduation, so far confined to the personal income tax. The corporation tax has always been a kind of flat rate income tax. The shareholder bears two income taxes, which, if he is rich and derives his main income from dividends, absorb a very large proportion of company profits. First the company pays 30 (in future 40) per cent. of its profits, dividends being correspondingly reduced. On the dividend received the shareholder personally pays according to the size of his income (less abatements for family), some 10 to 40 per cent. On personal income exceeding Rm. 130,000 no family abatement is allowed.

Taxation and Enterprise

The joint-stock company very often, however, pays out in dividends only a modest portion of its profits, and the undistributed part escapes personal income tax, though not corporation tax. A partnership or family concern which pays no corporation tax pays personal income tax on all its profit, but as the profit is usually shared by several persons, the maximum rate is as a rule escaped. If the large "voluntary social contributions" of companies, which occasionally equal the dividends they pay out, are added to the corporation tax, and to that part of the personal income tax which is derived from income in the form of dividends, it would seem that German corporate profits are very heavily taxed. How far, however, the total sum is an effective levy on profits, and how far it is merely an element in production cost passed on to the consumer is uncertain.

In the first quarter of the financial year 1938-39 tax revenue amounted to Rm. 3,671 millions, against Rm. 3,077 millions in the same quarter of 1937-38. The Reich is being assisted in its heavy expenditure from other quarters. The report of the now prosperous Labour Exchange and Unemployment Insurance Board for 1937 shows that, in addition to handing over Rm. 369 millions to the Reich (to meet liabilities accumulated during the depression), the Board lent Rm. 265 millions to the Reich motor-roads and provided Rm. 404 millions for paying off work-creation bills. Expenditure on unemployment relief was only Rm. 311 millions.

The cost-of-living index for July was 106.8, against 106.0 for June. Food prices have risen seasonally, and clothing prices continue to advance. The supply and the prices of vegetables and fruit are still unsatisfactory; prices of other foodstuffs are more reasonable, though a certain shortage of pork is expected late in the year. The number of cattle shown by the last census was the largest on record, but beef plays a secondary rôle in the nation's dietary, consumption of home-produced beef being about 1,000,000 tons a year, against 2,300,000 tons of pork. Mutton consumption amounts to only 40,000 tons.

Industrial activity in June showed a sharpish seasonal decline. The number of hours worked was 17.6 per cent. more than in June, 1936, while the May figure was 19.8 per cent. higher. Hours worked in iron and metals and in engineering increased moderately, but the index of employment in the consumption industries fell from 114 to 108 and the index for textiles from 114.2 to 106.

The Iron Industry's Difficulties

An official report for 1937 shows that of raw materials valued at Rm. 8,451 millions used in Germany Rm. 6,595 millions represented home-produced commodities and Rm. 2,977 millions imported goods, while materials to the value of Rm. 1,121 millions were exported. All these figures include scrap material. Ingot steel production in June declined slightly to 1,830,600 tons; and in the first half of the year was 11,024,100 tons, against 9,562,700 tons in the first half of 1937. One symptom of the present iron shortage, or rather of the abnormally high current consumption, is the wholesale tearing down of railings, the yield of which, in comparison with normal supply and demand, must be inconsiderable. After this had been done in public parks and gardens, it was announced that it would be extended to private property with the co-operation of the building police.

The export market for pig iron is reported to be still very dull, with sagging prices. Those who expected too much from the Steel Cartel's negotiations with representatives of the American industry have been disappointed by the cuts made in the prices of sheets and general purpose iron. The recent cut in the American domestic price altered the situation; and American price competition is again the steel exporting industry's chief problem.

Trade journals are commenting unfavourably on the British plan for a levy to subsidise coal exports. The *Deutscher Volkswirt* declares that "it would be an unpermissible simplification of the problem if England . . . attributed the setback in her coal exports entirely to the subsidies given by other exporting countries." The English plan is described in other journals as not consistent with the impending negotiations at The Hague.

Holland

Hopes of Recovery

AMSTERDAM, July 22.—During the last two weeks, in sympathy with Wall Street, the Amsterdam Stock Exchange has shown a pronounced improvement, although prices have risen far less here than in America. The principal gains were recorded by East Indian plantation companies, which derived benefit from the higher prices for rubber and sugar; in the latter case the result of the London sugar conference was also an encouraging factor.

The rise in prices has also brought indirect benefits to the mother country, which is closely linked to the colonies, both financially and economically. But the economic situation in Holland nevertheless leaves much to be desired. Numerous industries, particularly those catering for the home market, are still complaining about the public's lack of purchasing power.

Unemployment continues to be serious, and demands are becoming more and more insistent for governmental measures

to stimulate trade. In particular, it is suggested that the home market should be expanded by the abolition or reduction of excise duties and other kinds of taxation, which inevitably tend to curtail consumption. There are also calls for higher import duties in some instances where additional protection is considered imperative. It is significant that a Minister, Mr Goseling, stated at the recent congress of the Catholic Workers' Union that the Government are drafting far-reaching schemes for combating unemployment, which will be presented next session.

The decline in industrial prosperity is reflected in the annual report of the Philips Lamp Works. The number of workers employed by its Dutch factories fell from 19,500 in October, 1937, to 19,000 in May of this year.

Stagnant Capital Market

The low level of industrial activity has led to the accumulation of liquid funds in the money market, for which no use can be found, even at very low rates of interest. The yield on bonds continues to decline, but in spite of the abundance of cheap money, activity in the new issue market has come to a standstill.

This is partly due to the activities of the "Investors' Front," which advised the large-scale investors (insurance companies, savings banks, superannuation funds, and so on) to keep a portion of their funds uninvested. Largely for this reason, little progress has been made with the conversion of loans, as may be seen from the following table of conversion issues in recent months:—

1938	(Thousands of guilders)
January	1,692,478
February	113,169
March	87,932
April	4,730
May	4,179
June	690

Small as the conversion operations have now become, the issues for new money have lately been on a still smaller scale. Industrial enterprises, which ought to be absorbing the available funds, apparently feel no inducement to do so, and last month it was again public authorities who were responsible for most of the issues recorded. The efforts to place money abroad have been confined mainly to the introduction on the Bourse of some foreign securities, mostly American, South African or Canadian. In addition, an issue has been made for the municipality of Copenhagen and a credit granted to France.

Downward Trend of Exports

Foreign trade showed no improvement in June. Exports were again slightly lower than in the preceding month, this time by 2.3 million guilders. Imports, however, which were particularly small in May, advanced by 9.3 millions. The sharp rise in imports, coupled with the slight decline in exports, caused the import surplus to rise from 26,567,000 guilders to 38,204,000; it was, however, still lower than in June, 1937, when the figure was 44,998,000 guilders.

The following table shows the movement of imports and exports in recent years:—

	Imports			Exports	
	(In millions of guilders)				
	1936	1937	1938	1936	1937	1938
1st quarter	233	336	358	156	246	254
2nd quarter	234	410	344	163	286	245
3rd quarter	243	398	...	194	314	...
4th quarter	307	406	...	233	302	...
	Imports			Exports	
	(In thousands of tons)				
	1936	1937	1938	1936	1937	1938
1st quarter	4,508	4,847	5,152	3,137	3,789	3,555
2nd quarter	4,841	5,951	5,529	3,093	4,022	3,479
3rd quarter	5,407	6,591	...	3,347	4,081	...
4th quarter	5,602	6,124	...	3,961	4,131	...

England's share in Dutch imports dropped considerably during the first six months of 1938, from 626,000 tons to 444,000 tons and from 66 to 55 million guilders. Holland's exports to England also declined in weight from 734,000 tons to 615,000 tons, but their value was maintained at 112 million guilders, so that the surplus of Dutch exports over imports rose from 46 to 57 million guilders. The fall in Holland's imports from England is mostly accounted for by coal, iron and steel, tin-plates and miscellaneous minerals. It is striking that exports of vegetables to England declined in weight from 72,400 to 50,000 tons, but actually increased in value.

Switzerland

Exports Maintained

GENEVA, July 22.—Swiss foreign trade returns, particularly those for the second quarter, have been affected by the depression experienced in many other countries. During the first six months of the year imports reached a total value of 781,411,076 frs., compared with 929,717,565 frs. in 1937, while exports were valued at 618,442,052 frs., against 578,922,453 frs. Compared with 1937, the import surplus has been substantially reduced. The monthly figures for exports showed consistent increases over last year until June, when a reduction of nearly 6 per cent. was recorded.

Of the four chief industries, both branches of textile production continue to be depressed, while the position of the watchmaking and machinery industries improved further. For the first six months exports were as follows:—

	Millions of francs	
	1937	1933
Watches, etc.	95·2	109·5
Cotton goods	47·2	42·5
Silk goods	62·9	55·7
Machinery	82·6	100·7

There is now some slackness in the watchmaking industry, but so far its exports have been only slightly influenced by the international recession.

Trade with the United Kingdom was comparatively active until the middle of May, when it showed a tendency to decline. The figures for the five principal customers were as follows (in millions of francs):—

	Imports from		Exports to	
	1937	1938	1937	1938
Germany	194·7	176·5	89·0	96·5
France	122·3	104·3	70·2	61·0
Italy	56·9	52·6	40·4	45·0
United Kingdom	59·2	46·5	65·1	68·3
United States	60·1	65·4	50·8	36·6

During the same period, the number of unemployed has fallen from 95,722 in January to 48,500 in June, the latter figure being about 2,000 lower than in June, 1937.

Slightly Reduced Tourist Traffic

Adverse weather conditions and political unsettlement have had a restricting influence on the number of foreign tourists. Up to the end of April, the 6,000 hotels received 809,500 visitors, of whom 287,300 came from foreign countries, against 770,600 and 295,900 respectively during the corresponding period of 1937. The tourist traffic declined in May and June, and prospects for the summer season are rather unsatisfactory, since German tourists, who formerly constituted an important element in the total, are practically prevented from spending their holidays in Switzerland. As a result of this falling off, the earnings of transport undertakings are generally lower than last year.

There has been no change in the state of the money and stock markets. After the devaluation of the French franc, a certain amount of capital which had taken refuge in Switzerland was withdrawn, but the movement was not sufficient to prevent money from remaining very abundant.

Sun Life Assurance Company of Canada

(Incorporated in Canada in 1865 as a Limited Company)

Through its London Administrative Office, the Company pays every year to policy holders on Matured Endowment Policies, Death Claims and Annuities over

£2,000,000

Total Assurances in force on November 15th, 1937 in the British Isles

£73,000,000

H. O. LEACH
(General Manager for British Isles)

2, 3 & 4 Cockspur Street, London, S.W.1

Letters to the Editor

Window-Dressing

TO THE EDITOR OF THE ECONOMIST

SIR,—The Macmillan Committee called attention in its Report to the practice of "window-dressing" by the clearing banks, and added:

> We are not aware that these practices serve any useful purpose. We think that they are not creditable to our banking system; and we recommend that they should be given up at once.

I have made an attempt to estimate the extent to which window-dressing has been employed by the clearing banks in each month since 1925. The results are shown by the heavy line on the accompanying chart.

The method employed is as follows: From the declared monthly totals of notes and coin in hand and balances at the Bank of England, deduct the amount of notes and coin held by the ten clearing banks only (the figures are given in the Macmillan Report for earlier years and later in the Bank of England's *Statistical Summary*). The result is the declared amount of the banks' balances with the Bank of England.

From this deduct the amount of bankers' deposits at the Bank of England for the corresponding period, and the result gives an approximate figure of the amount of "window-dressing" employed. It is only approximate, however, because bankers' deposits include the balances of banks other than the ten clearing banks, and must also include that part of the "stage army" which is being used by those clearing banks which make up their accounts on Wednesdays.

The figures show considerable variations from month to month, and there are usually peaks in December. There have also been marked changes in the amount of "window-dressing" employed on the average from year to year. The amount disclosed by my figures varies between £1 million in June, 1934, and £38 millions in December, 1927, and the most extreme fluctuation in any one year is from £2 millions in January to £29 millions in December, 1936.

It is clear that the banks as a whole considerably reduced the amount of their "*window-dressing*" in the years immediately following the publication of the Macmillan Committee's Report: the average monthly amount for the seven years 1925 to 1931 was about £24 millions, but it fell to a little more than £14 millions in the next three years, the average for 1934 being less than £12 millions. By 1936, however, the remarks of the Committee appear to have been forgotten, and the monthly average for the two years 1936 and 1937 was about £19½ millions.

The *Minutes of Evidence* of the Macmillan Committee show that Mr McKenna believed that there were no important changes in the short period in the amount of "window-dressing" employed by the banks (*c.f.* questions 7562-66). Sir Ernest Harvey, however, did not appear to agree with Mr McKenna on this point, and seems to have been aware of the changes which I have indicated. These changes are most important, because they show that, although the banks' declared cash ratios may remain constant, the real ratios may fluctuate considerably from month to month.

The usual explanation of the power of the central bank to control the lending policies of the commercial banks rests entirely on the assumption that the latter's cash ratios remain fairly constant. These figures seem to indicate that this assumption must be abandoned, and that the central bank has much less control over the commercial banks in the short period than is usually imagined, for a change in central bank policy may lead in the first instance only to a change in the amount of "window-dressing" employed by the commercial banks, and not to any alteration in their lending policies.

The Macmillan Committee stated that figures available to them suggested

> that the monthly "window-dressing" has the effect of increasing the apparent cash reserves of the clearing banks by at least £20,000,000 over the true average figure.

My own estimates show a much larger figure for the period considered by the Committee, and I have, therefore, made a separate calculation on the basis of the figures specially furnished by the banks to the Committee. The results of this are shown by the dotted line on the chart. It will be seen that the amount of "window-dressing" shown by these figures is smaller than my estimates for ten months in each year, but greater in June and December. It seems clear that for the purposes of the Committee, the banks adopted a different method of drawing up their accounts than that used for their ordinary monthly statements, but I have not received any explanation of the reasons which may have led them to do so.

I am, Sir,
Yours faithfully,
J. F. CAHAN.

London, W.C.1.

Banking and Trade Recession

TO THE EDITOR OF THE ECONOMIST

SIR,—The recent contributions to your correspondence on the above topic have left me a little puzzled about the position which would eventually be occupied by entrepreneurs if a policy of reflation were resorted to, as has been advocated.

If the recession is not allowed to materialise until the cost of labour falls, then the construction and renewal of capital goods will either be carried out at inflation levels, or else postponed until public works and other policies come to an end. If the former course operated, then industry would tend to become over-capitalised, and its products would have to bear a greater overhead charge on account of its fixed assets; a serious matter if trade declined for reasons outside our control, such as the diminishing of purchasing power in other countries.

Should those engaged in the capital goods industries, which absorb a large proportion of workers, resist the resumption of trading while wages and prices maintained their prosperity "ceiling," recession palliatives would be of no avail.

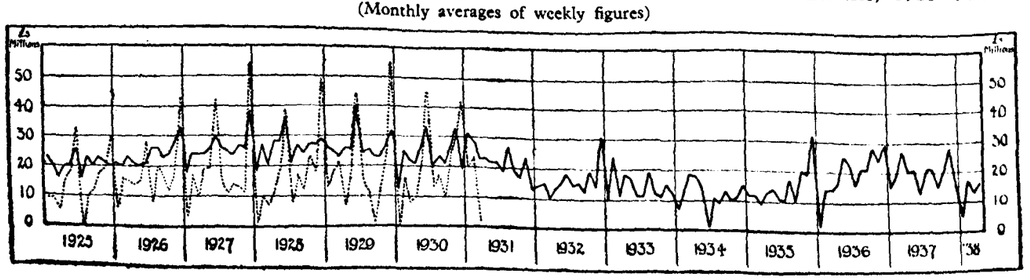
In either event, if the outcome were fewer cyclical depressions, but graver ones, then the problem of economic welfare, which arises side by side with that of wealth, would become more acute, since wage earners on a minimum subsistence level would find it more comforting to be offered bread for a whole decade than to be promised bread *and* a motor car for half the time and neither for the other half.

I am,
Yours faithfully,
H. V. SMITH.

Portsmouth.

AMOUNTS OF "WINDOW-DRESSING" EMPLOYED BY THE TEN CLEARING BANKS, 1925-1938

(Monthly averages of weekly figures)



Books and Publications

Germany Since 1888

THE notorious scarcity of first-class text-books on German economic history is often deplored by English students. German treatises on the subject nearly all tend to mix the record of fact with a great deal of theoretical speculation. Few historians would quarrel with Lederer's statement, which is the text of Dr W. F. Bruck's new book*: "There is no economic history without theoretical conceptions." But many have grown weary of theories which are given precedence over the facts; and look with some impatience for light on a subject which has remained obscure only because the relevant material has never been straightforwardly presented.

In these circumstances, it is unfortunate that Dr Bruck has devoted roughly the first quarter of his book to an involved, wordy and inconclusive discussion of theories of history. The body of the book, on the other hand, is a clearly written (if at times rather crowded) account of the growth of planned economy in Germany. Its leading thesis is the simple and illuminating argument that the present economic arrangements of the Nazi Reich are the outcome of a persisting historical tendency, rather than of a sudden break with tradition.

Dr Bruck's own experience as a Commissioner of the German Cotton Control Board in the war, and later as a departmental head in the Ministry of Economic Affairs, gave him a first-hand knowledge of *Planwirtschaft* at a critically important period of its development. His ability as an academic historian has enabled him to fit his knowledge into a wider scheme. He shows how the growing dominance of Prussia and the increasing tractability of the mass of the German people (due to a great extent, it is claimed, to ethnological developments) gave rise before the war to an assumption that the State was the prime mover in economic change. This became so deep-rooted that it influenced the development of German economic theory itself, and facilitated transition to a war economy which had in it the elements of permanence.

Under the direction of a few individuals like Walter Rathenau and Richard von Moellendorf (whose work here claims much belated attention), the later transition from the War-time system to the general process of industrial rationalisation which took place under the Weimar Reich was effected. Dr Bruck describes this phase in valuable detail, and proceeds to show how the whole system passed into the hands of the present regime because of the mistakes made by the Weimar politicians in the field of international finance.

There is an excellent description of the working of what the author calls "Finance Capitalism"; and it is emphasised that "the joint-stock bank in Germany was not merely a credit organisation but a politico-economic instrument." This fact is sufficiently well known, but there is probably no clearer account than this of its exact historical significance.

Dr Bruck's account of the way in which the present regime has tackled the situation which it found, as well as the economic tasks which it has created for itself, developing for these purposes an instrument which it found ready to its hand, is necessarily fragmentary. But it is fair, well balanced and penetrating, and provides a valuable last chapter to an important book.

The author has evidently been at much pains to make his subject clear to English readers. He has not only had to overcome difficulties of language, but also to allow for the fundamental differences of background between English and German historians. He has not wholly succeeded; but the ordered body of fact which this book contains is most significant for students of our times and of fascinating interest.

* Social and Economic History of Germany from William II to Hitler 1888-1938. By W. F. Bruck. University Press Board, Cardiff, and Oxford University Press. 292 pages. 12s. 6d.

Shorter Notices

"Overseas Trade and Export Practice." By G. T. MacEwan. Macdonald and Evans. 384 pages. 12s. 6d.

A book by the Vice-Chairman of the Institute of Export, which sets out so clearly and comprehensively as this does the practical knowledge of the expert about the processes of international trade, scarcely needs even the prefaced praise of so high an authority as Lord Stamp to commend it to economists and business men. It is both a relief and a profitable excursion to escape from the somewhat rarefied atmosphere of commercial theory into the common-sense zone where trade is a matter of warehouses and actual commodities, where restrictions on trade are shown as actual events in the day-to-day business of exporters rather than as heresies or political instruments, and where, in short, the institutional fabric of world commerce is succinctly and intelligibly sketched. The method has, it is true, its own defects: the workaday approach to trade problems does not exhaust their implications; and sections given similar space differ widely in importance. But the book stands on a firm foundation of fact and information, and is smoothly rounded off by brief passages of sage advice to the trader.

"Patents, Designs and Trade Marks." By C. S. Parsons. Technical Press. 184 pages. 10s. 6d.

This book is designed to explain simply the nature and value of patents and the registration of trade marks, and to enable ordinary business men to understand in outline a subject which, in its legal guise, is difficult and technical. It includes a summary of last year's Trade Mark Amendment Act, and a non-technical digest of the Patents and Designs Acts since 1907. In the last resort, the business man must have recourse to the professional patent agent; but Mr Parsons has made it unnecessary for him to be entirely lost in the mazy details of this important body of law.

Books Received

Business and Modern Society. Edited by Malcolm P. McNair and H. T. Lewis. (London) H. Milford. 410 pages. 21s. net.

A First Course in Statistics. By E. F. Lindquist. (London) Harrap & Co. 226 pages. 8s. net. (And *Manual* of Exercises. 120 pages. 5s. net.)

Review of World Trade, 1937. League of Nations. (London) Allen & Unwin. 95 pages. 2s. 6d. net.

Soviet Trade and Distribution. By L. E. Hubbard. (London) Macmillan. 381 pages. 12s. 6d. net.

A Banking Centenary: Barclays Bank (Dominion, Colonial and Overseas), 1836-1936. (London) Barclays Bank (Dominion, Colonial and Overseas), 54 Lombard Street, E.C.3. 270 pages. 7s. 6d. net.

This England. Second edition. By W. S. Shears. (London) The Right Book Club, 10 Soho Square, W.1. 703 pages. 2s. 6d. net.

Official Publications

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

Dairy Research. Agricultural Research Council. 2s. net.

Report of the Commissioner of Police of the Metropolis for the Year 1937. Cmd. 5761. 1s. 3d. net.

Report on Agricultural Marketing Schemes for the Year 1936. Cmd. 5734. 2s. net.

Colonial Reports. No. 146. Palestine and Trans-Jordan, 1937. 6s. 6d. net.

General Report of the Public Trustee, March, 1938. 2d. net.

Report of the Agricultural Research Council for the Period October, 1935-September, 1937. Cmd. 5768. 5s. 6d. net.

Colonial Report, No. 1846. British Honduras, 1937. 9d. net.

First Report of the Central Advisory Water Committee. 6d. net.

Miners' Welfare Fund, 1937. Sixteenth Annual Report. 1s. 6d. net.

Apples and Pears. Imperial Economic Committee. 4s. net.

THE BUSINESS WORLD

The Empire's Balance of Payments

IN examining the forces which affect the value of sterling it is usual to begin with a study of the balance of payments for the United Kingdom. But it requires very little thought to show that this is not really sufficient. For there are a number of countries which keep their international reserves, or a large part of them, in the form of balances in London. Hence sterling will depreciate in terms of dollars if Australia is drawing on her London funds to meet an adverse balance, just as certainly as if the deficit had originated in Great Britain. What is really required is a consolidated statement for all the countries which keep their working reserves in London.

Unfortunately, this is yet another case where the inconvenient facts of the real world prevent us from placing the various countries into neat theoretical pigeon-holes. We cannot say confidently, for example, whether Argentina, or Canada, or Estonia does or does not belong to the sterling area. It is better, however, to have half a loaf than no bread at all. The British Empire constitutes a large fraction of the whole sterling area, so that its consolidated balance is of considerable interest. Through the courtesy of a leading finance house we are enabled to publish below what we believe to be the first estimate that has ever been made of the consolidated balance of payments of the Empire. As with most forms of statistical pioneering, the authors of these estimates would be the most anxious to insist that they are only first approximations, but a full measure of recognition is due to them for the boldness with which they have sketched out a path along which others may follow.

A consolidated balance for the Empire can be prepared by adding up the figures for the member countries, since the transactions between any two of them will then cancel out. (This would only be strictly true if the estimates for each constituent unit were compiled with the same accuracy. However, to strain at such a gnat when there are so many camels of estimation to be swallowed would be labour wasted.) Official estimates are available only for the United Kingdom, India and the Dominions. They have been collected in the League of Nations publication on the subject, and the only difficulty (save that of confiding in their accuracy) is to adjust them so that they apply to the same period. For Australia the returns are in respect of years beginning on July 1st, and for India, Burma and (since 1927) New Zealand, the official year begins in April. In the case of New Zealand the estimates have been put on a calendar year basis by using the relevant monthly figures for visible trade, and assuming that the other items could be applied without adjustment. The same procedure has been adopted in the case of Australia for the years since 1930, but for the earlier period the figures for fiscal years have been used. No adjustments have been made in the case of India and Burma.

Considerable difficulty was experienced in arriving at an estimate for the other parts of the Empire. Figures of visible imports and exports are usually available, but for the "invisible" items the authors had to rely largely on intelligent guesswork. To estimate the amount of interest and dividends they used two alternative methods, and adopted as their final figure the mean of the two results. The first method was simply a direct calculation based on such scanty data as may be available. The second depended on the assumption that the interest and dividend payments of each colony would be about the same percentage of the value of its total exports (including gold production) as in the rest of the Empire. The ratio to exports used for this calculation was the mean of the percentages for New Zealand, India and South Africa. The same method was also used to provide an estimate of payments for services and other invisible imports, for which no direct estimates were possible. This method, it will be seen, can only be rigorously justified by making very arbitrary assumptions, and could hardly be allowed to pass if it did not open the way for a preliminary estimate of what has hitherto been incalculable.

Table I shows the estimates of the balance of payments on revenue account. The general nature of such a table, and the principles on which it is compiled, are too well known to require further description. The only point which should perhaps be mentioned is that gold absorbed into private hoards in India has been treated as an import, and gold released as an export. So far as the effect on the exchanges is concerned, this is obviously correct and in line with the treatment of newly-mined gold.

The validity of these figures is, of course, entirely dependent on the reliability of the original data and of the methods used. Even in what should be the easiest case, that of the United Kingdom, there is a perennial controversy about the validity of the official calculations. For the Colonial group, the possible error is clearly enormous; in particular, the passive balance is probably over-stated, since it is hard to believe that so much capital could have been imported, even in a period of development. And the position of Canada is equivocal in a double sense. Some people would say that Canada does not belong to the sterling area at all, since so much of her reserves is kept in New York; and others might express polite scepticism about the official figures, which show a total capital export for the period of £332 millions.

Despite these inevitable qualifications, it is possible to make several interesting and important deductions. Thus it can be observed that in the years 1923-29 the positive balance of the British Isles was offset by the negative balance of the oversea countries; taken as a whole, the Empire had in this period no surplus on revenue account with which it could add to its holdings of gold or foreign assets. In the three crisis years both groups temporarily showed large negative balances. In the recovery period the final figure has, on the whole, been positive, but the rôles of the two groups have been reversed. It is now the oversea countries (and notably Canada) whose positive balances have been outweighing the mainly negative ones of the British Isles. The inclusion of the oversea countries thus supplies a partial explanation of the persistent weakness of sterling in 1923-29 (when the United Kingdom had a considerable positive balance on revenue account) and of its strength in 1933-37, when this had been replaced by a negative balance.

For a full explanation, however, we must also study the *movements of capital*. A great deal has been said and written recently about the vagaries of floating balances (under various aliases, such as hot money, refugee funds, vagabond capital and the like). But not all movements are of such an unstable and unrecorded nature. In Table II separate estimates are given for some important items.

The table naturally starts with the balance on revenue account, since this is the only source from which the Empire's *net* international assets can be increased. It is also possible, however, for a country to add to its holding of foreign securities by reducing its stock of monetary gold (or *vice versa*). The next group, therefore, sets out the amount of monetary gold released or absorbed. So far as they go, the statistics are very accurate, but annual figures are not available for the net amount of gold acquired by the Exchange Equalisation Account. This very important item has therefore been omitted; so far as the aggregate is concerned, however, we can take the average of the holdings on September 30, 1937, and on March 31, 1938. This gives a figure of £288.5 millions.

The third group in the table is a partial record of what may be termed "genuine" movements of capital. This has been compiled in part from the Midland Bank's statistics of new issues made for non-Empire borrowers on the London market, and in part from an estimate of capital repayments received in the United Kingdom (mainly by way of sinking funds) from countries outside the Empire. This latter estimate was arrived at by taking 38 per cent. of the total repayments for each year as estimated by Sir Robert Kindersley in *The Economic Journal* (December, 1937). The ratio of 38 per cent. was chosen to correspond with Sir Robert's estimate of the non-Empire proportion of Britain's total investments at the end of 1936. There is, however, no guarantee that repayments will be proportionate to capital outstanding, so that the figures can only be treated as first approximations. In some years they will be too high, because Sir Robert includes repayments out of loans refunded. Repayments from the Bank of France to the Bank of England during 1923-27 have been added in as a special case.

The last line is the inevitable residual item, the main constituents of which are given in the footnote. If we allow for the gold acquired by the Exchange Equalisation Account we arrive at the formidable total of £878.2 millions to be accounted for by the other components during the fifteen years. A substantial part of this is probably due to statistical inaccuracies, for we have been dealing throughout with estimates subject to a considerable margin of error, and this is where the errors collect. But a very large amount must also be due to the inflow of short-term capital from abroad. In the early years we "borrowed short in order to lend long"; now we offset these unwanted funds with additions to our gold stocks.

It will be apparent from the foregoing account that the compilers of this estimate have had to surmount a very large number of statistical obstacles, and that they have had to adopt a variety of ingenious shifts and devices to arrive at their aim. But the net result is no mere intellectual plaything; it is one of the most vitally important economic facts of the present-day world. The imperfections of the present estimate should serve as a stimulus to the Governments of the Empire to improve their statistics on this subject.

TABLE I.—CONSOLIDATED BALANCE OF PAYMENTS ON REVENUE ACCOUNT*

(Millions of Pounds Sterling)

	Average 1923–29	Average 1930–32	1933	1934	1935	1936 Provisional	1937 Provisional	Aggregate 1923–37
United Kingdom	+78·7	− 42·3	0	− 7·0	+32·0	− 18·0	−52·0	+379·0
Eire	− 4·6	− 1·1	− 1·3	− 6·3	− 3·7	− 3·0	− 6·7	− 56·4
British Isles	**+74·1**	**− 43·4**	**− 1·3**	**−13·3**	**+28·3**	**− 21·0**	**−58·7**	**+322·6**
Australia	−46·7	− 11·3	+ 10·4	−10·6	− 8·3	− 5·9	− 3·7	−378·8
New Zealand	− 6·1	− 3·5	+ 3·4	+ 3·7	− 0·5	+ 1·4	− 1·1	− 46·3
India (inc. Burma)	−12·5	− 0·4	+ 23·8	+19·0	+11·2	+ 28·8	− 0·7	− 6·1
Of which private gold movements	*−24·7*	*+ 22·7*	*+ 36·0*	*+43·2*	*+30·4*	*+ 22·0*	*+10·2*	*+ 37·3*
South Africa	− 8·0	+ 5·0	+ 20·2	+ 4·8	+ 4·2	+ 5·8	− 2·1	− 8·3
Canada	+27·0	− 7·1	+ 11·6	+16·6	+35·2	+ 64·9	+35·6	+331·6
Colonies, etc.†	−26·7	− 56·7	− 30·0	−26·0	−31·0	− 15·0	− 7·0	−466·0
Empire Overseas	**−73·0**	**− 74·0**	**+ 39·4**	**+ 7·5**	**+ 10·8**	**+ 80·0**	**+21·0**	**−573·9**
Grand Total	**+ 1·1**	**−117·4**	**+ 38·1**	**− 5·8**	**+39·1**	**+ 59·0**	**− 37·7**	**−251·3**

* Counting gold hoarded and dishoarded in India as imports and exports respectively. † Includes also Protectorates, Mandated Territories (except Palestine), Newfoundland and Territories under condominium.

TABLE II.—CONSOLIDATED BALANCE OF PAYMENTS—REVENUE AND CAPITAL

(Millions of Pounds Sterling)

	Average 1923–29	Average 1930–32	1933	1934	1935	1936 Provisional	1937 Provisional	Aggregate 1923–37
Balance on Revenue Account (from Table I)	**+ 1·1**	**−117·4**	**+ 38·1**	**− 5·8**	**+39·1**	**+ 59·0**	**37·7**	**251·3**
Monetary Gold Released: Bank of England	+ 1·2	+ 9·4	−104·6	− 1·8	−13·2	−187·6	−21·6	−292·3
Empire Authorities	+ 3·7	+ 11·1	+ 0·8	− 5·8	− 0·4	+ 3·8	+ 3·8	+ 61·6
Total (excluding E.E. Account)	**+ 4·9**	**+ 20·5**	**−103·8**	**− 7·6**	**−13·6**	**−183·8**	**−17·8**	**−230·7**
"Genuine" Capital Movements: New Issues for Foreigners	49·7	16·1	8·0	3·1	2·8	3·2	7·1	420·7
Repayments by Foreigners	19·7	14·3	25·0	16·0	31·0	41·0	19·0	313·0
Net Lending(−) or Borrowing(+)	**−30·0**	**− 1·8**	**+ 17·0**	**+12·9**	**+28·2**	**+ 37·8**	**+11·9**	**+107·7**
Residual Item†	+ 24·0	+ 98·7	+ 48·7	+ 0·5	+ 53·7	+ 87·0	+ 43·6	+ 589·7

† Includes: Gold acquired by Exchange Equalisation Account (Negative); inflow of refugee money (Positive); "genuine" lending by foreigners to the Empire (Positive); net purchase of existing foreign securities (Negative); errors and omissions.

Plight of American Railroads

AMERICAN business depressions in the past have invariably been marked by two major events: extensive bank failures and extensive railway failures. The present depression has so far been unique, for in neither field have failures been extensive. Grave fears have been entertained for the position of the railways, but only one important system—the Erie Railroad—has in fact been forced into bankruptcy. Many of the companies, however, are in a serious financial condition, and the industry—as the passing of the Atchison, Topeka preferred dividend again showed last week—is chronically unable to equate revenue and expenses.

The deterioration in the railroad situation during the past year is clearly shown in the adjoining analysis of Class I steam railways' revenues and costs since 1928. In 1937, this group covered its fixed charges 1.14 times. During the first four months of 1937, the ratio was 1.08 times. But in the same period of the current year, only one-third of total fixed charge requirements were earned, although even at the depth of depression in 1932 four-fifths of the total was covered. During the first half of this year, gross revenues fell to $1,636 millions, compared with $2,087 millions for the same period of 1937. Net operating revenues fell from $299 millions to $70 millions in the same periods. And in May the Class I railways suffered a net loss after taxation and interest charges of $25½ millions compared with a profit of $1⅓ millions for May, 1937.

CLASS I STEAM RAILWAYS' EARNINGS

(Amounts in $ millions)

	Total Rly. Operating Rev.	Total Rly. Operating Exes.	Net Rly. Operating Rev.	Net Rly. Operating Income	Total Income	Net Income	Cover for Fixed Charges (times)	Return on Total Property Investment
								%
1928 ...	6,112	4,428	1,684	1,173	1,493	787	2·11	4·65
1929 ...	6,289	4,506	1,773	1,252	1,611	897	2·25	4·84
1930 ...	5,281	3,931	1,350	869	1,228	524	1·74	3·39
1931 ...	4,188	3,224	963	526	831	135	1·19	2·00
1932 ...	3,127	2,403	723	326	551	*Dr.139*	0·80	1·25
1933 ...	3,095	2,249	846	474	685	*Dr. 6*	0·99	1·83
1934 ...	3,272	2,442	830	463	666	*Dr. 17*	0·98	1·79
1935 ...	3,452	2,593	859	500	688	8	1·01	1·93
1936 ...	4,051	2,930	1,121	667	852	165	1·24	2·53
1937 ...	4,166	3,119	1,047	590	769	98	1·14	*
1937† ...	*1,383*	*1,026*	*357*	*196*	*240*	*19*	*1·08*	*
1938† ...	*1,082*	*897*	*185*	*29*	*73*	*Dr.140*	*0·34*	*

* Not available. † 4 months.

These, of course, are composite results. A clearer picture of the industry's plight may be obtained from further sub-division. Official figures show that, at the end of 1936, some 91 companies operating 69,712 miles of line out of a total of 260,000 miles, were in bankruptcy. Their capital expenditure on road and equipment amounted to $5,807 millions, and they had unmatured funded debt of $2,757 millions, and matured, but unpaid, funded debt of $530 millions. The only subsequent major addition to this number is the Erie, which has 2,426 miles of line. Among the bankrupt companies operating over 5,000 miles of line are Chicago, Milwaukee, St. Paul and Pacific (11,115 miles); Chicago and North Western (8,440 miles); Chicago, Rock Island and Pacific (7,532 miles) and Missouri Pacific (7,532 miles). The Rock Island, whose recent earnings are shown in the table at the foot of this page, illustrates the persistent adversity which has been typical of the group, both in depression and recovery.

Companies in unsatisfactory condition—the second category—are difficult to define, and marginal cases abound. Perhaps the most convenient test, however, is the regularity with which fixed charges have been earned in recent years. Baltimore and Ohio (for which earnings are given below), Atlantic Coast Line, Kansas City Southern, Missouri-Kansas-Texas, and Southern, have earned their fixed charges in two years of the past six years; Colorado and Southern, Lehigh Valley, and Nashville, Chattanooga and St. Louis in one year; while Central of New Jersey, Delaware, Lackawanna and Western, and Delaware and Hudson have failed in all six. New York, Chicago and St. Louis—the "Nickel Plate"—might be added to the list on the ground that it has a large bond maturity due on October 1st, and inadequate cash resources. By contrast, several of the companies cited above—Nashville, Chattanooga and St. Louis is an example—retain a strong cash position, and will be able to meet their bond interest, even if it is not earned, for some considerable period yet to come. Further, the Reconstruction Finance Corporation appears to be making every effort, despite the restrictions imposed upon it by law, to make advances to needy companies, with the object of preventing actual failure. The R.F.C. sought greater latitude for making railway loans at the end of the last session of Congress, but its efforts were prevented, partly by labour opposition when the companies proposed wage reductions. Many—possibly all—of the railways now in unsatisfactory condition might be saved from danger if the Corporation's powers were further liberalised, and if recovery develops.

Our third category—companies in reasonably satisfactory financial condition—needs little discussion. Such companies have not escaped falling traffics, but they have so far proved sufficiently strong to meet their consequences. Such companies as Chesapeake and Ohio in the east, and Atchison, Topeka and Santa Fe in the west, whose earnings records are analysed below, are typical of this class. But the line which divides it from less fortunately situated railways is perpetually shifting. Given a period of active business, many companies in straitened circumstances would at least achieve greater financial comfort—if not positive strength. Nor are the strong lines immune from developments in the railway industry generally. The earnings of Class I railroads in 1936 and 1937 demonstrate that a satisfactory volume of traffic is the first essential before the railways are to climb "out of the red."

But satisfactory traffics depend on something more than the fluctuations of a mere business cycle. Superimposed upon such trade movements, a secular change in the "catchment area" of railway revenues is in progress. In 1928, the Federal Reserve Board's index of business activity averaged 111 per cent. of the 1923-25 level. Last year, the corresponding figure was 110 per cent. But total car loadings in 1937 were 26 per cent. below the 1928 level, merchandise "l.c.l." car loadings 36 per cent. below, and the total, excluding merchandise, 23 per cent. lower. Admittedly, building activity last year was lower than in 1928; but even assuming that, for this and other reasons, 1937 was more difficult for the railways than a period of "normal" prosperity might be, a long-term decline in railway freights still appears to be in progress. Traffic is being lost to road and air services. Industrial decentralisation and changes in industrial technique have aggravated the traffic problem. In these circumstances, increased freight or passenger rates would merely speed the departure of traffic to the railways' competitors.

On the reverse of the medal, it is virtually impossible to adjust expenditure to falling receipts. Wages constitute the largest single item of cost, and they have been raised on several occasions in recent years. The railway "brotherhoods" remain implacably opposed to wage cuts, and their resistance to the proposed 15 per cent. wage reduction may next month be carried to the point of taking a strike vote. Should this happen, an Emergency Board may have to consider the vote—at a time which, from the stockholders' point of view, will be inconveniently close to the Congressional elections. Already, union regulations and working rules interfere with the attainment of maximum operating efficiency. Proposals to abandon unprofitable lines meet strong political opposition. Finally, there is little opportunity for savings in capital costs by way of refunding operations at a time when first-grade railway bonds already yield one per cent. more than industrial bonds, and when railway securities eligible for the portfolios of banking and other financial institutions become daily more restricted. And the whole complex of difficulty is ironically capped by the unworkable law governing railway reorganisation. Thus, the twin blades of falling gross revenues, and rigid—if not rising—costs have slashed American railway earnings. To-day, the companies lean more heavily on the Federal Government than ever before. Up to May 31st, the Reconstruction Finance Corporation had authorised loans totalling $689 millions to 76 companies, and had actually disbursed $573 millions. In addition, the Public Works Administration had advanced about $200 millions before ceasing, some months ago, to give further assistance.

The investment prospects for American railway stocks, it is clear, cannot be regarded as hopeful, even on the best assumptions regarding the possibility of business recovery this autumn. If the threat of strikes becomes urgent, rail stocks may experience a serious setback—which might, indeed, carry industrial stocks down some way with it. If wage questions are peacefully settled, if the much-heralded business recovery arrives, and if financial assistance from the R.F.C. is forthcoming promptly and effectively, American railways may hope for better experience in the next twelve months than in the last. But forecasting was never more difficult, either for the short-term operator or the long-term holder of American rail stocks. The latter, in particular, is becoming more concerned at the lack of an effective railway policy designed to secure the railways against the deteriorating tendencies of the past decade. In 1929, the Interstate Commerce Commission proposed wholesale consolidation of the roads. In 1932, a committee headed by ex-President Coolidge urged extensive amalgamations, the elimination of unprofitable services, regulation of competing transport services, the revision of bankruptcy procedure, freer lending conditions by the R.F.C., and revision of the methods on which rates are based. One of President Roosevelt's earliest acts was to appoint Mr Joseph B. Eastman as Railroad Co-ordinator. But the latter's task was hampered by the condition that employment must not be reduced.

In short, there are many plans, but no plan. If business conditions improve, the railway problem will become less intense—for a time. But unless a period of relief is seized to make extensive changes in operating conditions, the net effect will be merely to pile up further difficulties for the industry, and increased financial commitments for the Government in the next recession. The American railway market, at present, is rather dangerous territory for the British investor. But he would, nevertheless, be wise to study its significance. In the course of a few weeks the behaviour of rail stocks may become the dominant factor in Wall Street. And a shock to Wall Street, when industrial recovery is so delicately poised, would be far from welcome.

AMERICAN RAILROAD EARNINGS IN PROSPERITY AND DEPRESSION

The four American railway companies in the following table have been selected to show the differing intensity of depression upon earnings. Baltimore and Ohio operates 12,593 miles of line, and about 45 per cent. of its traffic consists of soft coal. Chicago, Rock Island and Pacific operates 7,532 miles of line. Its traffic is diversified, but agricultural freights are an important source of revenue. Chesapeake and Ohio has 3,106 miles of road. This company is preponderantly a soft coal carrier, while Atchison, Topeka and Santa Fe carries a diversified traffic over 13,226 miles of road.

Amounts in $ millions

	Funded Debt, end Year	Of which Bonds per cent.	Rly. Op. Rev.	Rly. Op. Exp.	Net Rly. Op. Inc.	Net Income	Cover for Fixed Charges (times)	Net Working Cap. end Year
BALTIMORE AND OHIO								
1929 ...	550	64	245	181	49	29	2·00	42
1932 ...	660	68	126	92	22	*Def. 6*	0·82	*Def. 8*
1935 ...	662	68	142	105	24	*Def. 3*	0·90	*Def.11*
1936 ...	656	68	169	124	30	5	1·14	*Def. 6*
1937 ...	668	68	169	129	25	*Def. 0·7*	0·98	*Def. 2*
1937 4 mos.			*58*	*43*	*9*	*0·08*	*1·01*	*8a*
1938 4 mos.			*41*	*35*	*0·2*	*Def. 9*	*0·13*	*Def. 7a*
CHICAGO, ROCK ISLAND AND PACIFIC								
1929 ...	279	68	148	109	25	14	2·16	4
1932 ...	314	71	71	56	4	*Def. 10*	0·31	*Def.14*
1935 ...	136	71	67	60	*Def. 1*	*Def. 15*	0·00	*Def.221*
1936 ...	137	71	78	67	1	*Def. 13*	0·11	*Def.227*
1937 ...	147	72	82	69	4	*Def. 10*	0·34	*Def.231*
1937 4 mos.			*26*	*22*	*0·06*	*Def. 5*	*0·05*	*Def230a*
1938 4 mos.			*24*	*21*	*Def. 0·9*	*Def. 6*	*0·00*	*Def240a*
CHESAPEAKE AND OHIO								
1929 ...	190	56	151	98	44	36	4·51	12·3
1932 ...	222	54	99	56	33	24	3·18	5·8
1935 ...	229	54	114	63	40	31	4·18	23·3
1936 ...	240	56	136	70	53	44	5·27	33·6
1937 ...	235	53	127	73	43	35	4·67	30·8
1937 4 mos.			*43*	*24*	*13*	*10*	*4·27*	*40·0a*
1938 4 mos.			*31*	*21*	*6*	*3*	*2·00*	*23·3a*
ATCHISON, TOPEKA AND SANTA FE								
1929 ...	312	46	267	175	69	61	5·54	47·2
1932 ...	310	46	133	102	18	8	1·56	31·4
1935 ...	310	46	136	109	16	10	1·74	29·9
1936 ...	310	46	157	125	19	10	1·77	38·9
1937 ...	323	47	171	140	17	8	1·58	33·8
1937 4 mos.			*52*	*43*	*5*	*1*	*1·46*	*52·8a*
1938 4 mos.			*43*	*40*	*Def. 2*	*Def. 6*	*Nil*	*30·0a*

(*a*) April 30th.

Consumers' Co-operation in Great Britain—II

Co-operative Finance and Control

A preceding article in the last issue of The Economist *discussed the structure and organisation of the co-operative movement in Great Britain, which now claims a membership of seven millions and controls funds exceeding £300 millions. This concluding article, which deals with the methods by which the movement is financed and controlled, is, like the first article, very largely based upon the authoritative survey of the movement that has recently been published.**

THE unit in the edifice of the co-operative movement is the retail society, and from its individual members virtually the whole of the movement's vast capital is obtained. The movement's financial problem, unlike that of many joint-stock companies, is not to secure enough capital for its operations but how best to invest the large proportion of its resources which is surplus to trading needs.

The shareholding interest of individual co-operative members is legally limited to £200—and these shares are withdrawable. But the majority of the retail societies invite their members (and sometimes non-members) to subscribe loan capital, of which individual holdings are not limited by law. The societies have always made it one of their primary objects to encourage thrift; and they habitually act as bankers for their members' savings. The total capital of the retail societies in 1935 amounted to £198,146,861, made up as follows:—

	£
Share capital	135,745,524
Loan capital	34,007,929
Disclosed reserves	12,732,520
Cash balances, etc.	15,660,888
	198,146,861

Of this total (which, huge though it is, excludes the substantial hidden reserves of the societies) only 40 per cent. was needed to finance retail trading operations, the remainder being invested.

The retail societies put most of their surplus funds into the Co-operative Wholesale Society or the Scottish C.W.S., whose financial operations are consequently on a very large scale. As a condition of membership of the C.W.S., a retail society must take up not less than one £5 share (not necessarily fully-paid) for every two (individual) members. At the end of 1935 some £13 millions had been paid into the C.W.S. share account. But the retail societies also have money on loan and deposit account with the wholesale society aggregating, at the end of 1935, £6 millions and £54 millions respectively. The share, loan and deposit capital of the two wholesale societies in 1935 totalled £82,241,563, all of which was provided by other societies, with the exception of £997,962 invested in the S.C.W.S.

* "Consumers' Co-operation in Great Britain." By A. M. Carr-Saunders, P. Sargent Florence and Robert Peers, in consultation with a Committee drawn from the movement. Allen and Unwin. 556 pages. 15s. net.

Some phrases seldom ring true

"Nice day for a sail, Sir"



but

YOU CAN BE SURE OF SHELL

by individuals. The aggregate capital of the co-operative movement in 1935 may be summed up as follows:—

AGGREGATE CAPITAL OF THE MOVEMENT, 1935

Societies	Total Capital	Employed in Trade	Invested in Co-operative undertakings	Invested outside the Movement
	£	£	£	£
Retail	198,146,861	77,590,380	86,910,600	33,645,881
Wholesale	121,569,248	13,081,776	*7,500,000	100,987,472
Productive & Federal	6,800,000	†4,000,000	†2,500,000	†300,000
Totals	326,516,109	94,672,156	96,910,600	134,933,353
Adjusted totals‡	229,605,509	94,672,156	...	134,933,353

* Includes loans and advances to societies. † Estimated. ‡ Corrected for duplication.

It will be apparent that the movement is not merely a trading concern; for almost 60 per cent. of its financial resources is invested in non-co-operative funds.

Membership of the co-operative societies is virtually open to all, but a widespread membership, accepted on a basis of equality, does not necessarily guarantee actual democratic control. The authors of the authoritative survey under review devote a considerable proportion of their space to a discussion of the question how far the movement can be said to be democratically controlled. Detailed administration is in the hands of management committees, which display a fair degree of continuity, and of permanent officials who enjoy a noteworthy security of tenure. How far are these officials sensitive to the will of the members and how is that will expressed? Apart from the guilds in which some of the members are organised, the members may exercise their influence by the use of their vote and by their attendance at the business meetings. The first means is obvious enough: management committees are periodically elected by secret ballot of all the members, to whom they are ultimately responsible. In this sense the movement is highly democratic. The business meetings of co-operative societies have very little in common with the shareholders' meetings of joint stock companies; for the members of a co-operative society are customers as well as, indeed more than, shareholders. They demand a series of services and will judge the board by its efficiency in supplying those services. But the two sorts of meetings have the characteristic in common that the attendance is small in relation to the membership—a factor which must also tend to increase the influence of any organised body of members. On the other hand, it is generally the more progressive members, and those who are specially interested in the society's work, who attend the quarterly meeting, and the list of questions asked at a typical business meeting affords abundant evidence that at any rate a certain section of the membership always takes a lively interest in the doings of the management committee.

Control of the federal societies is exercised in much the same way. Thus the ultimate control of the two wholesale societies is vested in the boards of the retail societies, which elect their directors and are represented at their business meetings. In this case, however, the votes are allocated in proportion to the value of purchases; there is a danger, therefore, that the larger retail societies may exercise an undue influence at the expense of the many smaller societies. In the election of the directors of the wholesale societies, the votes cast are the result of group discussion. The successful candidates must, moreover, be known and trusted amongst the boards of the retail societies. In consequence, successful candidates tend to be able and honest, and capable of exercising control in the interest of the retail societies; but the system is not well adapted to the discovery of special enterprise or exceptional ability.

The general meetings, attended by representatives of the retail societies, afford an opportunity of examining the affairs of the wholesale societies and of criticising the administration. Opportunities of real discussion between delegates and the platform are, however, more restricted than in the case of the retail societies. For, since divisional meetings are the rule, none of the directors present at a particular meeting may have the requisite special knowledge of the matters raised. The authors conclude that democratic control is less obvious in the wholesale than in the retail societies; "and if democracy is taken to mean supervision by the rank and file co-operator it is indeed tenuous." "If, however, democratic control means control by the retail societies then it is true to say that this control is very real and is continually exercised." The conclusion is reassuring, for the federal societies are playing a role of growing importance. Democratic control of the retail societies would therefore be of little value without corresponding control of the federal societies.

There is much that is remarkable and praiseworthy both in the present organisation and condition of the co-operative movement and also in the history of its gradual unassisted growth from back-street beginnings to real eminence. None of its friends, however, would attempt to conceal that it has some inherent weaknesses or that many obstacles still stand between it and the full realisation of its aims. It is, indeed, of the utmost importance that the consumers' co-operative movement should be objectively studied, for in a world that is daily being faced with the choice between individualism, which may mean chaos, and planning, which may involve extremes of compulsion, co-operation stands out as "the only alternative scheme of economic organisation actually in existence in the country."

Finance and Banking

Gold Hoarding.—The gold rehoarding movement has during the past week acquired dimensions unmatched even in the dollar devaluation scare of the closing weeks of 1937. On Tuesday over £1,500,000 of gold was taken at fixing and almost as much was estimated to have changed hands in subsequent deals. On Wednesday the pace grew decidedly faster, and no less than £2,977,000 was dealt in at fixing, while the total turnover for the day must have been in the neighbourhood of £5,000,000. On Thursday the turnover at fixing amounted to £2,366,000 and at least another £1,000,000 changed hands in subsequent deals. This abnormal demand for gold has been fed by two separate sets of influences. In the first place, the international tension has had its customary effect on the nerves of Continental capitalists, whose purchases of gold have provided one of the main factors in the past week's dealings in the metal. Secondly, there have been influences of a more monetary character. Mr Morgenthau's prolonged discussions in Paris have revived rumours of a stabilisation of the currencies linked by the Tripartite agreement, and these rumours have in their turn drawn attention to the overvaluation of sterling. There is little or no belief in an early devaluation of the dollar in terms of gold, but in Continental circles there is certainly a belief in the likelihood of a return to the traditional sterling-dollar parity of $4.86⅔ as a preliminary to any stabilisation agreement between the two currencies. Consequently there has been a wholesale rush out of sterling and into gold or dollars.

* * *

One development which has probably intensified this rush has been the tactics of the Exchange Equalisation Account in refusing on certain days of this week, when the rush for gold was at its height, to sell metal on any terms whatever after the fixing. The knowledge of this refusal has probably stimulated the hoarding demand for the metal, though the motive underlying the authorities' decision has no doubt been the very reverse. Where gold has not been available Continental operators have bought dollars, and thus we have seen the dollar rate appreciating this week to $4.89 and the price of gold rising concurrently to 142s. 5d., the figure touched after fixing on Wednesday.

The authorities have provided all the gold required at the daily fixing, and have, moreover, done so at exceptionally low prices. On Wednesday and Thursday the price fixed was no higher than shipping parity with the dollar for the first time for four months. By this readiness to sell at arbitrage point, the official seller admitted by implication that sterling had fallen to its lower gold point and that shipments of gold to New York were desirable in order to support sterling exchange. Such arbitrage operations have in fact been arranged. They would have acquired much greater magnitude had it not been for the fact that the buyers at fixing have this week found it possible by resales to hoarders after fixing to earn greater profits than would have been yielded by the arbitrage shipment. The continued hoarding demand for gold has therefore militated to some extent against the supporting operations for sterling undertaken by the authorities in this country.

* * *

Exchanges and the Recession.—It is a well-known fact that there is always a time-lag between the exports and imports of the primary-producing countries. The cycle is that the exports of primary products are first made and paid for, and then the proceeds are spent on the purchase and importation of manufactured, largely consumers', goods. It follows that when a world recession comes, exports fall away at once, while imports continue for some appreciable time at their previous "prosperity level." Last year has been no exception to this rule, and this is why such countries as India and Argentina have recently been experiencing exchange stringency. On the other hand, the effect of this time-lag is only temporary, because eventually the contraction in exports leads to a corresponding contraction in imports. There are some signs that the present world recession is already reaching this stage. The rupee has lately become a little stronger, and at its present rate of 1s. 5 1/16d. is comfortably above its bottom statutory limit of 1s. 5 1/32d. It is also announced this week that the South African banks have reduced their rates for exchange on South and East Africa, the sight rate on South Africa being now £101 2s. 9d. in place of £101 3s. 9d. per £100 sterling. The free Argentine peso is also firmer, and this is directly ascribed to a recent falling-off in Argentine imports. The present policy of the Argentine authorities is to hold the free rate of 19 pesos to the pound, and they have been both buying and selling pesos with this end in view. Their object is to neutralise last winter's reduction in the exchange surcharge from 20 to 10 per cent., for a free rate of 19 pesos acts in effect as a surcharge of just over 18 per cent. In this way, imports from those countries with which Argentina has no trade agreement are kept down, which helps to make total imports conform to total exports. This possibility that the exchange stringency of these countries due to the time-lag is beginning to pass away is of some importance to the outlook for sterling. Most of the countries concerned are members of the sterling area, and any change in conditions which helps these currencies will *pro tanto* help sterling as well, although the reduction in the primary producers' imports is unfortunately likely to connote a reduction in the United Kingdom's exports.

* * *

Outside Money.—During the past four weeks an interesting change has occurred in the short money position. Loans against bonds from lenders other than the clearing banks have become decidedly dearer than they have been for years past. Before the turn of the half-year it was customary for the big discount houses to finance the bulk of their bond position with non-clearing or "outside" lenders at ½ per cent., i.e. at the same rate as that paid to clearing banks for accommodation against bills. Occasionally ⅝ per cent. or even more may have been paid but this was always an exceptional state of affairs. Since July 1st the ½ per cent. money has departed and the representative rate for outside money against bonds is now ¾ per cent., while ⅞ and 1 per cent. is often being paid both by the market and by the Stock Exchange houses which run a money book. At first the change attracted little notice, since it coincided with the turn of the half-year and was therefore regarded as a purely normal and temporary phenomenon. It is, however, showing unquestioned signs of permanence. The explanation of the change is probably to be found in three directions. In the first place, since the last issue, the Defence Threes, the market has been running a larger position in bonds. The impact of the July 1st call on this scrip was particularly apparent on the money position and we may expect a similar effect to follow the last call, which is to be made next week. Secondly, the clearing bank competition for deposits has attracted to those institutions a good deal of the money which formerly found its way directly from the outside lenders to the market. Such a development is bound to cause the outside money rate to approximate to that of the clearing banks—which for bond money remains at 1 per cent. Thirdly, the recent rush for gold has undoubtedly caused some encroachment on the liquid resources at the command of foreign agencies and other outside lenders in the London market.

* * *

British Oak.—It is announced that the Union of Canton, a Chinese insurance company under British management, has bought the shares of the British Oak—a non-tariff London company controlled by Spillers, Ltd. The British Oak had at one time a capital of £250,000, but reduced it in 1929 to £175,000. Subsequently, thanks to excellent new management, it prospered and made substantial profits in its fire, general and motor departments, though in marine it was less successful. Recently it had certain difficulties to overcome in consequence of unfortunate commitments in the film industry, and the shareholders subscribed a large amount of new capital, taking 1,000 shares at £180 per share. That addition to its funds put the company in a comfortable position, but presumably the directors decided that the hazards of insurance were more bother than they were worth, and so closed with this offer from China. The terms of the sale are not disclosed, but Union of Canton is an old and wealthy company with assets of over £6,000,000, a marine income of nearly £1,000,000, a fire income of nearly £600,000, accident £305,000, and a profit of £296,000. The British Oak will now "go tariff," and the marine department may perhaps be closed. It is interesting to see the control of a vigorous British company pass to Canton, and the change is, perhaps, an indication of how traders in the Far East regard the future.

* * *

China's Currency Position.—According to the report issued by the Currency Reserve Board last month, China has been more than able to control any inflationary tendency which a year of war would normally induce. The report states that since January of this year only 28,000,000 dollars of notes have been added to the circulation. Since November last the increase has been 102,000,000 dollars, but this has been offset by an adequate additional backing of specie and other reserves. The combined note circulation of the four issuing banks (which are—in order of importance—the Bank of China, the Central Bank, the Bank of Communications and the Farmers' Bank) totalled on May 29th, 1,705,322,789 dollars. The report claims that this total was backed by 1,113,852,182 dollars of specie which amounts to about 65 per cent. of the total, and negotiable reserves amounting to 591,470,606 dollars. (By the law of 1931 note

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issuing banks are obliged to hold specie reserve for at least 60 per cent. of their total note issues, while the remaining 40 per cent. must consist of realisable bonds.) While the note issue has increased, the addition in specie in the last six months has actually been greater than the note expansion. It would appear that China's currency position is remarkably strong. The behaviour of general price indices confirms that there has been no great inflationary tendency.

* * *

Argentine Finances.—It is reported that the Argentine Government is raising a loan in New York for the benefit of the municipality of Buenos Aires. The sum involved is $25 millions, equivalent to 100 million pesos, and the loan is expected to take the form of 4½ per cent. ten-year bonds. The price of issue is still to be announced, but inasmuch as last year Argentina converted most of her American debt on to a basis of approximately 4½ per cent. the issue price should be not much below par. The bonds will be a direct obligation of the Argentine Government, which will incidentally obtain $25 millions of foreign exchange; for the money will be re-lent to Buenos Aires in the form of pesos. The municipality needs the money for improvements and also for refunding short-term debt. It was unable to borrow in the Buenos Aires bond market, for all municipal and provincial borrowing is now subject to Government control, and, as last year the bond market was overloaded, the Government have fixed this year a limit of 150 million pesos to all such borrowing. Thus a very happy way out of the difficulty has been found. The City of Buenos Aires obtains the money it needs, the Argentine authorities obtain $25 millions of exchange, and the American bondholder obtains the security of the Argentine Government.

MONEY MARKET NOTES

Foreign Exchanges

THE foreign exchange market has been whipped into considerable activity this week by the world-wide rush into dollars and gold. Despite substantial sales of dollars against shipments of gold to New York, the U.S. currency has been persistently strong, and touched $4.89 on Wednesday and Thursday. Some profit-taking on Thursday afternoon caused a reaction to 4.89½. Swiss francs and belgas have appreciated with the dollar in terms of sterling. The movement in the case of the belga has been helped by continued covering of bear positions opened at the time of the recent speculative attack on this currency. Dutch guilders have been sold on a fair scale for conversion into dollars, and control operations have been apparent both in Amsterdam and in London. Despite these supporting operations the guilder rate has weakened to 8.96½, as against 8.95⅛ a week ago. Although the French franc is at present receiving the substantial support of a record tourist season in France, there has been some tendency for the franc to weaken, both in the spot and forward markets. In both directions official support has been available, but this has not prevented the spot rate from moving to 178⅜ and the three months' discount to widen to close on 3½ francs. The main selling of francs has been against purchases of dollars or gold and must be explained as part of the general rush to both these havens of hot money and not as the result of any sudden deterioration in the French financial position.

*

The Money Market

MONEY against bills remains in ample supply, but the accommodation against bonds shows signs of becoming scarcer. This point is discussed in a Financial Note. The Stock Exchange has been a somewhat better borrower, and on Tuesday some of the money houses had to go to their clearing banks for bond accommodation, for which they had to pay the customary 1 per cent. The banks are ready buyers of bills and the market has been a somewhat better seller following the 58 per cent. allotment obtained at last Friday's Treasury bill tender. The syndicate figure for Treasury bills remains at £99 17s. 5d. and at the discount rate indicated by this price much of the outside competition for bills is effectively repressed. Hence the larger percentage obtained last Friday. The full £40,000,000 on offer was allotted and thus payments for bills during the current week were £5,000,000 less than maturities.

	Aug. 5, 1937	July 28, 1938	Aug. 4, 1938
	%	%	%
Bank Rate	2	2	2
London Deposit Rate...	½	½	½
Short Loan Rates:			
Clearing Banks	½–1*	½–1*	½–1*
Others	½–⅝	⅝	¾
Discount Rates:			
Treasury bills	½	½	½
Three months' bank bills	17/32–9/16	17/32	17/32

* Viz. ½ per cent. for loans against Treasury bills and other approved bills and British Government securities within six months of maturity. ¾ per cent. for loans against 1 per cent. Treasury bonds and other gilt-edged stocks within six months of maturity. 1 per cent. for loans against other collateral.

*

The Bank Return

A FURTHER £4,471,000 of Bank of England notes were on balance withdrawn during the week to August 3rd, bringing the active note circulation to a total of £497,783,000. This is some £6,000,000 below the August holiday peak reached a year ago.

	Aug. 4, 1937	July 20, 1938	July27, 1938	Aug. 3, 1938
	£ mill.	£ mill.	£ mill.	£ mill.
Issue Dept.:				
Gold	326·4	326·4	326·4	326·4
Notes in circulation	503·8	487·1	493·3	497·8
Banking Dept.:				
Reserve	23·6	40·3	34·2	29·7
Public Deps. ...	9·8	22·5	11·2	9·5
Bankers' Deps.	95·4	107·3	116·4	113·4
Other Deps. ...	36·9	34·7	35·1	34·7
Govt. Secs.	110·2	109·8	115·8	114·7
Discounts & Advances	6·4	9·3	9·5	9·6
Other Secs.	20·1	23·1	21·3	21·8
Proportion.....	*16·6%*	*24·5%*	*21·0%*	*18·8%*

The effect of the increased circulation on bank cash was not neutralised by appropriate changes in the holding of securities. The item "Government Securities" in the Banking Department shows a fall of £1,090,000 over the week, while other securities are up by £643,000. Bankers' Deposits, however, are only down by £2,932,000 over the week, as Public Deposits have helped them to take the strain of the larger circulation and the net reduction in security holdings. These Government Deposits are down by £1,696,000, a movement to which the excess of Treasury Bill maturities has contributed. Bankers' Deposits remain at a comfortable level of over £113,000,000, but this figure will probably be appreciably reduced following the final call on Defence 3's which is due to be made on Friday of next week.

*

The Bullion Market

THE gold market has been more active this week than at any time since the culmination of the gold scare in June, 1937. The amount dealt in at fixing on the first three working days of the week amounted to nearly £7,000,000, almost the whole of which was supplied by the authorities. There has been substantial dealing after fixing, but for the most part it has represented resales of gold by dealers who bought at fixing, taking a view on the subsequent movements in the dollar rate. The authorities have kept their price at or near the dollar shipping parity, charging a premium of ½d. on Tuesday, but prices equal to parity on both subsequent days. With the authorities out of the market in subsequent deals and hoarding demands from the Continent keenly persistent, the price each afternoon has tended to rise to a premium above the dollar parity. The hoarding demand for gold has also been reflected in a considerable bidding for coins, which this week have risen to a premium of 5 per cent. over their bullion parity. The supplies of these, which were recently enlarged from a special source, show signs of diminishing again.

At the beginning of the week the firmness of the dollar caused the price of silver to rise ⅜ to 19⅝d. The advance, however, has not been maintained, and though buying by Indian bazaars is still reported, we are back again to a rate of 19½d. for spot.

Date	Gold: Price per fine oz.	Gold: Prem. or Dis.*	Gold: Amt. dealt in †	Silver, price per oz. standard: Cash	Silver, price per oz. standard: Two Mths.
1938	s. d.	d.	£'000	d.	d.
July 29 ...	141 6½	1 pm	1,020	19 3/8	19 5/16
„ 30 ...	141 6	1⅛pm	519	19 3/8	19 1/4
Aug. 2 ...	141 8	⅛pm	1,553	19 9/16	19 7/16
„ 3 ...	142 0½	—	2,997	19 7/16	19 5/16
„ 4 ...	142 0½	—	2,366	19½	19 3/8

* Above or below American shipping price.
† At fixing.
The New York price of silver remained at 43 cents per ounce ·999 fine during the week.

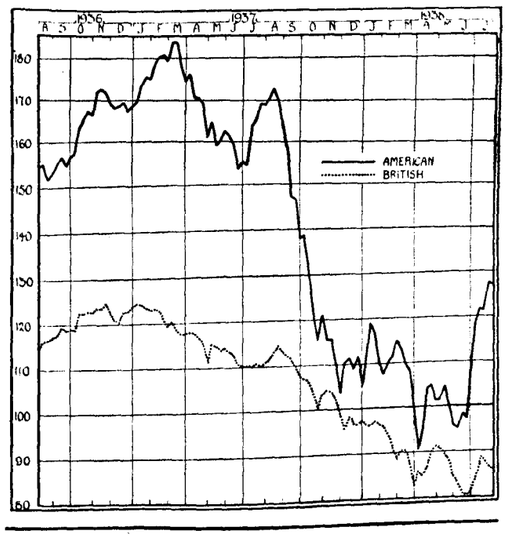
Investment

Course of Share Values.—Wall Street has maintained its virtuoso performance during July with a second movement which may be described as *andante con brio*, compared with *allegro* for June. For the greater part of the month, many observers, including those who had missed the biggest speculative opportunity for at least two years, were actively discussing the timing, and extent, of the inevitable reaction. But Wall Street held its ground in determined fashion. Only at the end of the month, indeed, was there any sign that operators were becoming rather restive regarding the appearance of a convincing economic recovery in the United States, such as the market has been discounting for the past six weeks. So far, however, the reaction has been quite modest, and the volume of trading has usually declined on every sign of setback. The business community remains optimistic, and bases its reasoning on two main factors—the forecasting powers of the stock market itself, and the expectation, already partially fulfilled, of rising steel output during the late summer and autumn. Steel mill activity, indeed, has reached 40 per cent. of capacity this week, for the first time since November last year. What this achievement may mean in terms of third-quarter profits, however, is another matter. Second quarter earnings have already provided a salutary check to excessive optimism, and caution regarding the level of future profits is expressed by the steel industry. Meanwhile, London has discarded the ties which bound it to Wall Street late in June and early in July. Ordinary share prices, indeed, have reacted to only a point or two above the secondary trough established in March this year. That is not to say that London necessarily disputes the possibility of some recovery in the United States in coming months. Indeed, it has welcomed positive evidence pointing in that direction, and would be glad to have more. Rather it indicates a growing preoccupation with the current level of industrial activity and profits. In June, it was possible to detect a feeling of greater optimism regarding the British economic situation. But the publication of a series of depressing announcements, including the Courtaulds' and home railways' interim dividends, and lower brewing profits, have checked this improvement in sentiment. And at a time when investment support is reduced by holiday-making, when some increase in political unrest is apparent both in Europe and in the Far East, and when the industrial barometer registers "no immediate change" rather than "set fair," it is impossible to forecast any appreciable improvement in prices. Even Wall Street, which has been activated in recent weeks largely by faith, may place greater insistence in the near future on works.

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES DURING THE PAST TWO YEARS

(July 1, 1935 = 100)

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



* * *

Foreign Bond Movements.—As a result of the financial agreement with the German Government at the beginning of July, fairly extensive revisions have been made in the indices of foreign bond movements calculated by the Municipal and General Securities Company. Three bonds have been transferred from the undefaulted to the defaulted group. In addition, the Norwegian 4½ per cent. loan of 1921 has been eliminated through redemption. To show the effect of these changes in the composition of the index, revised figures for June are given in the following table. A link necessitated by the default on the Shanghai-Nanking Railway loan is also provided by the revised May figures. The total index of 108 bonds, at the end of July, was fractionally higher than a month earlier, while the index of undefaulted bonds fell by an amount almost equal to the rise in the defaulted list. The recovery in European issues was attributable largely to German and Austrian bonds, which, however, failed to maintain their best levels.

AVERAGE JANUARY–JUNE, 1934 = 100.

End of Month	Europe	Near & Far East	Egypt	South and Central America: States	South and Central America: Provinces	South and Central America: Total	Complete Index	Undefaulted Bonds	Defaulted Bonds
1937	(29)	(31)	(4)	(35)	(11)	(46)	(110)	(56)	(54)
July	105·9	117·6	97·9	127·8	117·5	125·3	116·7	108·3	128·6
August	103·1	95·3	98·5	122·4	118·4	121·4	107·7	99·1	117·4
September	101·9	87·2	99·5	116·1	111·8	115·0	102·4	95·9	109·7
	(28)						(109)	(54)	(55)
October ...	99·0	88·1	98·3	105·1	108·2	105·8	98·5	95·5	101·5
November	97·7	81·6	97·9	82·4	74·2	80·4	85·5	88·6	82·5
December	98·4	81·6	98·6	82·6	75·0	80·7	85·8	86·6	85·0
1938									
January ...	97·9	71·7	97·8	75·5	67·1	73·4	79·3	80·2	78·2
February	96·2	74·7	97·6	75·4	63·8	72·4	79·5	82·7	76·4
March	83·4	73·9	97·2	61·3	49·4	58·2	69·6	74·9	64·8
April	88·9	77·3	98·5	69·8	51·4	64·9	75·1	78·3	72·1
								(53)	(56)
April	88·9	77·3	98·5	69·8	51·4	64·9	75·1	78·8	71·8
May	85·7	74·9	98·4	63·0	47·2	58·8	70·7	75·3	66·6
								(52)	(57)
May	85·7	74·9	98·4	63·0	47·2	58·8	70·7	76·1	66·1
June	89·3	68·5	98·0	65·9	51·2	62·0	71·3	75·9	67·3
	(27)						(108)	(48)	(60)
June	89·0	68·5	98·0	65·9	51·2	62·0	71·1	76·5	67·0
July	90·8	67·7	97·5	65·4	53·4	62·3	71·3	75·7	67·9

N.B.—Figures in brackets denote number of bonds included.

In the Far Eastern group, Japanese issues were conspicuously weak owing to the hostilities on the Russo-Manchurian frontier.

* * *

The bondholder's lot has not improved during the month. The service of the Turkish 7½ per cent. loans of 1933 and 1934, which has been met since 1936 as to 50 per cent. in foreign exchange and 50 per cent. in merchandise, will from November next, be covered entirely in Turkish pounds, to be applied to merchandise operations. It is stated that only half of the coupon due on November 25th next, will be payable, owing to delays in putting the new agreement into force. A new stratagem on the part of the Greek Government has also been reported. Certain holders of Greek 5½ per cent. Treasury Notes, which were issued in 1930, and specifically

secured against a portion of the Greek National Loan of 1914, had recently taken steps to sell the pledged bonds, in view of the cut in the interest on the Treasury Notes from the revised rate of 6 per cent. to 3 per cent. The Greek Government has countered this step by declaring that no funds will be provided for the service of any pledged bonds which may be sold. As a result, the legal rights of the Treasury Note holders affected have been rendered nugatory. Greece, indeed, persists in her refusal to pay more than 40 per cent. of contractual service. From this aspect, indeed, the note holders have received rather better treatment in the past than the long-term creditors.

* * *

By-passing the Stock Exchange.—In our issue of February 12th, this year, we discussed the growing importance of outside dealings, particularly in gilt-edged securities, and their effect upon the volume of turnover transacted within the Stock Exchange itself. The Stock Exchange Committee have recently taken steps to tighten up the dealing regulations, with the object of protecting jobbers against predatory extra-mural competition. Increasingly, the number of direct dealings, by which a broker can marry purchases and sales through the medium of the finance houses, has tended to curtail the volume of business available to the gilt-edged jobbers. Finely shaded prices and unremitting attention to switching have been necessitated by the difficulty of preserving satisfactory investment yields during a prolonged period of low interest rates. And where part, at least, of a jobber's turn could be saved, the advantages of outside dealings have been obvious and well exploited. There is no Stock Exchange rule which forbids a broker to carry out such dealings. But he is only entitled to deal directly with a non-member if he can secure better terms for his client than by dealing in the "House." In future, it is proposed to lay down categorical rules for the observance of this condition. The Committee suggest that a broker shall not be permitted to execute an order with a non-member until he has fully tested the market. A special form for marking bargains with non-members is proposed, on which will be recorded the name of the jobber with whom the broker tested the market before the outside deal was transacted. If necessary, the broker will have to substantiate the validity of the transaction before the Committee. By this means, the gilt-edged market should have full opportunity to compete on equal terms with outside dealers. The market, after all, provides the basis of prices on which alone outside dealings can be negotiated. And if the new rule has the effect of stimulating the jobber to quote fine prices, much of the outside business which has recently been done may be reattracted to the floor of the "House."

* * *

Capital Issues in July.—Activity in the new capital market last month was in contrast to the stagnation which prevailed earlier in the year. Public issues and offers to shareholders only for cash involved £14,681,000 of new money last month—a total which is almost the same as a year ago, though considerably lower than the June total, which included the second Defence Loan. The month's public offers have consisted almost entirely of fixed-interest stocks and preference shares. Our usual monthly table is given in the next column.

OVER ONE HUNDRED AND TEN YEARS OF SERVICE
SCOTTISH UNION & NATIONAL
INSURANCE COMPANY
ASSETS EXCEED £17,000,000
FIRE LIFE ACCIDENT MARINE
Edinburgh: 35 St. Andrew Square
London: 5 Walbrook, E.C.4, and 45 Pall Mall, S.W.1.

(000's omitted) Excluding Conversions

Monthly Average 1937	United Kingdom		British Possessions	Foreign Countries	Total
	£		£	£	£
Old basis	18,603		1,842	525	20,970
New basis	32,296		5,283	592	38,171
Monthly Total	Govt.	Other			
(Old Basis)					
May, 1937	*Dr. 400*	*7,001*	*3,077*	*Nil*	*9,678*
May, 1938	*Dr. 350*	14,155	11,554	Nil	25,359
June, 1937	*Dr. 650*	*24,507*	*2,067*	*Nil*	*25,924*
June, 1938	77,800	6,136	250	Nil	84,186
July, 1937	*Dr. 750*	*12,367*	*2,297*	*940*	*14,854*
July, 1938	*Dr. 350*	10,751	4,280	Nil	14,681
(New Basis)					
May, 1937	*Dr. 400*	*22,551*	*3,314*	*Nil*	*25,465*
May, 1938	*Dr. 350*	17,508	12,193	Nil	29,351
June, 1937	*Dr. 650*	*29,690*	*3,788*	*40*	*32,868*
June, 1938	77,800	8,795	19,478	Nil	106,073
July, 1937	*Dr. 750*	*52,838*	*6,218*	*1,513*	*59,819*
July, 1938	*Dr. 350*	21,199	6,432	Nil	27,281

The month's issues were generally of a high quality and fairly large size, but only one of the public issues involved the subscription of more than £1½ millions of new money. Stock Exchange introductions, which are included in our "new basis" figures, were comparatively small.

Company Notes

Great Western Statement.—In the worst years of depression, when the Great Western Railway maintained its prior charges in the trustee list by drawing heavily upon reserves to meet the requisite 3 per cent. ordinary dividend, it paid interim dividends of one quarter of one per cent. The announcement, on the eve of the holiday, that the directors had decided to make no interim payment in respect of the first half of the current year, therefore, was interpreted in only one way—that the policy of 3 per cent. minimum dividends on the ordinary stock would not be maintained. The immediate consequence was a further fall of 3 points in the stock to 38½. The implications of the dividend decision, indeed, were considerably more disturbing to the market than the figures contained in the half-yearly statement. These showed that gross receipts from railway and ancillary businesses for the half-year were £306,000 lower than in the corresponding period of 1937. Expenditure on railway and ancillary businesses increased by £522,000, and net revenue from all sources fell by £818,000. Of the total fall of £283,000 in railway receipts, passenger receipts accounted for £25,000, goods train receipts for £250,000, and miscellaneous receipts for £8,000. The statement does not divide the increase in costs between wages and materials, nor—unlike the L.M.S. statement last week—does it provide any indication of the relative saving of direct operating costs arising from a smaller volume of traffic. Assuming that the company "breaks even" during the second half of the year, it is evident that the ordinary stock is already earning about 2½ per cent. And in view of the serious fall in goods traffics last half-year, and the company's apparent inability to cut its operating costs as the volume of business fell, this crude calculation gives an altogether optimistic picture of ordinary dividend possibilities next February. Holders of Great Western prior charges may have to content themselves with the maintenance of Chancery, rather than trustee status for the next decade.

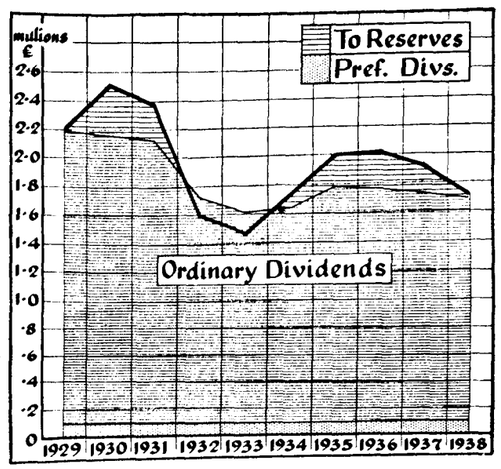
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Disappointing Guinness Profits.—The appreciable setback in profits reported by Arthur Guinness, Son and Company may be disappointing to ordinary stockholders who were expecting that extended operations at the new Park Royal plant would rectify the slight decline in profits in 1936-37. But the past year's fall—from £1,901,594 to £1,741,543—may well be associated with higher costs of brewing materials, together with a full year's National Defence Contribution, compared with a single quarter's liability in the previous year. The following analysis of profits shows that the 29 per cent. dividend, regularly paid since 1932, has been covered with a very slender margin of earnings during the past year:—

	Years to June 30 1936	1937	1938
	£	£	£
Trading profit	1,978,705	1,901,594	1,741,543
Dividends and other receipts .	201,342	187,016	184,626
Total profit	2,180,047	2,088,610	1,926,169
Maintenance and depreciation	141,554	149,339	221,251
Sundry expenses and fees	12,620	13,717	14,306
Preference dividend	92,250	90,750	88,500
Ordinary stock :—			
Earned.....	*1,933,623*	*1,834,804*	*1,602,112*
Paid	1,669,688	1,642,500	1,599,375
Earned (%).....	*33·6*	*32·4*	*29·0*
Paid (%)	29	29	29
To reserve	200,000	200,000	...
Carried forward	910,244	902,548	905,285

The chart below shows net profits available for dividends and distributions over the past decade:—

ARTHUR GUINNESS PROFITS—1929-38



For the first year since the depression, it will be seen, the company has been compelled to omit the usual substantial transfer to reserve.

* * *

A sidelight on the growing importance of Park Royal may be obtained from the official returns of exports of porter, beer and ale from Eire. During the company's latest financial year exports totalled 965,000 standard barrels, compared with 1,235,000 barrels in the preceding year. In the absence of any direct measure of consumption of the company's products in the British market, it is impossible to apply these returns as an accurate test of the output—quite apart from the profit-earning capacity—of Park Royal. Superficially, the latest results are disappointing for those investors who had expected the new plant to produce bumper results. But the company's experience last year (*vide* the Watney Combe Reid profits, discussed in the following note) has not been an isolated case. Guinness, with its national market, may well have been affected in greater degree by the rise in distribution costs—as distinct from the rise in brewing costs—than the majority of brewing concerns, with their defined territories and tied houses. After their further fall to 109s. 6d. (compared with the year's "high" of 125s.) the £1 ordinary stock units yield £5 9s. per cent.

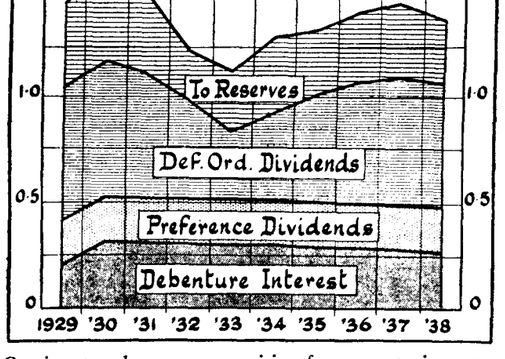
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Watney Dividend Reduced.—The reduction in the deferred ordinary dividend of Watney Combe Reid and Company from 19 per cent. to 18 per cent. depressed the brewery share market on the eve of the holiday. The appearance of the full accounts coincided with a further fall in brewery shares, and with the first significant setback in the beer output figures since recovery began. Trading profits reveal a setback of 2½ per cent., from £2,028,808 to £1,978,985. From the detailed profit and loss account it is evident that, in addition to increased manufacturing expenses (already charged in striking trading profits) the burden of rating and taxation has further increased. The following analysis shows that earnings for the deferred ordinary stock have been reduced from £962,480 to £887,219:—

	Years to June 30 1936	1937	1938
	£	£	£
Trading profit	1,997,869	2,028,808	1,978,985
Rents, dividends, etc.	533,143	544,128	535,962
Total profits.....	2,531,012	2,572,936	2,514,947
Trade and office expenses, etc.	724,753	773,572	799,188
Fees, licence duties and deposit interest	80,439	75,077	75,246
Repairs and depreciation.....	337,888	295,703	291,756
Debenture interest	259,006	254,441	249,875
Pref. and pref. ord. dividends	211,663	211,663	211,663
Deferred Ordinary Stock :			
Earned.....	*917,263*	*962,480*	*887,219*
Paid	573,374	605,228	573,374
Earned %	*32·2*	*34·0*	*31·6*
Paid %.....	18	19	18
To reserve	350,000	350,000	325,000
Carried forward	318,334	325,586	314,430

The chart below shows the course of profits for the past decade:—

WATNEY COMBE REID PROFITS—1929-38



Consistent and generous provision for property improvements and contingencies has been a feature of the company's financial policy during the whole period.

* * *

The report records that a sum of £350,000 has been transferred from property improvement and contingency reserve in connection with further improvements to licensed properties. During the past year, however, the provision from revenue was reduced to £325,000—in fact, properties reserve and undistributed profits shared the fall in earnings equally with the deferred ordinary stockholder. By its improvements policy the company has been able to follow

OTARD'S EST. 1795
V.S.O.P.
LIQUEUR BRANDY
MATURED AND BOTTLED AT CHATEAU DE COGNAC

the shift of population into new districts, and to raise the standard of existing licensed premises to a high level. A review of the effects of this policy over the past four years is of distinct interest. In this period the company has set aside £1,325,000 to property improvements and contingencies reserve. But the reserve has, in fact, remained fairly constant. Meanwhile, the book value of properties has increased only by the modest amount of £119,000 to £14,580,254, despite the substantial expenditure on improvements. Although this policy of financing improvements from a satisfactory level of total earnings compels respect, however, it is evident that the directors do not intend to qualify their improvements programme in order to maintain a preconceived level of ordinary dividends. Hence the cut in the latest distribution, as a result of which the deferred stock units have fallen from 75s. to 70s. 3d., to yield £5 6s. per cent.

* * *

Associated British Picture.—The trading profits of Associated British Picture Corporation showed a comparatively small increase during the year to March 31, 1938, compared with the rapid strides recorded during the previous three years. Trading profits, including dividends and sundry income, increased from £1,265,829 to £1,302,778. But earnings for the ordinary capital fell quite sharply from £600,144 to £469,489, as a result, firstly, of the virtual doubling of the taxation charge, and, secondly, of the directors' decision further to increase the depreciation provision to £200,000. The board has observed its minimum assurance, made in the offer of new shares last January, that the final dividend would equal (or exceed) the 10 per cent. interim. The latest profits are analysed below:—

	Years to March 31, 1936	1937	1938
	£	£	£
Profit	926,483	1,265,829	1,302,778
Fees and taxes	74,405	166,406	315,738
Depreciation	150,000	175,000	200,000
Mortgage and deb. interest	215,227	232,779	227,551
Preference dividend	93,000	91,500	90,000
Ordinary shares :—			
Earned	*393,851*	*600,144*	*469,489*
Paid	148,703	220,797	266,875
Earned (%)	*33·1*	*48·9*	*35·2*
Paid (%)	12½	18	20*
General reserve	200,000	375,000	200,000
Carried forward	88,998†	93,346	84,336†
Ordinary capital, end year	1,550,000	1,625,000	2,000,000

* Of which 10 per cent. interim on £1,625,000 and 10 per cent. final on £2,000,000 ordinary capital. † After writing off £39,631 issue expenses in 1936 and £11,623 in 1938.

The past year was eventful for the Corporation. Litigation regarding its interests in Metropolis and Bradford Trust is still *sub judice*. In October last year Associated British acquired a controlling holding in Union Cinemas through an associated company. This group of 165 cinemas is now managed by Associated British Cinemas. Finally, the resignation of the chairman, Mr John Maxwell, from his seat on the board of Gaumont British Picture Corporation has recently been announced. The position of the Associated British group is commonly reckoned the strongest in the British cinema industry, although the 5s. ordinary shares have not escaped the conservative investor's misgivings regarding cinema finance as a whole. The Associated British group itself has expanded at a rapid rate in recent years. Since 1933 its issued ordinary capital has been doubled, and its debenture and preference obligations, which totalled £3,900,000 in March, 1935, to-day stand at £5,367,000. The group's position, as presented in the consolidated balance sheet, appears satisfactory, although it would appear that it is at present working on a relatively small total of net liquid assets. At the present price of 13s. the 5s. ordinary shares yield 7.4 per cent. on the basis of a 20 per cent. distribution. In normal circumstances, and given the full fructification of the new capital, there seems good ground for expecting the maintenance of this rate.

Oceanic Steam Navigation.—The affairs of this company have long ceased to be of direct interest to the investor. But he will find food for thought in Mr Justice Simonds' judgment on the company's petition for sanction to a scheme of arrangement with its creditors. The scheme was, in essence, a domestic matter, largely of interest to the British and Northern Ireland Governments—the secured creditors—and unsecured banking creditors. It was proposed to allocate 2,525,784 Cunard-White Star shares out of the company's holding of 3,800,000 shares to the secured creditors, and to allot the balance to a realisation company, of which the "A" shares would be held by the secured and the "B" shares by the unsecured creditors. The company, in short, proposed to adopt the realisation company technique, for the Cunard-White Star shares at present have no market. This petition was opposed by shareholders representing the International Mercantile Marine Company, on the primary ground that it was *ultra vires* the company. Mr Justice Simonds held, in fact, that the company's memorandum included no power, as a going concern, to dispose of its whole undertaking, such as was contemplated under the scheme. Under Section 153 of the Companies Act, reconstruction of an existing company may be effected by winding up and selling the entire assets for shares in a new company, provided that proper provision is made for dissentient members. But the argument that this section conferred a new power on the company which was not specifically provided in the memorandum failed. The case, perhaps, is something of a legal *curiosum*, for the modern memorandum of association usually confers the widest conceivable powers upon the company. But it is, nevertheless, of importance in confirming the root principle that the corporate powers of a company must be defined and limited by its memorandum.

* * *

Tootal Broadhurst Lee Profits.—Reduced profits and dividends are common throughout the textile industry. Tootal Broadhurst Lee has been unable to maintain the excellent profits of 1936-37, but the total distribution on the ordinary shares has not suffered any reduction. Trading profits for the year to June 30th are, in fact, well above the 1935-36 level at £257,301, and compare with £295,661 for 1936-37 (both figures including the provision for staff bonus). The surplus available for ordinary and employees' share dividends and the staff bonus has been reduced from £190,351 to £155,573, and the ordinary distribution of 12½ per cent. (including the 2½ per cent. bonus) is covered by earnings of 16.4 per cent. Fairly considerable changes are shown in the balance sheet. Cash holdings have been reduced from £631,000 to £414,000, and debtors from £539,000 to £452,000, while stocks have advanced from £788,000 to £878,000, despite lower prices. It would seem, in fact, that the company was carrying distinctly heavier physical stocks at the end of June compared with a year ago. Appreciable additions to fixed plant and buildings during the year are presumably connected with the modernisation of the Bolton mills. The company is rightly esteemed for its progressive commercial policy. Even if it fares less favourably during the current year, it is reasonable to suppose that earnings would suffice to cover a 10 per cent. dividend, which in fact was paid from 1933 to 1936. The £1 ordinary shares, now quoted at 46s. 3d., would yield £4 11s. 6d. per cent.

* * *

The Week's Company Profits.—Bank holiday week may come to have a special significance for the investor. Although the number of company reports, analysed on page 308 of this issue, was no greater than 23 (excluding one company which issued its first report), their aggregate profits revealed a fall of 10½ per cent. from £5,356,000 to £4,801,000. This setback is due to fairly widespread reductions in net profits throughout the list, both for large and smaller companies. The total profits recorded by 1,660 companies during 1938 to date amounts to £233,105,000, an increase of 11¼ per cent. compared with the previous year's total of £204,301,000. This week's results are discussed in preceding notes and under the heading "Shorter Comments" on page 301.

THE STOCK EXCHANGES

London

SETTLING DAYS

TICKET	ACCOUNT
AUGUST 9	AUGUST 11

THE final stages of a three-week holiday account are rarely accompanied by active business. But there were special reasons for the slackness of interest in the Stock Exchange this week. A recrudescence of political nervousness, mainly arising from the Russo-Manchurian border dispute, but also based on European developments, is a faintly depressing factor. The Continent bids eagerly for gold, but appears to have sold gilt-edged. The aftermath of the railway statements still lingers, to the accompaniment of another batch of poor pre-holiday week traffics, and the latest brewery results have been followed by further falls in that group. Recorded changes suggest that while equity shares have gained a minute fraction, fixed-interest securities have declined no more significantly.

Limited interest in the *Funds* led to an initial reaction in undated stocks, although a certain demand was reported for the redeemable issues. Further selling of Old Consols on Continental account in mid-week led to renewed falls, and the market improved only temporarily. The poor response to the Stoke-on-Trent issue, which opened at 1¼-1 discount, also affected sentiment.

Japanese bonds were sold at the outset, on the disturbing news from the Russo-Manchurian border, losses of 2 points or more on successive days being recorded. Chinese issues were also reactionary, while German and Austrian bonds exhibited some nervousness. Brazilian bonds were steadier in mid-week.

★

Home rail stocks, assisted by bear covering, at first managed to hold the closing levels of the previous week, but further falls occurred in the guaranteed and preference issues. The latter were particularly depressed on Wednesday, following the publication of disappointing traffics, and falls of a point were general. Southern issues, however, held their ground, on the increased traffics. Among foreign rails, Antofagasta failed to hold an initial rise, and dealings in Argentine stocks were restricted.

Changes in prices of *industrial shares* were very small, with but few exceptions. The brewery share group, however, reacted further on the Watney and Guinness results, coupled with the setback in the June beer output figures compared with the same month of 1937. Steel shares were quiet; Hadfields reacted slightly on the maintained interim dividend, and some other leaders, including Whitehead and Tube Investments, were also slightly lower. Callender's Cable advanced smartly in anticipation of the merger terms with Crompton Parkinson. Aircraft shares were not active, although De Havilland rose, and motor shares were generally dull. Further falls were recorded in Triplex. Courtaulds again rallied, on the increase in American viscose yarn prices. Little variation occurred in shipping shares, and movements in the miscellaneous leaders, like Turner and Newall, Murex and Imperial Chemical Industries were small.

★

A sharp initial rise in Anglo-Iranian was one of the few features in the *oil share market*. The improvement, however, was not maintained, and most of the leaders were quoted a few pence lower in mid-week, Burmah in particular being affected by strike reports.

The appreciable reaction in the commodity led to reduced quotations for *rubber shares*. The volume of selling was not large, but support was withheld on the assumption that the commodity would not stage any major progress in the immediate future. Tea shares were unimpressive.

Although there was no great volume of business in *Kaffir shares*, the rush for gold brought some support for dividend paying issues, particularly from Paris. The July returns, however, did not prove of material interest to buyers. East Geduld staged a sharp rise at first, but reacted on profit-taking. Grootvlei were prominent among the developing mines. Gold Fields fell sharply on Wednesday, but Western Holdings recovered from a sharp fall. Rhokana improved, and the Burma Corporation dividend announcement was followed by a slight rally.

"FINANCIAL NEWS" INDICATORS

1938	Total Bargains‡	Corres. Day 1937	Security Indices: 30 ord. shares*	20 fixed int.†
July 29	5,100	*6,625*	85·8	129·6
Aug. 2	4,805	*8,360*	85·9	129·5
Aug. 3	5,080	*8,020*	86·0	129·4
Aug. 4	5,655	*9,090*	85·8	129·3
1938 High	...	...	*97·2*	*131·0*
			Jan. 12	*Feb. 4*
Low	...	...	*79·4*	*126·9*
			Mar. 16	*Mar. 17*

‡ Approx. total recorded in S.E. List. * July 1, 1935 = 100. † 1928 = 100.

ACTUARIES' INVESTMENT INDEX

Little change on balance is recorded in the Actuaries' Index of 151 industrial ordinary shares during the past week. On Tuesday last, the index stood at 66·5, compared with 66·7 for the preceding week, and 67·6 a month ago. The corresponding average yields are 5·68, 5·88, and 5·72 per cent. respectively. Home rail stocks have recovered slightly from the year's low, recorded a week ago, and their present yield basis is 7¾ per cent. A substantial fall is recorded in brewery shares, following the reduced profits and dividends recently reported.

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100) July 5, 1938	July 26, 1938	Aug. 2, 1938	*Prices 1938 High*
Insurance (10)	117·1	119·7	120·8	*121·5*
Bldg. Mats. (6)	82·2	81·6	81·2	*87·1*
Coal (9)	84·3	83·5	82·9	*106·7*
Motors (6)	35·8	36·6	36·2	*39·0*
Home Rails (4)	49·9	39·3	41·8	*71·0*
Brew. & Distill. (20)	127·7	127·5	125·5	*133·6*
Miscellaneous (20)	63·1	61·0	60·9	*66·7*

Group	Yields (%) July 5, 1938	July 26, 1938	Aug. 2, 1938	*Prices 1938 Low*
Insurance	3·63	3·56	3·53	*110·8*
Building materials	6·77	6·78	6·82	*75·0*
Coal	6·63	6·71	6·76	*77·9*
Motors	6·61	6·52	6·59	*32·0*
Home Rails	6·80	8·65	7·76	*39·3*
Breweries & Distill.	5·23	5·24	5·33	*119·8*
Miscellaneous	4·96	5·10	5·11	*57·4*

New York

IN Monday's session, Wall Street showed a slight reaction on a smaller volume of business. While the Far Eastern situation exerted some influence over dealings, the market rallied on Tuesday, although turnover remained comparatively small, judged by recent standards. Stocks improved further in mid-week, but the close was rather easier. In short, it has not been a significant week in Wall Street, except that the pause itself may have some bearing on the future prospects of the market. *Iron Age* states that steel activity has reached 40 per cent. of capacity this week, compared with 37 per cent. a week ago. It forecasts a higher rate in the autumn, accompanied, however, by a warning that third-quarter steel profits may be lower than for the past quarter, despite higher output. Perhaps the main feature of the week's dealings is the lack of public support, which has been awaiting some clearer evidence of setback than has yet occurred. By converse, professional dealing is sufficient broadly to maintain recent prices, and little stock has come on offer.

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).

WEEKLY AVERAGES

	1938 Low Mar. 30	1938 High July 20	July 20, 1938	July 27, 1938	Aug. 3, 1938
347 Ind'ls.	75·9	108·6	108·6	106·9	107·7
32 Rails	19·0	31·4†	29·4	27·9	27·3
40 Utilities	57·7	78·8†	77·8	75·5	74·9
419 Stocks	63·7	90·7	90·7	88·9	89·2
Av. yield %*	8·35 High	3·99 Low	3·99	4·06	4·03

* 50 Common Stocks. † January 12th.

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

July 28	July 29	July 30	Aug. 1	Aug. 2	Aug. 3
123·7	123·3	123·0	121·4	123·2	122·1

1938 High: 126·5 July 25th. Low: 83·6 March 31st.

TOTAL DEALINGS IN NEW YORK

1938	Stock Exchange: Shares 000's	Bonds $000's	Curb Shares 000's
July 28	1,070	6,350	130
" 29	1,200	6,400	172
" 30*	360	2,480	49
Aug. 1	590	3,800	84
" 2	820	5,020	110
" 3	820	5,020	124

* Two-Hour Session.

(*Continued on page* 294)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields of fixed interest stocks 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 increase or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1937 Highest	Lowest	Prices, Year 1938 Jan. 1 to Aug. 3, inclusive Highest	Lowest	Name of Security	Price, Aug. 3, 1938	Change since July 27, 1938	Yield Aug. 3, 1938 £ s. d.
				British Funds			
84 13/16	73⅛	79¼	71	Consols 2½%	75½	−¼	3 6 6
113	105¾	111¾	107	Do. 4% (aft. 1957)	110½	...	3 4 6n
101 5/16	94⅜	100 7/16	96	Conv. 2½% 1944–49	100½	+⅛	2 10 6
103 9/16	97⅜	103¼	99	Do. 3% 1948–53	101⅝x	+⅛	2 16 6
106 25/32	99	104⅝	98¼	Do. 3½% after 1961	103¾	...	3 6 3n
108	105	105	104 3/16	Do. 4½% 1940–44	104⅞	−⅛	1 19 0
117½	111¼	115⅝	112¼	Do. 5% 1944–64	114⅞	...	2 9 9
92½	89	91½	87⅝	Fund. 2½% 1956–61	91½	...	3 1 0
96⅞	89⅞	97 13/16	94	Fund. 2¾% 1952–57	97	...	3 0 0
101⅝	92⅞	99 5/16	95⅛	Fund. 3% 1959–69	99	...	3 1 3
116⅜	109	114⅞	110½	Fund. 4% 1960–90	114	−¼	3 3 0
99 3/16	96	101⅝	97¾	Nat. D. 2½% 1944–48	101½	−¼	2 7 6
114¾	107⅛	112 13/16	107¾	Victory Bonds 4%	112½	−¼	3 11 9f
105 13/16	99⅝	103⅝	99½	War L. 3½% af. 1952	102⅞	...	3 5 9n
96⅞	84 3/16	90⅛	84⅛	Local Loans 3%	88½	−¼	3 8 0
102	99½	102	99½	Austria 3% 1933–53	101	...	2 19 9
72	62	68½	63¼	India 2½%	68	...	3 14 0
85¼	74¼	82¼	75	Do. 3%	81½	...	3 14 0
98¾	87	95⅝	88½	Do. 3½%	94½	...	3 14 6
119½	112¼	117	114¾	Do. 4½% 1958–68	116	...	3 8 3
				Dom. & Col. Govts.			
109⅞	105	108⅞	104¾	Austr. 5% 1945–75	106	...	4 1 3
105⅜	101	104 15/16	100¼	Canada 4% 1940–60	103	...	2 19 3
118	114½	115	112⅞	Nigeria 5% 1950–60	113	...	3 12 9
110	104¼	108	101¾	N. Zealand 5% 1946	104	...	4 9 6
107⅜	103¼	107 19/32	102	Queens. 5% 1940–60	104	...	3 10 6
114⅛	110½	112 13/16	109¾	S. Africa 5% 1945–75	110½	+½	3 7 0
				Foreign Governments			
103	93	96½	87½	Arg. 4½% Stg. Bds.	88	...	5 2 6f
105½	97¾	102	24	Austria 1930 5%	49	...	10 12 0
91¾	84¼	89	48	Do. 4½% 1934–59	69	...	7 11 3
102⅛	95¼	99	95	Belg. 4% red. by 1970	98	+½	4 3 0
33¼	24½	34½	31½	Bulgaria 7½%	34½	...	7 6 9m
89¾	37	37½	16	Brazil 5% Fd. 1914	19½	...	Nil
28	15	19⅝	16¼	Chile 6% (1929)	17½	...	4 8 6v
95¾	54½	60½	40½	China 5% (1912)	45½	−2	11 6 0f
101⅞	59	73½	43	Do. 5% (1913)	59½	−1	8 9 0f
108⅜	101½	105¾	58	Czechoslovakia 8%	73	−1	11 5 0f
100	92½	99	94	Denmark 3%	97½	...	3 1 9
106½	100½	104	100¼	Egypt Unified 4%	101½	...	3 19 0
18½	11	13	9¼	French 4% (British)	10½x	...	5 10 0e
66	52¾	60	43½	Ger. Dawes Ln. 5%	54½	...	9 7 9
49¼	35	46	32½	Do. Young Ln. 4½%	41	...	11 2 0
40¾	30	34½	25	Greek 6% Stab. Ln.	32½	...	7 14 0w
62	47⅛	58½	30	Hungary 7½%	44½	...	8 13 9h
88¾	53	60	38	Japan. 5½% 1936–65	41	−4	13 11 0f
94¾	57½	64½	40½	Do. 6% ('24) red. 1959	42	−4	14 6 0f
121¾	110½	124	115	Norwegian 4% 1911.	117½	...	3 8 6
61½	40¾	50	36	Peru 7½% 1922	47½	...	—
83	56	75½	54	Poland 7%	75½	...	7 6 0s
20½	13	15¾	11	Roum. 4% Con. 1922	14½	...	12 18 0y
96⅜	88¼	92	78	U.K. & Arg. C. 3%	83	...	3 13 0
				Corporation Stocks			
118	111½	115¾	110½	Bir'ham 5% 1946–56	113	...	3 5 9
118¾	112¾	117	112	Bristol 5% 1948–58	115	...	3 7 9
95¼	82½	87½	83	L.C.C. 3%	86x	+½	3 9 9
101	93	97½	94	Liverpool 3% 1954–64	97	...	3 4 0
104⅜	100⅜	105¾	101½	Middx. 3½% 1957–62	105	...	3 4 3

Prices, Year 1938 Jan. 1 to Aug. 3, inclusive Highest	Lowest	Last two Dividends (a) %	(b)	(c) %	Name of Security	Price, Aug. 3, 1938	Change since July 27, 1938	Yield Aug. 3, 1938 £ s. d.
				Public Boards			
115½	110½	2½	2½	C. Elec. 5% 1950–70	113x	+½	3 12 9
				Lon. Pass. Transport			
119½	112	2¼	2¼	4½% "A" 1985–2023	118½	...	3 13 6
129¾	125	2¾	2½	5% "A" 1985–2023	128½	...	3 14 3
122⅝	116½	2½	2½	5% "B" 1965–2023	119½	...	3 17 0
84	73¼	2¾b	1½a	"C" 1956 or after	74	...	5 14 9
92¼	85	1½	1½	Met. W.B. "B" 3%	91x	+½	3 6 0
118	114¼	2½	2½	P. of Lon. 5% 50–70	116	...	3 7 3
				British Railways			
65	38	3½b	Nil a	G.W. Ord.	39	−1	9 4 9
4⅝	2⅛	Nil	Nil	L. & N.E.R. Def.	2½	+⅛	Nil
8⅜	4	Nil	Nil	Do. 5% Pref. Ord.	4¼	...	Nil
97	51	3¾b	Nil a	Do. 5% Pref. 1955	57½	+4	6 10 6f
27⅛	10¼	½c	1¾c	Do. 4% 2nd Pf.	11	...	15 18 0
68¼	30	3b	Nil a	Do. 4% 1st Pf.	32½	...	9 4 6
30⅛	12⅞	1¼c	1½c	L.M.S. Ord.	14½	+¾	10 7 0
70¼	31½	2b	Nil a	4% Pf. 1923	34½	...	5 16 0
82¼	55	2b	2a	4% Pf.	61½	+3	6 10 0
21⅜	12¾	½c	1½c	Southern Def.	14½	+¾	10 7 0
87	58	3b	1a	Do. 5% Pf. Ord.	60½	+1	6 12 3
115½	99¼	2½a	2½b	Do. 5% Pf.	101½	...	4 18 6
				Dom. & Foreign Rys.			
14	7 7/16	Nil	Nil	Antofagasta Ord.	13	+1½	Nil
6½	3⅜	Nil	Nil	B.A. & Pac. Ord.	5	...	Nil
17	8¾	Nil	Nil	B.A. Gt. Sthn. Ord.	12½	−½	Nil
12½	6⅛	Nil	Nil	B.A. West. Ord.	8½	−½	Nil
13¼	6½	Nil	Nil	C. Arg. Ord.	8½	−½	Nil
8 7/16	5	Nil	Nil	Can. Pac. Com. $25	7	...	Nil
28½	25¼	2c	2c	Costa Rica Ord.	25½x	...	7 17 0
43/9	33/9	Nil	1c	Nitrate Rlys. £10	40/-	...	5 0 0
66	35	†2a	†2b	San Paulo Ord.	40	−1	10 0 0†
16/3	13/9	1c	1c	Taltal Rly. Ord. £5	15/-	...	6 13 6
				Banks and Discount			
75/6	59/-	10b	7½a	Alexanders £2, £1 pd.	66/3	...	5 5 6
35/-	32/6	5a	5b	Bk. of N. Zealand £1	32/6	...	4 18 6e
352½	330	6a	6b	Bk. of England	349½	...	3 8 9
76/6	71/3	7b	7a	Barclay B. £1	75/-	...	3 14 6
45/6	41/-	3¼b	3a	Barcl. (D.,&c.) A £1	44/6	+6d	2 16 3
8 9/16	7¼	3½a	4½b	Bk. of Aust. £5	8⅛	−⅛	4 18 6
£44⅛	£39½	8c	8c	Bk. of Mont. $100	£43½	...	3 15 0e
26½	24	5¼c	6c	Bk. of N.S.W. £20	24½	...	3 18 6e
55/-	32/6	6c	Nil c	Brit. Overseas A £5	47/6	...	Nil
12 19/32	11 5/16	7a	7b	Chtd. of India £5	12⅛	−⅛	5 15 6

Prices, Year 1938 Jan. 1 to Aug. 3, inclusive Highest	Lowest	Last two Dividends (a) %	(b)	(c) %	Name of Security	Price, Aug. 3, 1938	Change since July 27, 1938	Yield Aug. 3, 1938 £ s. d.
13/4½	12/-	3⅓a	3¾b	Com. Bk. of Aus. 10/-	13/1½x	...	4 6 3e
53/9	50/-	5b	5a	District B. £1 fy pd.	52/6x	...	3 16 3
90/-	74/6	3½b	3½a	En. S. & Aust. £5 £3p.	80/-	...	5 5 0
10⅝	9 15/16	10b	8a	Hambros £10, £2½ p.	10	...	4 10 0
£96¼	£82	£3b	£2½a	Hong. and S. $125.	£87½x	−1	6 5 9
64/6	56/9	6b	6a	Lloyds £5, £1 pd.	59/6x	...	4 0 9
9¾	8⅜	9b	7a	Martins £20, £2½ pd.	8⅝	+⅛	4 12 6
89/3	78/3¾	8b	8a	Midland £1, fy. pd.	85/6x	...	3 15 0
6¼	5¾	5a	5b	Nat. Dis. £2½ fy. pd.	6x	...	4 3 3
41	34	4a	11b	Nat. of Egypt £10	35	−½	4 5 9
41¼	37½	9a	9b	N. of Ind. £25, £12½p	40	+½	5 12 6
3⅞	3 7/16	7½b	7½a	N. Prov. £5, £1 pd.	72/6x	−7½d	4 3 0
488	444	8½a	8½b	Roy. Bk. of Scotland	462	+5	3 13 6
16 5/16	13⅞	5a	10b	St. of S.A. £20, £5 pd.	16¼	+⅛	4 12 3
51/3	43/-	6¼b	3¾a	Union Dis. £1	47/6x	...	4 4 3
99/-	90/-	11b	9a	West. £4, £1 pd.	97/-x	...	4 2 6
				Insurance			
28⅝	24½	40a	50b	Alliance £1, fully pd.	28	...	3 4 3
16¼	12¾	†3/6a	†4/6b	Atlas £5, £1¼ pd.	15¾	...	2 10 9†
10 5/16	9⅛	20a	20b	Com. Un. £1, fy. pd.	10	...	4 0 0
5½	4⅝	1/6a	2/-b	Gen. Acc. £1, 5/- pd.	5	...	3 10 0
31	26⅛	25a	25b	Lon. & Lanc. £5, £2pd.	29½	...	3 7 9
11 5/16	9½	3/2a	3/1b	N.Brit.&Mer.£1¼,f.p.	11¾	...	2 13 0
20⅝	18½	†30b	†25a	Pearl (£1), fy. pd.	20x	...	2 15 0†
16	13¾	6/-a	6/-b	Phœnix £1, fy. pd.	15¾	...	3 16 3
35⅝	29½	†25a	†72¼b	Prudential £1 A	35½	...	2 15 0†
106/-	81/3	†50c	†50c	Do. £1, with 4s. pd.	98/9	...	2 1 0†
10 5/16	8¼	11a	19b	Royal Exchange £1	10	...	3 0 0
9 1/16	7½	3/3a	3/3b	Royal £1, 10/- pd.	8⅞	...	3 13 0
17	15¼	6/6a	6/6b	S.U.&Nl.A £20,£1pd.	16½	...	3 19 0
88/1½	69/8¼	1/3a	1/6b	Sun In., £1 with 5/pd.	85/-	+2/6	3 4 6
8 11/16	7¼	†10a	†10b	Sun. Lf. Ass., £1 fy.pd	8½	...	2 6 9†
				Investment Trusts			
267	230	4a	8b	Anglo-Amer. Deb.	240	...	5 0 0
65½	47½	3c	3½c	Anglo-Celtic Ord.	47½	...	7 7 6
11/3	7/6	7½c	10c	Brit. Assets Trust 5/-	11/3	...	4 9 0
233	208	6b	4a	Debenture Corp. Stk.	214	...	4 13 6
75	55½	1½a	3b	For. Amer. &c., Def.	66½	...	6 15 3
137½	119½	4½b	2½a	Guardian Investment	119½	...	5 17 3
254	201	4a	8b	Ind. and Gen. Ord.	243½	+1	4 18 6
275½	223	5a	8b	Invest. Trust Def.	237½	...	5 9 6
17/-	14/9	2½a	6½b	Lake View Inv. 10/-	16/-	...	5 12 6
252½	233	8½b	3½a	Mercantile Inv.	242½x	...	4 19 0
154	123	4½b	3a	Merchants Trust Ord.	125½	...	5 19 6
251½	223	7b	5a	Metropolitan Trust	229½	...	5 4 6
5/-	3/4½	2½c	4c	Scottish Inv. 5/-	5/-	...	4 0 0
218	178	3½a	6b	Scottish Mort., &c.	183½	...	5 3 6
221	190½	3a	9b	Trustees Corp. Ord.	203½	+4	4 18 3p
193	167	6b	4a	United States Deb.	174½x	...	5 14 6
				Financial Trusts, &c.			
11/9	6/3	2½c	4c	ArgentineLand,&c.10/	9/4½	...	8 11 5
35/-	22/9	10c	13⅓c	Brit. S.Afr. 15/-fy. pd.	26/9	−3d	7 14 0
23/9	15/7½	10c	10c	Charterhouse Inv. £1	20/-	...	10 0 0
16/10½	13/10½	2a	2b	C. of Lond. R. Pty. £1	15/-	...	5 6 9
33/9	25/7½	†2½a	†8¾b	Daily Mail & Gen. £1	29/6	...	7 12 8
7	6 1/16	4¼b	3a	Dalgety £20 £5 pd.	6⅜	...	5 14 0
23/6	19/3	3a	6b	Forestal Land £1	21/-	−3d	8 11 0
25/10½	19/-	Nil c	z 4 (c)	Hudson's Bay Co. £1	23/6	...	3 15 0
20/-	13/9	2½a	5b	Java Invest. £1	17/6	...	8 11 6
5⅜	2¼	Nil	Nil	Peru. Corp. Pref.	3¼	...	Nil
10/6	7/-	3c	3½c	Primitiva Hold. £1	8/6	...	8 5 0
17/3	12/6	7½c	7½c	Staveley Trust £1	13/9	...	10 1 9
34/10½	23/9	10c	12½c	Sudan Plant. £1	30/7½	−7½d	8 3 0
				Breweries, &c.			
77/6	61/3	12½b	5a	Ansell's Brewery £1	71/-	−3/-	4 19 0
32/-	21/9	5½b	2½a	Barclay Perkins £1	25/6	−1/6	6 5 4
131/-	103/9	†20b	†5a	Bass Ratcliff Ord. £1	125/-	−3/-	4 0 0†
67/-	51/-	3a	12b	Charrington & Co. £1	62/-	−3/-	4 0 0
82/6	70/-	6a	14b	Courage Ord. £1	78/6	−1/6	5 2 0
107/9	85/-	7½a	15b	Distillers Ord. £1	98/6	−6d	4 12 8
125/-	102/6	12a	17b	Guinness Ord. £1	110/-	−4/6	5 8 9
113/6	91/-	20b	7½a	Ind. Coope & All. £1	102/-	−2/-	5 18 6
43/-	34/-	3½a	7½b	Meux's Ord. £1	38/6	−2/-	5 14 0
93/-	76/3	15b	8a	Mitchells & Butlers £1	87/-	−1/-	5 5 9
75/-	63/9	5a	12½b	Ohlsson's Cape £1	71/-	−6d	4 18 8
78/-	65/-	14b	4a	Simonds (H.&G.) £1	70/-	−1/-	5 2 8
108/6	87/6	†5a	†17½b	S. African Bws. £1	107/6	−6d	4 12 0
42/-	30/-	4a	6b	Taylor Walker Ord. £1	37/-	−2/-	5 8 0
26/3	19/4½	5½b	2a	Walker (P.)&R.Cain £1	21/9	−1/3	6 18 0
77/9	62/6	6a	12b	Watney CombeDef.£1	70/-	−5/6	5 6 3
				Iron, Coal and Steel			
24/6	19/9	4a	6b	Allied Ironfound. £1.	20/7½	...	9 14 3
44/-	37/3	4a	6b	Babcock Wilcox £1	38/9	−7½d	5 3 0
9/4½	4/7½	10c	10c	Baldwins 4/-	5/3	−3d	7 12 0
46/3	37/3	4a	10b	Bolsover Col. Ord. £1	39/4½	...	7 2 3
32/3	24/9	†5a	†12½b	Brown (J.) Ord. 10/-	28/3	−6d	6 3 9†
36/7½	27/6	†2a	†6b	Butterley Co. Ord. £1	27/6	...	5 16 4†
11/3¾	6/9	5c	8⅓c	Cammell Laird 5/-	7/6	...	5 6 9
25/7½	19/9	3a	5b	Colvilles Ord. £1	21/6	−6d	7 8 8
11/10½	7/5¼	7½c	10c	Consett Iron Ord. 6/8	8/6	...	7 13 0
87/6	78/6	5a	15b	Cory, William, Ord. £1	85/-	...	4 14 0
34/3	19/9	6c	10c	Dorman Long Ord. £1	21/3	−1/3	9 8 0
55/3	34/3	14c	18c	Do. Pref. Ord. £1	38/9	−1/3	9 5 9
70/-	62/6	†6a	†11½b	Firth Brown £1	67/6	...	5 4 0†
31/1½	22/6	†3a	†4½b	GuestKeen&c. Ord. £1	24/3	−6d	6 3 7†
33/9	26/6	15b	7½a	Hadfields 10/-	30/-	...	7 14 0
31/4½	21/6	6½b	2½a	Horder Collieries £1	24/6	−3d	8 3 0
29/-	25/-	5c	9½c	Lambert Bros. Ord. £1	26/10½	−1½d	7 1 0
13/10½	7/7½	2c	3½c	OceanCoal&Wilson £1	9/3	...	7 10 0
12/3	8/10½	5c	10c	Pease and Partners 10/-	9/9	−3d	10 4 10
23/9	16/9	2a	5½b	Powell Duffryn £1	17/6	−3d	8 11 0
48/4½	36/2¼	†7½b	†5a	Sheepbridge C.&I. £1	38/1½	−7½d	6 10 6†
35/4½	24/4½	3½a	8½b	Shipley Coll. Ord. £1	26/3	...	9 2 10
40/-	28/9	12c	13c	S. Durham Ord. £1	31/3	...	8 6 5
20/-	12/-	6c	7c	Steel & Iron B Ord. £1	13/1½	...	10 14 0
47/-	38/4½	4a	6b	Stanton Iron. £1	38/9x	...	5 3 3
58/-	46/-	†9½b	†3a	Staveley Coal, etc. £1	47/6	−1/3	5 5 0†
40/3	31/6	7½c	12½c	Stewarts & Lloyds £1	36/10½	−7½d	6 15 7
28/9	23/3	4a	6b	Swan, Hunter £1	27/6	...	7 5 5
10/10½	2/6¾	15c	5c	Thomas (Rich.) 6/8	2/9	...	?

(a) Interim dividend. (b) Final dividend. (c) Dividends for full year. (d) Paid in £N.Z. (e) Allowing for exchange. (f) Flat yield. (h) Yield on 3¾% basis. (m) Based on payment of 2½%. (n) To redemption at par, in year shown. (v) Yield on 15/8% basis. (s) Yield worked on a 5½% basis. (w) Yield based on 40% of coupon. † Free of Income Tax. (y) Yield based on 47% of coupon. (p) Yield worked on a 10% basis. (t) Yield worked on a 14% basis. [illegible]

Prices, Year 1938 Jan. 1 to Aug. 3, inclusive Highest	Lowest	Last two Dividends (a) %	(b)	(c) %	Name of Security	Price, Aug. 3, 1938	Change since July 27, 1938	Yield Aug. 3, 1938 £ s. d.
				Iron, Coal, &c.—cont.			
25/6	20/9	Nil	Nil	Thornycroft, John £1	25/-	...	Nil
$64	$38½	1c	Nil c	U. States Steel $100	$61½	−$1	Nil
27/6	20/-	6b	3a	Un. Steel Cos. Ord. £1	23/-	−3d	7 16 4
26/10½	19/9	10c	10c	Vickers 10/-	21/-	...	4 15 0
29/6	21/-	10c	3¾a	Ward (Thos. W.) £1	25/-	...	8 0 0
36/6	33/1½	10 4/9 c	12 2/5 c	Weardale S. etc. Df £1	35/-	...	7 4 0
5 15/16	4⅛	12½a	22½b	Whitehead I. & S. £1	4¼	...	8 4 0
51/3	40/7½	15c	15c	Yarrow & Co. £1	50/-	...	6 0 0
				Textiles			
5/9	2/9	Nil	Nil	Bleachers £1	3/4½	...	Nil
5/6	2/10½	Nil	Nil	Bradford Dyers £1	4/-	...	Nil
5/4½	2/4½	Nil	Nil	Brit. Cel. Ord. 10/-	2/9	...	Nil
7/6	4/-	Nil	Nil	Calico Printers £1	5/1½	−3d	Nil
41/9	32/6	10c	10c	Coates, J. & P. £1	38/-	−6d	5 5 0
48/1½	26/9	7⅔b	1½a	Courtaulds £1	29/6x	+1/3	5 15 0
39/9	26/9	2½a	7½b	English Swg. Ctn. £1	29/8	−4d	6 14 0
6/9	3/4½	Nil	Nil	Fine Cotton Spin. £1	4/1½	−3d	Nil
33/9	25/-	5½b	3a	Linen Thread Stk. £1	29/4½	+7½d	5 16 0
49/4½	36/3	†12½c	†10c	Patons & Baldwins £1	46/3	...	4 6 6†
18/9	6/3	6c	Nil a	Whitworth & Mit. £1	7/2	−4d	16 15 0
				Electrical Manufactg.			
45/3	34/9	10c	10c	Associated Elec. £1	39/-	...	5 2 6
95/6	77/6	5a	15b	British Insulated £1	92/6	...	4 6 7
103/3	78/9	5a	15b	Callenders £1	101/3	+2/6	4 7 0
32/6	18/9	6½b	6a	Crompton Park. A 5/-	30/-	...	2 1 9
31/9	24/4½	Nil c	10c	English Electric £1	31/6	...	6 6 0
79/3	67/-	17½c	20c	General Electric £1	77/-	−6d	5 3 9
21/3	16/-	15b	5a	Henleys (W. T.) 5/-	21/3	...	4 14 0
41/3	34/-	5a	7½b	Johnson & Phillips £1	38/9	+9d	6 9 0
30/6	22/9	7½c	7½c	Siemens £1	25/-	...	6 0 0
				Electric Light, &c.			
$13 11/16	$7⅜	Nil	$1c	Brazil Trac., no par	$13¼	−¼	7 10 8
68/-	62/6	9b	6a	Bournemouth & Ple.	66/3	...	4 12 4
39/3	24/6	2a	5b	British Pow. & Lt. £1	30/6	...	4 11 9
34/3	33/-	4b	3½a	City of London £1	33/6	...	4 11 6
42/-	33/6	3a	5b	Clyde Valley Elec. £1	38/-	+6d	4 4 4
51/-	45/3	3a	7½b	County of London £1	49/6	...	4 5 0
27/9	27/-	4a	5b	Edmundsons £1	27/6	...	4 7 0t
35/-	31/3	2½a	5b	Lancashire Elec. £1	32/-	...	4 12 6
32/4½	28/9	4b	3a	Lond. Ass. Elec. £1	30/-x	...	4 13 4
50/9	43/6	9b	3a	Metro. Electric £1	50/-	...	4 16 0
39/-	33/3	2½a	5½b	Midland Counties £1	38/-	...	4 5 0
33/10½	26/6	2½a	4½b	North-East. Elec. £1	33/-	...	4 4 0
49/-	44/6	6b	4a	North Metro. £1	48/9x	...	4 2 0
38/9	34/-	2½a	5½b	Scottish Power £1	38/-	...	4 5 0
41/10½	37/6	5b	3a	Yorkshire Electric	41/-	...	3 17 6
				Gas			
25/-	21/6	5⅜b	5⅜a	Gas L. & C. £1	24/6	...	4 16 6
138	117	4a	6b	Imp. Cont. Stk.	124½	−1	8 0 4
23/9	21/6	2⅞b	2½a	Newc.-on-Tyne £1	23/6	...	4 11 0
109¾	101¾	3b	2½a	S. Metropolitan Stk.	107½	...	5 2 4
				Motors and Cycle			
51/3	36/3	15c	12½c	Albion Motors Ord. £1	40/-	...	6 5 0
39/4½	31/-	†7½c	†2½a	Assoc. Equip. Ord. £1	37/6	+1/3	4 0 3†
32/6	22/-	50c	50c	Austin 5/-	25/-	−7½d	10 0 0
23/3	18/3	Nil	Nil	Birm. Sml. Arms £1	22/6	...	Nil
24/0¾	18/-	83⅓b	33⅓a	Dennis 1/-	22/6	...	5 4 0
23/1½	16/3	6c	5c	Ford Motors £1	18/9	−7½d	5 6 8
57/6	48/-	12½b	2½a	Lucas, J. (£1)	56/3	...	5 6 9
89/4½	71/3	20c	25c	Leyland Motors £1	85/-	...	5 19 6
33/3	24/9	45c	45c	Morris Motors 5/- Od.	28/6	−6d	7 18 0
61/3	38/1½	20b	5a	Ral. Cycle Hold. £1	43/9	...	11 8 0
104/3	81/3	6a	16½b	Rolls-Royce £1	101/3	−1/3	4 9 0
16/7½	9/9	25c	40c	Stand. Motor 5/-	14/6	−6d	6 18 0k
				Shipping			
7 3/16	3⅞	5a	15b	Clan Line Steam. £1	5	...	4 0 0
4/6	2/6	Nil	Nil	Cunard £1	3/-	...	Nil
24/6	15/7½	3c	5c	Furness, Withy £1	18/-x	...	5 11 0
24/6	17/6	4c	2½a	P. & O. Def. £1	22/-	...	4 10 0
23/7½	16/9	4½c	5c	Royal Mail Lines £1	19/6	...	5 2 0
22/3	13/6	Nil c	Nil c	Union Castle Ord. £1	15/6	...	Nil
				Tea and Rubber			
18/6	9/6	2½c	5c	Allied Sumatra £1	16/6	−3d	6 1 3
30/-	18/1½	4a	5b	Anglo-Dutch £1	29/6	−3d	6 0 6
29/4½	18/3	5a	10b	Bah Lias £1	28/1	−7d	10 13 0
27/-	22/6	2a	6b	Jhanzie Tea £1	25/-	...	6 8 0
38/6	31/6	5a	7½b	Jorehaut Tea £1	37/6	+1/3	6 13 6
37/6	29/6	2½a	10b	Jokai (Assam) £1	37/6	+1/3	6 13 6
18/10½	10/-	5c	5c	Linggi Plant. £1	18/1½	+1½d	5 10 3
3/10	2/0¾	5a	7½b	London Asiatic 2/-	3/7½	...	6 19 0
30/10½	17/6	4a	6b	Rubber Trust £1	30/6	−3d	6 11 3
3/8¼	2/-	5a	10b	United Serdang 2/-	3/4½	...	8 17 9
				Oil			
113/1½	67/-	5a	20b	Anglo-Iranian £1	112/6	+6/3	4 6 9
32/6	24/9	32½a	12½b	Apex (Trinidad) 5/-	30/3	...	7 8 9
45/-	25/-	Nil	Nil	Attock £1	43/1½	−7½d	Nil
6 1/16	4	5a	25b	Burmah Oil £1	4 25/32	+7/32	4 3 6k
12/10½	3/7½	10d ps c	11d ps c	Mexican Eagle M.$4	4/10½	−4½d	?
£42	£33⅞	6a	11b	Royal Dutch fl.100	£38 7/16	−1/16	4 8 6e
5 1/16	3½	†7½a	†12½b	Shell Transport £1	4⅝	−1/32	4 6 6†
5⅜	4 1/16	20b	10a	Trinidad Lease. £1	5 5/16	+5/32	5 13 0
				Miscellaneous			
20/6	17/3	5c	5c	Aerated Bread £1	20/-	...	5 0 0
25/-	20/-	9c	8c	Allied News. £1	21/6	...	7 8 0
25/9	18/-	7c	7c	Amal. Metal £1	23/1½	...	6 1 0
16/6	11/3	5a	3b	Amal. Press 10/-	14/-	...	5 14 0
15/-	11/-	10a	10b	Assoc. Brit. Pic. 5/-	13/3	...	7 17 0
17/9	10/3	26⅔c	25c	Assoc. News. Df. 5/-	12/-	...	10 8 6
88/1½	67/6	7½a	15b	Assoc. P. Cement £1	81/3	−1/3	5 9 9
72/6	56/10½	5a	10b	Barker (John) £1	61/3	...	4 18 0
65/7½	41/3	60c	85c	Beechams Pills Df. 5/-	55/-	...	7 14 0
49/9	37/6	m 29c	s 32⅓c	Boots Pure Drug 5/-	42/6	...	4 6 0
29/9	23/1½	7½c	10c	Borax Deferred £1	26/10½	−1½d	7 9 0
17/9	12/6	9c	Nil c	Bow. Paper Mills £1	13/-	...	Nil
57/10½	44/3	7½a	17½b	Bristol Aero. 10/-	55/-x	...	4 14 0
53/1½	40/6	4a	8½b	Brit. Aluminium £1	48/9	−7½d	5 2 6
36/3	31/-	2¾a	5b	British Match £1	33/-	...	4 14 0
5 7/16	4 13/32	†20c	†21¼c	Brit.-Amer. Tob. £1	5¼	...	4 2 6†
84/4½	64/4½	7a	10b	British Oxygen £1	72/6	...	4 13 9
62/-	46/3	17½b	7½a	Brockhouse (J.) £1	52/6	...	9 10 6
68¾	45½	Nil c	4c	Cable & Wir. Ord.	53½	−1½	7 9 6
7 11/16	6	20b	15a	Carreras A Ord. £1	7⅜	...	4 12 0
14/-	8/3	20c	25c	Crittal Mfg. Ord. 5/-	12/9	...	9 16 0
46/-	38/3	10c	12½c	De Havilland Air. £1	45/-	...	5 11 0
33/-	25/3	9c	9c	Dunlop £1	27/3	−3d	6 12 0
38/6	35/-	10b	5a	Eastwoods Ord. £1	37/6	...	8 0 0
16/3	9/9	10c	10c	Elec. & Mus. Ind. 10/-	12/9	−1/-	7 17 0
26/3	18/-	15a	20b	Ever Ready Co. 5/-	20/-	−6d	8 15 0

Prices, Year 1938 Jan. 1 to Aug. 3, inclusive Highest	Lowest	Last two Dividends (a) %	(b)	(c) %	Name of Security	Price, Aug. 3, 1938	Change since July 27, 1938	Yield Aug. 3, 1938 £ s. d.
26/4½	17/-	10c	†12½c	Fairey Aviation 10/-	25/9	−3d	4 17 3†
56/9	45/-	5a	7½b	Finlay (Jas.) & Co. £1	56/9	+6d	4 8 0
6 21/32	5 5/16	7½a	20b	Gallaher Ltd. Ord. £1	6 5/16	...	4 6 0
7/-	3/9	Nil c	Nil c	Gaumont-Brit. 10/-	4/9	...	Nil
20/6	11/3	8a	8b	Gen. Refract's 10/-	13/3	−3d	12 1 6
35/3	23/-	22½b	15a	Gestetner (D) (5/-)	30/-	...	5 16 0v
90/7½	68/9	5a	20b	Harrisons&Cros.Df.£1	88/9	...	(d)
76/6	60/7½	5a	13½b	Harrods £1	66/3	...	5 11 6
30/-	19/10½	27½b	15a	Hawker Siddeley (5/-)	28/-	...	7 10 3
28/3	21/-	8c	9c	Imp. Airways £1	27/6	...	6 11 0
35/3	27/6	3a	5½b	Imp. Chem. Ord. £1	31/9	+6d	5 7 3
13/7½	8/-	Nil c	5c	Imp. Smelting £1	11/10½	...	8 8 0
7¾	6	†17½b	†7½a	Imp. Tobacco £1	7⅛	...	3 11 9†
$53½	$38⅞	c$1·30	c$2·25	Inter. Nickel n.p.	$51½	−$½	3 17 9n
12/9	8/7½	5a	5b	International Tea 5/-	10/6	+3d	4 15 3
40/3	32/9	4a	6b	Lever & Unilever £1	38/9	...	5 3 3
60/-	43/9	22½c	20c	London Brick £1	55/4½	−10½	7 4 6
5 13/16	5	8⅓a	14⅙b	Lyons (J.) Ord. £1	5¾	+1/16	3 18 3
60/7½	42/6	15a	27½b	Marks & Spen. 'A' 5/-	57/6	...	3 11 6
4 11/16	3⅜	12½b	7½a	Murex £1 Ord.	3 15/16	+1/16	5 1 6
37/-	32/6	2½a	9⅜b	Phillips (Godfrey) £1	35/-	...	6 16 0
35/6	26/3	7½a	10b	Pinchin Johnson 10/-	32/6	...	5 7 6
42/9	26/3	12½a	37½b	Prices Trust Ord. 5/-	40/-	...	6 11 9
58/9	42/6	3⅛a	11⅞b	Radiation Ord. £1	53/9	...	5 10 9
5 15/32	4⅞	22½c	22½c	Reckitt & Sons Ord. £1	5⅜	...	4 4 0
14/3	11/-	†5a	†8⅓b	Sears (J.) Ord. 5/-	11/9	...	5 14 6†
14/6	8/9	2½c	4c	Smthfld.&Arg.Mt.£1	10/3	...	7 16 0
60/6	51/6	2½a	12½b	Spillers Ord. £1	55/-	...	5 9 0
26/10½	21/-	Nil	Nil	Swed. Match. B.kr.25	26/3	...	Nil
83/-	70/-	14b	4¼a	Tate and Lyle £1	78/9	...	4 12 0
48/3	36/6	5a	5b	Tilling, Thos. £1	46/3	...	4 6 6
68/4½	52/6	11b	5a	Tob. Secrts. Ord. £1	65/-	...	4 19 0
53/-	30/7½	60c	w35c	Triplex Safety G. 10/-	35/-	...	10 0 0
89/4½	74/4½	16¼b	10a	Tube Investments £1	84/4½	...	6 4 0
87/6	70/-	16¼b	3¾a	Turner & Newall £1	79/8	...	5 0 3
57/4½	46/3	7½b	5a	United Dairies £1	56/3	...	4 10 6
27/7½	18/4½	15b	7½a	United Molasses 6/8	23/9	...	6 6 3
39/8¼	33/9	7½b	5a	W'llpapr Mfrs.Def.£1	35/7½	...	7 0 0
39/3	32/6	3a	7b	Wiggins,TeapeOrd.£1	36/9	+3d	5 9 0
70/-	60/6	15a	45b	Woolworth Ord. 5/-	65/-	...	4 12 3
				Mines			
70/7½	52/6	95c	95c	Ashanti Goldfields 4/-	68/1½	+1/1½	5 11 6
12/10½	8/0¾	p6a	p4b	Burma Corp. Rs. 9	10/7½	−10½d	8 19 9†r
3/6	1/6	Nil c	Nil	Commnwlth. Mng. 5/-	2/6	...	Nil
81/3	62/6	32½c	6¼a	Cons.Glds.of S. Af. £1	74/9	−2/9	5 7 0
16⅞	14¾	95b	95a	Crown Mines 10/-	16⅝	+⅛	5 14 3
13 5/16	6	30a	Nil b	De Beers (Def.) £2½	9⅛	−¼	8 4 3
69/4½	51/10½	20c	15c	Jo'burg. Cons. £1	14½	...	5 14 3
48/3	30/10½	11¼b	11¼a	Randfontein £1	37/6	+6d	12 0 0
12⅞	9⅛	37½b	25a	Rhokana Corp. £1	12⅛	−⅛	5 13 0
19⅞	12¾	Nil	Nil	Rio Tinto £5	14½	...	Nil
21/7½	13/7½	80c	10a	Roan AntelopeCpr.5/-	17/9	−6d	...
11½	9⅜	75a	75b	Sub Nigel 10/-	11¼	+¼	6 12 6
9 5/32	7	2/6a	6/-b	Union Cp. 12/6 fy pd.	9⅛	+⅛	4 13 3
9 25/32	5 13/16	Nil	Nil	W. Witwatersrand 10/-	7 5/16	−1/16	Nil
19/1½	5/2¼	10c	Nil c	Wiluna Gold £1	15/3	...	Nil

NEW ISSUE PRICES

Issue	Issue price	Aug. 3, 1938	Change since July 27	Issue	Issue price	Aug. 3, 1938	Change since July 27
Afr. Expl. 4%	100	1½–2½ pm	...	Ipswich 3¼%	98½	⅛ dis–⅛ pm	+⅛
Do. 5½% pf.	21/-	1/9–2/- pm	...				
Am. Pr. 4% db.	99	3½–2½ dis	...	Leeds 3¼%	98	¼–⅜ pm	+1/16
Bechm. 5% pf.	1	par–3d. pm	...	L.C.C. 3½%	101½	⅝–¾ pm	−3/16
Bootle 3¼%	98½	¼ dis–par	...	Nat. Def. 3%	98	1 15/16–2 1/16 pm	+1/16
Bnmth. 3¼%	98½	1 1/16–1 3/16 pm	...	Regis Ord. £1	1	⅛ dis–par	...
Bwtr 4½% db.	98	4½–3½ dis	...	Do. 5½% pf £1	1	⅛ dis–par	...
Brt. Ox. 5% pf	22/6	6d–9d pm	...	S. Met. El. 4% pf.	20/6	4½–1½d dis	−1½d
Brtn(M) 5% db	100	1–½ dis	...	Do. 3½% db.	100	1 dis–par	...
Cov.GP4% dbs	99	1–½ dis	...				

UNIT TRUST PRICES

as supplied by managers and Unit Trusts Association
(Table does not include certain closed trusts)

Name and Group	August 3, 1938	Change since July 27
Municipal & Gen.		
For. Govt. Bond	14/-—15/-	−6d
Limited Invest.	19/-—19/9	...
Mid. & Southern	19/-—19/9	...
Scottish & Northn.	17/3–18/-	+3d
Bank-Insurance		
Bank & Insur.*	18/9–19/9	...
Insurance*	20/9–21/9	...
Bank*	17/9–18/9	...
Invest. Trust*	13/6–14/3	...
Scot. B.I.I.T.*	14/10½–15/9x	...
Cornhill deb.*	21/-–21/9	−1½d
Cornhill def.*	13/9–14/9	...
National		
National C.	18/-—19/-	...
National D.	16/6–17/6	...
Nat. Invest.	13/1½–14/1½x	...
Amalgamated	20/3–21/3	...
Century	17/-—18/-	...
Gilt-edged	17/9–18/3	+3d
Scottish	17/-—18/-	...
Universal	18/-—19/-	...
"15 Moorgate"		
Inv. Flexible	12/9–13/9	...
Inv. Gas & El.	13/-—14/-	...
Inv. General	16/6–17/6	...
Inv. 2nd Gen.	14/1½–15/1½	−1½d
Inv. Gold	17/1½–18/1½	+1½d
Hundred	17/6–18/6	−1½d
Provident	13/7½–14/7½	−1½d
Savings Unit	8/10½–9/6	...
Security First	13/10½–14/10½	...
Keystone		
Gold 2nd Ser.	18/3–19/3x	...
Gold 3rd Ser.	13/6–14/6x	...

Name and Group	August 3, 1938	Change since July 27
Keystone	16/1½–17/1½	...
Keystone 2nd	13/-—14/-x	...
Keystone Flex.	14/9–15/9	...
Key. Consol.	14/4½–15/4½	...
Allied		
Amer. Indsts.	17/6–18/6	−3d
Brit. Ind. 1st	17/6–18/6	...
Do. 2nd	15/-—16/-	...
Do. 3rd	15/-—16/-	...
Do. 4th	16/-—17/-x	...
Elec. Inds.	16/3–17/3	...
Metals & Min.	14/-—15/-	...
Other Groups		
Brit. Emp. 1st Unit.	17/3–18/3	...
Brit. Gen. "C"	15/3–16/3	−1½d
Rubber & Tin	1/2½–1/4	...
Brit. & Amer.	15/-—16/-	...
Producers	8/-—8/6	...
Domestic	7/-—7/6	...
Do. Priority	9/3–9/9	...
1st Prov. "A"	20/3–21/3	...
Do. "B"	14/9–15/9	...
Do. Reserves	15/6–16/6	...
Selective "A"	15/10½–16/10½	...
Selective "B"	15/7½–16/7½x	+1½d
Brit. Trans.	13/-—14/-	+3d
Bank, Ins. & Fin.	15/3–16/3x	...
British Bank Shrs.	20/-—21/-	...
Do. Insur. Shrs.	16/9–17/9	...
Four Square	20/-—21/-	...
Brewery	14/3–15/3	+3d
Protected 1st	19/-—20/-	+3d
Do. 2nd	16/6–17/6	+3d
Do. 3rd	11/6–12/6	...

* Bid and offered prices are free of Commission and Stamp Duty. (a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (k) Yield on 20% basis. (m) Including bonus of 5% free of tax. (n) Yield worked on a $2 basis. (r) Calculated at 18½ annas per share of Rs. 9. (p) Annas per share. (s) 81⅓% paid free of income tax. † Free of Income Tax. (t) Yield worked on 35% basis. (w) Paid on £300,000 more capital than in preceding year. (d) 17½% cash dividend and 7½% in deferred ordinary stock. (y) Dividend before the 200% capital bonus 4s. per share. [illegible] (e) Allowing for rate of exchange.

(*Continued from page* 291)

New York Prices

	Close July 28, 1938	Latest Aug. 4, 1938
1. Rails and Transport		
Atchison	37	36½
Balt. & Ohio...	9½	8⅝
B.M.T.....	10⅞	11⅜
Can. Pacific...	7⅛	6¾
Ches. & Ohio	32⅛	30¾
G.N. Ry. Pf...	23	21⅞
Illinois Cent...	12⅝	11⅞
N.Y. Central..	20	19
Northern Pac.	13	12½
Pennsylv. R...	21¾	20⅞
Southern Pac.	19	18¾
Southern Rly.	13⅝	12⅞
Union Pac. ..	82⅛	82
Greyhound ...	15⅞	16¾
2. Utilities and Communications		
Am. W'works	11⅝	11
C'with. & S....	1⅜	1¼
Con. Edison...	28½	27⅝
Col. Gas & El	7⅜	7¼
El Bond & Sh.	8⅝	8⅜
Nat Pwr & Lt.	7¼	6⅞
N. American..	22⅛	21⅜
Pac. Gas & El	26¾	27
Pac. Lighting	40	39½
Pub Serv N.J.	30⅛	29½
Stan Gas & E.	4⅜	4⅛
United Corp.	3⅛	2⅞
Un. Gas Imp.	10¾	10½
Amer. Tel. ...	141⅛	141¼
Internat. Tel.	9⅝	8⅞
Westn. Union	31½	31
Radio	7	6¾
„ B. Pref.	56¾	56
3. Extractive and Metal		
Am. Rol. Mill	20⅞	20
Beth. Steel ...	59	58½
Beth. Steel P.	97	98
Republic St.	19⅜	18¾
U.S. Steel ...	60½	59½
U.S. Steel Pf.	110	108½
Alaska J'neau	11	11⅜
Am. Metal ...	36⅛	35¼
Am. Smelting	50⅝	49⅛x
Anaconda ...	36⅝	35⅜
Bohn Alum ...	29½	27½
Cerro de Pas..	46½	46¾
Int. Nickel ...	51⅜	50⅛
Kennecott ...	42⅛	41¼
Patino Mines	12½	12¼
Tex. Glf. Sul.	34¾	34⅜
U.S. Smelt....	64	66
Vanadium ...	20⅛	19¼
Atlantic Refg.	25⅛	24½
Phillips Petr.	42x	41⅝
Shell Union...	17⅛	17¼
Shell Un. Pf...	103½	103⅝
Socony Vac....	15¼	15
Stan. Oil Cal.	33	32⅛
Stan. Oil N.J.	56⅞	56½
Texas Corp.	47¼	46½
4. Manufacturing		
Briggs	33⅓	32⅝
Chrysler	71¼	70⅝
Elec. Autolite	27	26⅞
Gen. Motors..	43⅝	43⅛
Hudson Mtr.	9⅜	9
Nash Kelvntr	10⅞	10⅜
Packard Mtr..	5⅜	5
Bendix Avtn.	20¾	20¼
Boeing Airpln	29⅜	28
Douglas Air...	51⅓	51
United Aircft.	28⅞	28⅓
Air Reduction	62	60
Allied Chemi.	178	180
Col. Carbon	92¾	90⅛
Dupont	128	127
Un. Carbide	85	83½
U.S. Ind. Alc.	22	21⅜
Allis Chalmer	51½	50
Gen. Electric	42⅛	41⅓
West'hseElec.	103½	102
American Can	98½	99⅝
Addressogrph	23¾	25⅜
Caterpillar ...	54½	53¾
Cont. Can. ..	45	44⅓
Ingersoll Rnd	95	94½
Int. Harvester	65¼	62¼
Johns Manvle	95	94¼
Am. Radiator	15½	15¼
Corn Prods....	68	69
J I Case & Co.	102	100
Glidden	24¼	23
G. Am. Trans	51	48½
Allied Stores	10¾	10½
Celanese of A.	20⅜	20½
Ind. Rayon...	24½	25⅜
Colgate Palm.	12½	12¼
Eastm'n Kdk.	178½	177
Gillette	9	8½
Lambert Co.	14	13⅞
Loews	49⅞	48⅝
20th Cen. Fox	24⅞	24¾
5. Retail Trade, etc.		
Mont. Ward	47	46½
J. C. Penney	83½	82½
Sears Roebck	71¾	72⅝
United Drug	6½	6¼
Walgreen xd	18¼	18
Woolworth ...	47¼	47⅛
Borden	17½	17⅝
Gen. Foods...	34½	34¾
Kroger Grcy.	17⅛	17¼
Nat. Biscuit	24¼	23⅝
Nat. Dairy ...	16	15¾
Stand. Brands	8¼	8
Am. Tob. B.	86⅞	89
Lig. Myers B.	103	103
Lorillard	20⅛	20
Reyn. Tob. B. x	42½	43½
Nat. Distillers	25⅛	25⅞
Schenley Dis.	20¼	19⅞
6. Finance		
Comcl. Credit	47¼	47⅓
Atlas Corp....	8⅜	8⅛
Com Inv. Tr.	52¾	52¾

Paris

At the beginning of the month the Bourse maintained the brighter conditions which prevailed in June. This promising opening, however, was followed by a heavy tone. Kaffirs were a firm feature almost throughout the month, and weakness in Rentes and local industrials was followed by some recovery. Business, however, was very quiet during the second fortnight, though at the end of July sentiment was encouraged by improved political prospects, hopes of a settlement in Czechoslovakia, and by recovery on Wall Street.

	July 5, 1938	Aug. 2, 1938		July 5, 1938	Aug. 2, 1938
3% Rentes	75·00	73·70	Chargeurs	1938	1938
4%Rts. '17	73·00	70·90	Reunis ...	537	506
Banque de France ...	7,180	6,555	Rio Tinto	2,720	2,552
Credit Lyonnais..	1,634	1,550	R. Dutch...	70,800	68,400
Suez Canal	23,025	21,355	Mex. Eagle	5¼	4¾
Wag. Lits...	93·50	86·00	Chartered	259	248
			Ford	69	59
			De Beers...	1,682	1,601
			"Johnnies"	537	502

Amsterdam

During July, the Bourse displayed no strong will of its own, but was content to follow Wall Street's lead. Outside influences, however, had more effect on sentiment than on prices, which generally moved within narrow limits. The first few days of the month again showed the improved prices and wider interest that had been evident during the latter part of June, but this impetus was soon lost, and turnover shrank, though prices continued reasonably firm. During the second part of the month the Bourse was in listless mood. Rubber shares were active most of the time. Quotations hardened in the expectation of the maintenance of the 45 per cent. quota, but some weakness resulted from the postponement of the Committee's decision. Philips Lamps reacted on disappointment with the dividend and report.

	July 5, 1938	Aug. 2, 1938		July 5, 1938	Aug. 2, 1938
2½% Dutch	85⅞	87¼	A. K. U. ...	47 1/16	46 5/16
5½% Ger.*	24½	24	Ford Motor	306½	293
Philips Lp.	270½	249½	Deli B. To.	237½	229½
Neth. Ship.	123⅛	119	Ryl. Dutch	358¾	344⅔
Lever Bros. & Unilever	156¾	155⅞	Hand. Am.	465	470¼

* Without transfer certificate.

Berlin

Securities in July were weaker than in any corresponding period during the past five years. The advance of fixed-interest securities, which had reached their highest levels in March-April, was not resumed, and selling predominated, resulting in appreciably reduced quotations. The share market was irregular at first, and in the middle of the month became very weak. Indeed, on July 16th and 18th semi-panic conditions prevailed, with losses on single days of seven points or more. All groups suffered, but stable bank shares were least affected, although a temporary drop occurred in Reichsbank to 185. Industrials, however, were severely depressed. The collapse began with selling for Jewish accounts, and after prices had already fallen considerably the general public and speculators turned sellers. Owing to the expulsion of Jewish traders and members, against which no provision had been made, the Bourse functioned badly; and inconsiderable offers frequently led to heavy declines. Four days of substantial recovery followed the collapse, but prices subsequently sagged in a very dull market. Foreign bonds were generally weak. Scarcely any dealings were recorded in certificated dollar bonds. The nominal quotations were mostly unchanged, although Young loan advanced while Dawes loan reacted. The reichsmark tranche of Young loan remained virtually unchanged. The official index (1924-26 = 100) for shares for June was 110.49, as against 112.71 for May; bonds 99.98 against 100.03.

	July 5, 1938	Aug. 2, 1938		July 5, 1938	Aug. 2, 1938
Reichsbank ...	197·00	184·75	Nord. Lloyd...	76·40	66·75
D.D. Bank ...	120·25	116·50	A.E.G....	119·10	109·00
Dresdner	111·75	108·75	Siemens & H. ...	202·00	187·00
I.G. Farbenind.	156·25	149·75	Stahlwerke...	108·00	101·00
			Hamburg Amer.	74·00	65·00

Canada

The Canadian stock markets, after a steady drift downward for several months, suddenly woke into activity in sympathy with the American markets in the third week of June. All the major groups of stocks have participated in the improvement. Farm stocks have been aided by the excellent crop prospects and lately there has been a lively boom in the stocks of aircraft and equipment companies likely to secure a share of British Government aeroplane contracts. Newsprint stocks have also risen on the improved outlook. Mining shares have been active and a strong upward movement in base metal issues provided a feature. Bonds have been firm, although prices have shown relatively little change. Except in gold shares the market became more irregular late in July under Wall Street's influence. The Bureau's "Investors'" Index, which stood at 94.7 on June 17th, rose to 103.4 for June 30th and to 107.0 for July 7th, but by July 14th had fallen slightly to 105.4. The index of the price of long-term Dominion bonds for the week ending July 14th was 117.8 as compared with 118.2 for the corresponding week of June and 115.0 a year ago.

	July 5, 1938	Aug. 2, 1938		July 5, 1938	Aug. 2, 1938
Bell Tel.	162¼	163	Int. Petrol ..	25	26
Can. Car	12⅝	17⅝	Brazil Trac ...	13	12¾
Do. prefd. ...	27	29⅝	Brit. Col. Power "A"	30½	30⅛
Power Corp...	14½	15	Do. "B" ...	4½	4
Dome Mines	27⅝	31¼	Can. Cement	11	11¼
Hollinger ...	14¼	14⅞	Int. Nickel ...	50¼	50¼
McIntyre ...	42	45¼	Massey Harris	8½	8⅝
B. of Montr.	220	212	Montreal Lt.	29⅝	30
Bk. of Nova Scotia	293	300	Quebec. Pow.	15¾	17¼
R. Bk. of Can.	190	180	Shawinigan Water	21	20½
C.Bk of Com.	173	174	Steel Co. of Canada	67½	69
Can. Pac.....	7¼	7			
Cock. Plow ...	11	12⅛			

(r) New Shares.

Capital Issues

CAPITAL ISSUE TOTALS

Week ending August 6	Nominal Capital £	Conversions £	New Money £
To the Public	50,000	...	492,500
To Shareholders	75,000	...	78,750
By S.E. Intro.	500,000	...	662,500
By Permis. to Deal	228,278	...	399,014
Sav. Certs., week ending July 30...	50,000	...	...

Year to date	Including Conversions £	Excluding Conversions £
1938 (New Basis)	231,811,278	211,920,315
1937 (New Basis)	*400,162,077*	*352,128,906*
1938 (Old Basis).....	170,694,109	151,753,241
1937 (Old Basis).....	*250,518,201*	*204,916,785*

Destination (Excluding Conversions)

Year to date	U.K. £	Brit. Emp. ex U.K. £	Foreign Countries £
1938 (New Basis)	163,590,670	45,900,416	2,429,229
1937 (New Basis)	*299,114,265*	*49,756,282*	*3,258,359*
1938 (Old Basis)	129,318,976	20,035,141	2,399,124
1937 (Old Basis)	*187,638,046*	*15,786,239*	*1,492,500*

Nature of New Borrowing (Excluding Conversions)

Year to date	Deb. £	Pref. £	Ord. £
1938(New Basis)	137,070,732	14,060,596	60,788,987
1937(New Basis)	*160,973,510*	*24,749,382*	*166,406,014*
1938(Old Basis)	126,311,813	8,200,246	17,241,182
1937(Old Basis)	*146,307,092*	*15,964,954*	*42,644,739*

Note.—"Old Basis" includes only public issues and issues to shareholders only; "New Basis" includes all new capital in which permission to deal has been granted.

PUBLIC OFFERS

Luton.—Issue of £500,000 3½ per cent. stock at £98½ per cent. Redeemable at par October 1, 1964. Proceeds for repayment of over £200,000 of short-term debt, and balance for capital purposes. Estimated population, 95,000. Rateable value, £684,570. General rate, 12s. 4d. in the £. Net debt, £2,456,275; per head, £25 17s. 1d.

UNIT TRUSTS

Cornhill Trust.—This Trust is making a further issue of 150,000 4 per cent. redeemable guaranteed debenture units, 1952 (to rank *pari passu* with existing 1,240,000 such units) at 21s. 3d. free of commission and stamp duty.

Industry and Trade

Reduced Coal Consumption in Shipping.—The fall in British coal exports and the growth in the substitution of oil for coal in ships is viewed with alarm by the coal-mining industry. For example, only 47 per cent. of the world's merchant marine tonnage now depends entirely on coal, against 89 per cent. in 1914. Moreover, the tonnage of steamers using coal has declined from 43,860,000 tons in 1914 to 31,579,000 tons in 1938. Coal has thus lost ground to oil both absolutely and relatively, though the change has been less marked in the British than in the foreign mercantile marine. A conference of coalowners, shipowners and others held in February, 1937, recommended that a committee should be set up representative of the shipping, coal and marine engineering interests "to examine the possibility in the national interest of obtaining an increased use of coal for bunkering purposes, and to formulate proposals designed to secure that object." The Committee, which was subsequently set up under the chairmanship of Sir Alfred Faulkner, has now issued a report. From a technical point of view, the Committee report, coal can be used by a substantial proportion of the mercantile marine fully as well as oil. In many cases, consequently, the relative price of coal and oil is the major consideration determining their use. "It is for the Central Council of Colliery Owners and the District Executive Boards concerned (the Committee points out) to consider whether the coal bunkering trade is of such importance to them and to the country that it must be maintained and increased, even if to do so lower prices have to be charged for coal for bunkers than at present." However, stability of price is in the Committee's view as important as reductions of price. As matters stand now, the Committee is convinced that the drift away from coal will continue.

* * *

The Bacon Industry Act.—On August 4th the old Bacon Development Board was succeeded by the new Board, set up under the Bacon Industry Act passed last month. The new Board has been enlarged to include five (instead of three) independent members; Lord Portal and Sir Francis Boys remain, and have been joined by Sir James Ross, Sir Nigel Campbell and Mr Farrow. The provisions of the new Act which relate to the regulation of sales and purchases of bacon pigs come into force on October 1st, but the start of the new contract period has been delayed until December 1st. The gap will be covered by temporary regulations to be issued shortly by the new Board. It will thus have taken almost two years to reconstruct the pig marketing scheme, which came to grief in January, 1937, largely because the price the curers offered for their supplies was insufficient to attract the requisite number of pigs. Under the new scheme the Government has guaranteed, for three years, that the price of bacon pigs shall be adjusted to differences in the cost of feeding stuffs and that the curer shall receive a standard price for his output of bacon. For the three years, therefore, pig producers and bacon curers are assured a satisfactory price for a certain number of pigs, increasing from 2.1 millions in 1939 to 2.5 millions in 1941.

* * *

The Rayon Outlook.—The heat wave has come none too soon for the rayon industry, whose stocks of yarn have been accumulating in recent months. Sales of staple fibre have been affected by the fall in the prices of cotton and wool, and production of all types during the twelve months ended in July was lower than in the preceding season. The outlook, however, has improved. The demand and, consequently, the production of rayon appear to have developed into a two-year cycle, and the industry has now reached the end of the bad year. The orders which are being booked both in this country and in the United States for spring deliveries reveal a better demand, particularly for filament rayon, the bulk of which is used in weaving. Contrary to expectation, the consumption of rayon in the stocking trade accounts for barely 10 per cent. of the total output in this country and for only 5 per cent. of the production in the United States; but even in this relatively unimportant section the outlook has improved, as the various price agreements have been working better. The export trade, however, remains very depressed, and the fortunes of the industry are dependent on the conditions in the British and American markets. A general increase in commodity prices would give an undoubted stimulus to the more hopeful sentiment now prevailing, but any improvement in the industry will now have little effect on this year's financial position of the companies concerned.

* * *

Still Too Much Cotton.—The new raw cotton season opened inauspiciously this week. Although the precise yield of the new crops is not yet known, it is already certain that total supplies this season will again be plentiful. According to the United States Department of Agriculture, the carry-over of American cotton on July 31st reached the high level of 13,500,000 bales, against 6,200,000 bales a year ago. Although some 7,000,000 bales of this total is held by the United States Government, against only 1,500,000 bales a year ago, the quantity available for the market will exercise a considerable pressure on prices. In 1937-38 world consumption of American cotton did not exceed 11,100,000 bales, a reduction of 2,000,000 bales on the year. In spite of its substantial reduction from last year's record figure, the new American crop will probably be sufficient to meet requirements at last season's level. Consequently, a substantial increase in consumption in the next twelve months would be necessary for a reduction in the carry-over. The position in non-American cotton is not much different. The carry-over of "outside growths" has risen from 7,100,000 bales on July 31, 1937, to 10,000,000 bales at the end of the past season. World consumption of non-American cotton last season amounted to 15,250,000 bales, a decline of 2,650,000 bales on the year. The new "outside" crop will almost certainly exceed 15¼ million bales, so that only a

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major improvement in consumption can prevent the market for "outside growths" from being glutted during the current season. So far there is little evidence of a rise in consumption in the leading countries. The market, however, is hopeful that the maintenance of the recent improvement in commodity prices will help to raise the purchasing power of overseas countries and that as a result the export market for cotton goods will show an expansion. Under the influence of these hopes cotton prices have been marked up in the past two months. The uncertain cotton price movements of the past fortnight, however, seem to suggest that the majority of operators take the view that prices have advanced sufficiently for the time being and that more tangible signs of an improvement in demand must be available before a resumption of the upward movement is justified.

* * *

The Empire's Wool Cheques.—Australia, New Zealand and South Africa, the three large wool exporting Dominions, have now published their wool statistics for the 1937–38 season, ended on June 30th. The returns show an appreciable decline in receipts between 1936–37 and 1937–38. According to the National Council of Wool Selling Brokers of Australia, that Dominion's sales during the season reached 2,718,460 bales at an average price of £15 13s. 7d. per bale, producing an income of about £42,500,000, compared with £60,550,000 in 1936–37. In New Zealand the season's sales amounted to 629,671 bales at an average price of £14 6s. 9d. per bale, giving a total return of £9,028,000, against £15,345,000 in the preceding season. South Africa's disposals in 1937–38 reached only 731,486 bales at an average price of 9¼d. per lb., yielding, at the basis of 324 lb. per bale, an income of some £9,400,000, against £14,710,000 in 1936–37. Moreover, the quantity of wool carried over into the new season was substantially higher than a year ago. In Australia stocks on hand on June 30th were 235,701 bales, against 47,069 bales a year earlier. In New Zealand the carry-over totalled 44,840 bales, against last year's figure of 15,198 bales, and in South Africa unsold stocks, at 26,790 bales, compare with 11,912 bales at the end of the previous season. Although the new wool clips are believed to be lower than a year ago, at least in Australia and New Zealand, the increased carry-overs will keep offerings at a high level in the early months of the season, which, as experience shows, are usually of considerable influence on the price trend in the remainder of the season. In 1937–38 the sharp decline in the Dominions' wool cheques did not create serious difficulties, for most of the farmers found themselves in a strong financial position after the preceding record season. The position will be much more difficult in 1938–39, because by now the greater part of the reserves accumulated by the farmers in 1936–37 have been exhausted. The immediate outlook of the wool market, therefore, does not provide a favourable indicator for the purchasing power of the South African, New Zealand and Australian farming community.

* * *

Three Years of the Steel Pact.—The agreement between the Continental Steel Cartel and the British steel industry has now been in operation for three years. The understanding provided for the limitation and regulation of steel imports into this country, and for the participation of Great Britain in the total steel exports of Cartel countries on the basis of her exports in 1934. The first clause served to restrict imports into Britain so long as domestic supplies were plentiful in relation to demand; but during the period of steel shortage last year, Britain's purchases abroad exceeded the limit fixed by the agreement. Since the beginning of this year, however, efforts have been made to check the heavy flow of steel imports into this country. Owing to deliveries under old contracts there was some delay in the reduction of imports, but they have now been brought down to a low level.

BRITISH IMPORTS OF CARTEL STEEL PRODUCTS
(in Tons)

	Average 1936	Average 1937	Jan., 1938	March, 1938	June, 1938
Semi-finished products	52,784	52,462	118,160	82,795	15,097
Bars, angles, etc.	16,536	24,490	39,845	36,475	2,291
Girders, etc.	5,783	5,889	10,881	15,928	873
Hoops and strip	4,562	5,982	4,993	13,160	1,257
Plates and sheets	3,605	4,284	14,247	13,841	2,174
Wire products	3,880	3,438	2,004	2,524	2,757
Total	87,150	96,545	190,130	164,723	24,449
Total steel imports (including non-licensed)	123,555 tons	169,955 tons	308,735 tons	276,785 tons	60,911 tons
Cartel products as percentage of total imports	*71*	*57*	*62*	*60*	*40*

British exports have been subject to similar variations, the application of the agreement having been closely connected with domestic and world demand for steel. Recently, the European Steel Cartel tried to obtain certain alterations of the export agreement which would have resulted in a weakening of the British position on Empire steel markets. The proposals have, however, been declined by British producers.

* * *

Land Settlement Inquiry.—In his annual report published last autumn the Commissioner for the Special Areas drew attention to the high costs involved in the settlement of unemployed families on the land. The settlement of one family involves an average expenditure of about £1,250, of which about £800 should either yield a reasonable return or be recoverable, leaving about £450 per family as the amount of loss to the State. Further, the prospects of these settlements have been affected by the sharp rise in the cost of feeding stuffs and of equipment in the past two years, which has reduced the earnings, and therefore the expected repayments of loaned capital, of the settlers below the original estimates. The Commissioner foreshadowed in his last report a comprehensive review of these experiments in land settlement and he has now appointed a committee to report on the working of the schemes. The committee consists of Sir William Dampier, previously Secretary of the Agricultural Research Council, Mr Robert Cobb, a former president of the Chartered Surveyors' Institute, and Mr Walter R. Smith, a member of the Herring Industry Board, who was Parliamentary Secretary to the Board of Trade in the last Labour Government.

* * *

Shipping Freights Lower.—The month of July brought a renewed fall in tramp shipping freight rates. *The Economist* index, which stood at 96.1 (1913 = 100) in June, declined to 95.2 in July, which compares with 132.8 a year ago:—

The Economist INDEX OF FREIGHT RATES
(1898 – 1913 = 100)

	Average, 1913	July, 1937	April, 1938	May, 1938	June, 1938	July, 1938
European waters	110·0	186·0	108·2	109·2	107·3	106·2
North America	113·1	119·2	114·0	111·0	108·0	108·5
South America	123·4	149·6	131·7	132·3	127·0	119·9
India	106·3	164·8	106·0	111·7	111·9	112·3
Far East and Pacific	117·4	158·5	109·2	106·2	104·7	105·2
Australia	127·9	149·2	113·0	113·0	112·8	112·5
Total	116·3	154·5	113·7	113·9	111·9	110·8
1913 = 100	100·0	132·8	97·7	97·8	96·1	95·2

HOTEL WESTMINSTER
FULL BOARD From 27/6
Le Touquet

As the next table shows, the decline in rates was widespread. Moreover, there are no indications of an early and sustained improvement in freight rates.

	Index No.	Inc. or dec. Points		Index No.	Inc. or dec. Points
Home trade	102·8	+ 0·6	South America:—		
Bay—outwards	97·2	...	Outwards	85·5	– 13·6
Bay—homewards	135·5	– 4·8	Homewards	154·4	– 0·6
Mediterranean:—			India—outwards	96·8	– 4·3
Outwards	80·6	– 6·5	India—homewards	127·8	– 5·1
Homewards	99·5	– 1·5	Far East, etc.	105·2	– 0·5
North America	108·5	+ 0·5	Australia	112·5	– 0·3

* * *

Uncertain Trend of Wholesale Prices.—In contrast to the steady rise in wholesale prices during June, movements during July have been rather contradictory, and the latest figures, which relate to August 3rd, still show no definite trend. *The Economist* index of British primary products rose by 0.6 points during the past fortnight, due to increases in the prices of rubber, copper, tin and wool, which more than counterbalanced declines in cotton, maize and bacon; the complete index showed a slight fall of 0.3 points to 119.2. The index of primary products in the United States fell from 128.6 to 127.1, due to reductions in the prices of grains and cotton. French wholesale prices are again a little lower than a fortnight ago, while in Germany wholesale prices show an insignificant rise:—

SEPTEMBER 18, 1931 = 100

Date	*The Economist* Indices: British Complete Index (sterling)	Primary Products: British (sterling)	Primary Products: American (dollar)	Price of Gold (sterling)	U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
1936 Dec. 30th	131·3	163·9	187·3	166·7	128·8	113·0	116·3†	95·4
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	144·3	181·9	199·7	167·4	137·3	121·8	126·2	97·5
Apr. 28th	142·0	169·9	183·5	165·4	135·6	120·5	128·7	97·0
June 2nd	142·7	170·2	178·9	165·6	134·3	119·8	133·2	97·5
June 30th	139·5	165·9	176·8	165·7	134·1		134·2	97·5
July 28th	140·2	167·1	171·8	164·5	133·8	130·8	137·1	97·9
Aug. 25th	137·9	164·4	165·3	164·2	133·0	133·3	137·1	98·1
Sept.22nd	136·0	164·0	166·3	165·1	133·7	139·4	137·7	97·6
Oct. 20th	133·6	156·2	152·3	165·4	129·5	138·8	141·6	97·3
Dec. 1st	127·5	145·4	138·9	164·8	125·1	134·0	143·3	97·0
Dec. 29th	127·8	147·4	135·3	164·2	120·5	135·8	143·8	97·0
1938 Jan. 5th	128·9	148·2	136·8	164·5	120·6	137·4	143·6	96*9
Jan. 19th	127·8	146·5	137·7	164·3	120·9	138·1	143·5	96·9
Feb. 2nd	126·6	144·4	135·4	164·5	119·8	137·9	142·9	97·0
Feb.16th	125·0	141·7	136·8	164·5	119·5	138·1	142·4	96·9
Mar. 2nd	125·1	143·1	138·7	164·5	120·3	138·1	142·5	97·2
Mar.16th	123·9	140·8	134·8	164·5	119·3	139·9	142·5	97·2
Mar.30th	122·7	137·0	129·3	164·6	117·7	139·4	141·7	97·1
Apr. 12th	122·6	137·8	130·6	164·6	117·6	139·9	141·5	97·0
Apr. 27th	121·4	137·8	127·5	164·3	116·9	139·9	142·8	97·0
May 11th	121·3	137·0	126·1	164·6	117·1	145·3	143·0	96·9
May 25th	119·6	132·2	121·9	165·5	117·2	145·6	143·4	96·3
June 8th	119·1	131·5	121·6	165·4	117·0	145·8	144·2	96·8
June22nd	119·3	133·2	124·8	165·8	117·6	147·3	143·8	96·9
July 6th	120·8	135·7	129·7	165·9	117·7	148·7	143·5	97·0
July 20th	119·5	137·4	128·6	166·5	118·2	147·8	142·7	97·1
Aug. 3rd	119·2	138·0	127·1	167·2	118·3*	147·3*	...	97·3*

* These figures relate to July 27th. † Monthly average.

The following table shows the movement of the various groups comprised in *The Economist* index of British prices:—

The Economist INDEX
(1927 = 100)

	Sept. 18, 1931	July 28, 1937	July 20, 1938	Aug. 3, 1938
Cereals and meat	64·5	92·6	83·6	82·9
Other foods	62·2	67·2	58·1	57·5
Textiles	43·7	70·7	53·4	53·5
Minerals	67·4	108·6	93·1	93·1
Miscellaneous	65·8	85·6	75·3	75·2
Complete index	60·4	84·7	72·2	72·0
1913 = 100	83·1	116·5	99·3	99·1
1924 = 100	52·2	73·1	62·4	62·2

The reduction in grain and bacon prices was responsible for the fall in the first group, while the fall in the prices of sugar and coconut oil outweighed, in the group of other foods, an increase in tea and coffee prices. Cotton was cheaper, but wool dearer, while metal prices were unchanged on balance. In the miscellaneous group, the price of linseed oil fell, while that of rubber continued to rise. In view of the rapid advance of prices in June, the uncertain trend of recent weeks is scarcely surprising. Consumers' stocks of raw materials have been appreciably reduced since the collapse of the boom at the end of March last year. Moreover, there are now more definite indications of an early expansion of business activity in the United States. Nevertheless, there are as yet no signs of a large-scale re-stocking movement by consumers.

* * *

The Canadian Textile Industry.—In January, 1936, the Government of Canada appointed Mr Justice Turgeon to investigate conditions in the Canadian textile industry. The origin of this inquiry was the sudden closing of a rayon mill of the Dominion Textile Company at Sherbrooke, Quebec, on the plea that it could not be operated profitably in face of the competition from Japanese imports. In his report, published a few weeks ago, Mr Justice Turgeon goes beyond this immediate incident and reviews both the past history and the present structure of the textile industry. He finds that the hours of labour are distinctly longer in Canada than in textile mills in other countries except China, India and Japan, and points out that the capital of most of the companies has been inflated by the issue of shares based on valuations made at times of high prices and by the unnecessary capitalisation of intangible assets such as "goodwill." He considers that the various trade associations which exist in the textile industry are primarily devoted to the maintenance of the protective tariff, for "whatever may be the expectation of others, those engaged in the industry assert quite candidly that they need a continued policy of protection in order to remain in business." Another example, in fact, of the tariff infant that refuses to grow up. Mr Justice Turgeon suggests that greater use should be made of the provisions which enable duties to be reduced by an Order-in-Council if the price of any article subject to protection is found to be unduly increased by agreement among those who manufacture it. He also urges that there should be an amendment of the existing law to make it clear that the managers of factories must, in such questions as the giving or withholding of employment, consider the interests of the community as well as those of the shareholders. That such a sense of responsibility to the community is desirable is undoubted, but it is difficult to see how it can be enforced by law.

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BRITISH WHOLESALE PRICES

	July 27, 1938	Aug. 3, 1938
CEREALS AND MEAT		
GRAIN, etc.—		
Wheat—	s. d.	s. d.
No. 2, N. Man. 496 lb.	...	...
Eng. Gaz. av., per cwt.	8 1	8 0
Liv. July, per cental	6 6	5 7
Flour, per 280 lb.—		
Straights, d/d London	29 6	29 6
Manitoba, ex store	31 0	30 0
	32 6	31 6
Barley, Eng. Gaz. av.	10 1	8 7
Oats, " "	8 4	9 1
Maize, La Plata, landed, 480 lb.	31 9	31 6
Rice, No. 2 Burma, per cwt.	9 3	9 3
MEAT—		
Beef, per 8 lb.—		
English long sides	4 6	4 6
	5 4	5 4
Argentine chilled hinds	4 3	4 3
	4 6	4 6
Mutton, per 8 lb.—		
English wethers	4 4	4 0
	5 4	5 0
N.Z. frozen wethers	3 0	3 0
	4 2	4 2
Lamb, per 8 lb.—		
N.Z. frozen	4 10	4 10
	5 4	5 4
Pork, English, per 8 lb.	5 2	5 2
	5 6	5 6
BACON (per cwt.)—		
English	108 0	103 0
Danish	108 0	103 0
Dutch	107 0	101 0
Irish	107 0	99 0
	110 0	105 0
HAMS (per cwt.)—		
Canadian	107 0	106 0
	108 0	108 0
United States	100 0	100 0
	102 0	102 0
OTHER FOODS		
BUTTER (per cwt.)—		
Australian	120 0	120 0
	121 0	121 0
New Zealand	121 0	122 0
	122 0	123 0
Danish	125 0	125 0
	126 0	126 0
CHEESE (per cwt.)—		
Canadian	79 0	78 0
	80 0	80 0
New Zealand	68 6	69 0
	69 0	69 6
English Cheddars	84 0	84 0
	86 0	86 0
Dutch	48 0	48 0
	56 0	56 0
COCOA (per cwt.)—		
Accra, g.f	24 0	24 0
	24 3	24 3
Trinidad	36 0	36 0
	44 0	44 0
Grenada	35 0	35 0
	37 6	37 6
COFFEE (per cwt.)—		
Santos supr. c. & f.	30 6	30 6
Costa Rica, medium to good	42 0	44 0
	62 0	62 0
Kenya, medium	45 0	45 0
	70 0	70 0
EGGS (per 120)—		
English (15–15½ lb.)	15 6	15 6
	16 0	16 0
Danish (15½ lb.)	11 6	11 6
	12 0	12 0
FRUIT—		
Oranges, S. African ..... boxes	5 6	5 0
	12 3	12 6
" Brazilian ..... boxes	5 9	7 0
	9 0	9 9
Lemons, Malaga .....½ cases	18 9	18 9
	23 0	23 0
" Sicilian ..... boxes	11 0	13 0
	19 0	20 0
Apples, Amer. (var.) .....barrels	...	...
	...	...
" Virginian (Var.) Baskets	5 9	5 9
	9 6	9 6
Grapes, Almeria .....barrels	...	...
	...	...
Grapefruit, S. African	7 6	6 9
	13 0	13 0
LARD (per cwt.)—		
Irish, finest bladders	56 0	56 0
	62 0	62 0
U.S.	51 0	48 0
	53 0	51 0
PEPPER, per lb.—		
Black Lampong (in Bond)	0 2⅝	0 2¾
" " (Duty paid)	0 3¼	0 3¼
White Muntock (in Bond)	0 3⅞	0 3⅞
	0 4	0 4
" " (Duty paid)	0 4½	0 4½
	0 4⅝	0 4⅝
POTATOES (per cwt.)—		
English King Edward	6 6	5 0
	7 6	6 6
SUGAR (per cwt.)—		
Centrifugals, 96°, prpt. shipm. c.i.f. U.K./Cont.	5 4½	5 4½
REFINED London—		
Yellow Crystals	18 10½	18 9
Cubes	23 1½	23 0
	23 7½	23 6

* Weeks ended July 21st and 28th.

	July 27, 1938	Aug. 3, 1938
	s. d.	s. d.
SUGAR (per cwt.)—cont.		
Crushed	21 4½	21 3
Granulated	19 3	19 1½
	20 1½	20 0
Home Grown	19 1½	19 0
	19 4½	19 3
TEA* (Auction Average) (per lb.)—	d.	d.
N. India	13·29	13·18
S. India	12·99	13·04
Ceylon	14·30	14·62
Java	11·59	12·34
Sumatra	10·63	10·94
Africa	11·58	11·83
Total	13·55	13·89
TOBACCO (per lb.)—	s. d.	s. d.
Virginia stemmed and unstemmed, common to fine	0 8	0 8
	2 6	2 6
Rhodesian stemmed and unstemmed	0 9	0 9
	1 10	1 10
Nyasaland stemmed and unstemmed	0 7	0 7
	1 4	1 4
East Indian Stemmed	0 6	0 6
	2 0	2 0
East Indian Unstemmed	0 5	0 5
	1 6	1 6
TEXTILES		
COTTON (per lb.)—	d.	d.
Raw, Mid-American	5·04	4·89
" Sakellaridis, F.G.F.	8·10	7·90
" Giza, F.G.F.	7·75	7·55
Yarns, 32's Twist	9⅝	9½
" 40's Weft	10⅝	10¼
" 60's Twist (Egyptian)	17¾	17½
Cloth, 32 in. Printers, 116 yds., 16×16, 32's & 50's	s. d. 17 2	s. d. 17 0
" 36 in. Shirtings, 75 yds., 19×19, 32's & 40's	23 6	23 3
" 38 in. ditto, 38 yds., 18×16, 10 lb.	9 11	9 10
" 39 in. ditto, 37½ yds., 16×15, 8¼ lb.	9 0	8 11
FLAX (per ton)—	£ s.	£ s.
Livonian ZK	64 0	64 0
	67 0	67 0
Pernau HD	66 0	66 0
	68 0	68 0
Slanetz Medium, 1st sort	88 0	89 0
	90 0	90 0
HEMP (per ton)—		
Italian PC	70 0	70 0
Manilla, July–Sept. "J2"	21 0	21 0
	21 10	21 0
JUTE (per ton)—		
Native 1st mks., c.i.f. H.A.R.B., Aug.–Sept.	19 0 0	19 5 0
Daisee 2/3 c.i.f. Dundee, Oct.–Nov.	18 17 6	19 0 0
SISAL, (per ton)—	£ s.	£ s.
African, July–Sept.	15 15	15 15
	16 5	16 5
	18 5	17 5
	18 5	18 5
SILK (per lb.)—	s. d.	s. d.
Canton	7 3	7 3
Japan	7 3	7 0
	8 3	7 9
Italian, raw, fr. Milan	8 0	8 0
	7 3	7 3
WOOL (per lb.)—	d.	d.
English, Southdown, greasy	12½	12½
" Lincoln hog, washed	11	11
Queensland, scd. super combg.	24	24
N.S.W. greasy, super combg.	14	14
N.Z., greasy, half-bred 50–56	11	11
" Crossbred 40–44	10	10
Tops—		
Merinos 70's average	27½	27½
" 64's "	26	26
Crossbred 48's	16	16
" 46's	15½	15½
MINERALS		
COAL (per ton)—	s. d.	s. d.
Welsh, best Admiralty	19 6	19 6
	22 6	22 6
Durham, best gas, f.o.b. Tyne	19 4½	19 4½
	20 0	20 0
Sheffield, best house, at pits	22 0	22 0
	24 0	24 0
IRON AND STEEL (per ton)—		
Pig Cleveland No. 3, d/d.	109 0	109 0
Bars, Middlesbrough	265 0	265 0
Steel rails, heavy	202 6	202 6
Tinplates .....per box	21 6	21 6
NON-FERROUS METALS (per ton)—		
Copper—		
Standard cash	£41/11/3	£41/13/9
	£41/12/6	£41/15/0
Three months	£41/16/3	£41/18/9
	£41/17/6	£42/0/0
Tin—		
Standard cash	£194/0/0	£195/5/0
	£194/5/0	£195/10/
Three months	£195/5/0	£196/5/0
	£195/10/0	£196/10/0
Lead, soft foreign—		
Cash	£15/6/3	£14/12/6
	£15/7/6	£14/13/9
English, pig	£17/5/0	£16/10/0
Spelter, G.O.B.—		
Spot	£14/3/9	£13/17/6
	£14/5/0	£13/18/9
Aluminium, ingots and bars	£94/0/0	£94/0/0
" rolling billets	£102/0/0	£102/0/0
Nickel, home and export	£180/0/0	£180/0/0
	£185/0/0	£185/0/0
Antimony, Chinese	£52/0/0	£52/0/0
	s. d.	s. d.
Wolfram, Chinese .....per unit	£52 0	£53 0
	£55 0	£56 0
	£ s. d.	£ s. d.
Platinum, refined .....per oz.	£7 5 0	£7 5 0
Quicksilver .....per 76 lb.	£13 18 0	£13 18 0
	£13 19 6	£13 18 6

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

	July 27, 1938	Aug. 3, 1938
	s. d.	s. d.
GOLD, per fine ounce	141 4	142 0
SILVER (per ounce)—		
Cash	17 6	17 7
MISCELLANEOUS		
CEMENT, best Eng. Portland, d/d site, London area in paper bags 20 to ton (free, non-returnable)—		
4-ton loads and upwards	42s. per ton	
CHEMICALS—	s. d.	s. d.
Acid, citric, per lb., less 5%	1 0	1 0
	1 0½	1 0
" Nitric	0 2	0 2
	0 3	0 3
" Oxalic, net	0 5	0 5
	0 6	0 6
" Tartaric, English, less 5%	1 1	1 1
	1 1¼	1 1
Alcohol, Plain Ethyl	12 0	12 0
Ammonia, carb. ton	£20 0/0	£20 0/0
	£21 0/0	£21 0/0
" Sulphate	£7 14 0	£7 14/0
Arsenic, lump .....per ton	£35 0/0	£35 0/0
	s. d.	s. d.
Borax, gran. ..... per cwt.	13 6	13 6
" powder	15 0	15 0
Nitrate of soda ..... per cwt.	8 0	8 0
Potash, Chlorate, net	0 4	0 4
	0 4½	0 4
" Sulphate ..... per cwt.	10 0	10 0
Soda Bicarb. ..... per cwt.	10 0	10 0
	11 0	11 0
Crystals ..... per cwt.	5 0	5 0
	5 3	5 3
Sulphate of Copper..... per ton	£18 5/0	£18 5/0
COPRA (per ton)—		
S.D. Straits, c.i.f.	£11 5/0	£11/2/6
HIDES (per lb.)—	s. d.	s. d.
Wet salted, Australian	0 4	0 4
	0 4⅜	0 4
West Indian	0 3	0 3
	0 3¼	0 3
Cape	0 4¾	0 4
	0 5	0 5
Dry and Drysalted Cape	0 6¼	0 6
	0 7¼	0 7
Market Hides, Manchester—	0 4⅜	0 4
Best heavy ox and heifer	0 5⅜	0 5
Best cow	0 4⅛	0 4
	0 4½	0 4
Best calf	0 4¾	0 4
	0 6	0 6
INDIGO (per lb.)—		
Bengal, gd. red.-vio. to fine	5 0	5 0
	6 0	6 0
LEATHER (per lb.)—		
Sole Bends, 8/14 lb.	1 0	1 0
	1 10	1 10
Bark Tanned Sole	2 0	2 0
	2 10	2 10
Shoulders from DS Hides	0 6	0 6
	0 8	0 8
" Eng. or WS do.	0 7½	0 7
	1 3	1 3
Bellies from DS do.	0 4¾	0 4
	0 5¾	0 5
" Eng. or WS do.	0 6	0 6
	0 8	0 8
Dressing Hides	1 0	1 0
	1 8	1 8
Ro. Eng. Calf, 20/35 lb. per doz.	3 6	3 6
	4 6	4 6
PETROLEUM PRODUCTS (per gall.)—		
Motor Spirit No. 1, London	1 6	1 6
Petroleum, Amer. rfd. brl. Lond.	0 10	0 10
Fuel oil, in bulk, for contracts ex. instal. Thames—		
Furnace	0 3⅝†	0 3⅝†
Diesel	0 4½†	0 4½†
ROSIN (per ton)—		
American	£13/15/0	£14/0/0
	£18/0/0	£18/5/0
RUBBER (per lb.)—	s. d.	s. d.
St. ribbed smoked sheet	0 7⅞	0 7⅝
Fine hard Para	0 7¼	0 7⅛
SHELLAC (per cwt.)—		
TN Orange	£41 0	£39 6
	£44 0	£42 6
TALLOW (per cwt.)—		
London town	17 9	17 9
TIMBER—		
Swedish u/s 3×8 ..... per std.	£21 10/0	£21/10/0
" 2½×7 ... "	£21 0/0	£21/0/0
" 2×4 ..... "	£18 10/0	£18/10/0
Canadian Spruce, Dis. "	£22 10/0	£22/10/0
Pitchpine .....per load	£13 10/0	£13/10/0
Rio Deals ..... per std.	£35 0/0	£35/0/0
Teak .....per load	£25 0/0	£25/0/0
Honduras Mahogany logs c. ft.	£0 12 0	£0 12/0
English Oak Planks ... "	£0 6 0	£0 9/0
English Ash Planks ... "	£0 7 0	£0 7/0
VEGETABLE OILS (per ton net)—		
Linseed, naked	£22 17/6	£22/15/0
Rape, refined	£33 0/0	£34/0/0
Cotton-seed, crude	£20 0/0	£20/0/0
Coconut, crude	£15 12/6	£15 15/0
Palm	£14 15/0	£14 15/0
Oil Cakes, Linseed, Eng.	£9 2/6	£9 2/6
Oil Seeds, Linseed—		
La Plata, Aug.	£11 11/3	£11/8/9
Calcutta	£12 8/9	£12/6/3
	s. d.	s. d.
Turpentine ..... per cwt.	32 3	32 9

COMMODITY STATISTICS

Coal

COAL OUTPUT ('000 tons)

District	Week ended July 16, 1938	Week ended July 23, 1938	Jan.–June 1937	Jan.–June 1938
Northumberld.	251·2	258·8	7,034·1	6,860·7
Durham	599·6	593·9	16,276·3	16,843·3
Yorkshire	778·6	759·7	23,121·7	21,889·1
Lancs, Cheshire and N. Wales	313·8	313·2	9,005·5	9,023·2
Derby, Notts & Leicester	495·3	524·5	17,369·4	17,387·5
Staffs, Worcs, Salop & Warwick	366·8	377·5	10,351·5	10,391·7
South Wales & Monmouth	689·8	779·7	18,633·2	19,133·3
Other English districts*	112·7	118·0	2,704·9	2,793·2
Scotland	467·6	115·0	16,378·2	15,860·3
Total	4,075·4	3,840·3	120875·8	121283·3

* Including Cumberland, Gloucester, Somerset, and Kent.

Cotton

RAW COTTON delivered to Spinners ('000 bales)

Variety	Week ended July 22, 1938	Week ended July 29, 1938	Total Deliveries Aug. 1, 1936–July 30, 1937	Total Deliveries Aug. 1, 1937–July 29, 1938
American	18·2	19·1	1,212	1,216
Brazilian	4·6	2·7	387	276
Peruvian, etc.	1·6	1·3	146	116
Egyptian	7·1	7·1	404	346
Sudan Sakel	5·6	3·1	174	142
East Indian	3·6	8·7	601	371
Other countries	3·3	2·2	231	166
Total	43·0	44·2	3,155	2,633

Metals

SALES ON LONDON METAL EXCHANGE

	Week ending July 27, 1938	Week ending Aug. 3, 1938	From Jan. 1 to Aug. 3, 1938
	Tons	Tons	Tons
Copper	11,850	7,800	383,675
Tin	1,025	1,225	52,470
Lead	4,700	4,100	208,250
Spelter	4,950	3,775	183,000

U.K. STOCKS

	July 23, 1938	July 30, 1938
	Tons	Tons
Copper (Br. official w'houses):		
Refined	5,956	5,728
Rough	30,904	31,007
Tin (London and Liverpool)	7,245	7,218

Foods

WORLD SHIPMENTS OF WHEAT AND FLOUR ('000 quarters)

	Week ended July 23, 1938	Week ended July 30, 1938	Season to July 31, 1937	Season to July 30, 1938
From—				
N. America	763	476	26,402	23,922
Argentina and Uruguay	152	140	20,303	8,784
Australia	263	198	13,410	16,242
Russia	150	163	11	5,771
Danube and dist.	43	25	9,958	6,626
India	53	120	2,088	1,928
Other Countries	25	...	2,251	716
Total	1,449	1,122	74,423	63,989
To—				
U.K.	215	240	17,630	15,351
"Orders"	369	343	19,512	14,581
France	56	15	1,554	919
Belgium	121	33	4,601	5,018
Holland	186	121	2,616	3,418
Italy	19	...	5,400	1,374
Greece	25	11	1,767	2,376
Scandinavia	41	23	1,909	1,616
Austria, etc.	81	31	2,133	2,163
Other European Countries	14	4c	2,492	4,284
Ex-European Countries	322	26c	14,809	12,889
Total	1,449	1,12.	74,423	63,989

WORLD SHIPMENTS OF MAIZE AND MAIZE MEAL ('000 quarters)

From	Week ended July 23, 1938	Week ended July 30, 1938	From Apr. 1 to July 31, 1937	From Apr. 1 to July 30, 1938
Argentina	351	376	15,187	3,207
Atlantic America	425	587	4	7,410
Danube Region	33	25	1,725	1,965
S. & E. Africa	55	8	788	182
Indo-China, etc.	58	40	85	496
Total	922	1,036	17,789	13,260

SALES OF BRITISH CEREALS

	Week ended July 23, 1938	Week ended July 30, 1938	From Aug. 1 to July 31, 1937	From Aug. 1 to July 30, 1938
Wheat...cwt.	47,577	55,389	10,760,414	10,827,547
Barley...cwt.	186	394	10,337,249	10,292,545
Oats ...cwt.	13,866	7,754	2,242,645	2,215,426

OTHER FOODS

	Week ended July 23, 1938	Week ended July 30, 1938
BACON:		
Arrivals in London (bales):		
Danish	14,046	14,891
Canadian	5,113	4,508
Dutch	2,151	2,274
Lithuanian	1,521	1,494
Polish	2,608	2,873
COCOA:		
Movements in Lond. (bags):		
Landed	3,893	20,176
D/d for home consumption	8,507	6,818
Exports	...	59
Stocks, end of week	121,755	135,054
COFFEE:		
Movements in Lond. (cwt.):		
Brazilian—Landed	368	76
" D/d for home consn.	306	59
" Exports	...	...
" Stocks, end of week	2,405	2,422
Central and S. American: Landed	1,406	878

OTHER FOODS—(contd.)

	Week ended July 23, 1938	Week ended July 30, 1938
COFFEE (contd.):		
D/d for home consumption	1,723	2,882
Exports	709	2,112
Stocks, end of week	136,537	132,421
Other kinds—Landed	138	245
" D/d for home consn.	3,686	3,419
" Exports	292	563
" Stocks end of week	96,394	92,657
MEAT:		
Supplies at Smithfield (tons):		
Total	7,873	8,861
Beef and veal	4,262	4,648
Mutton and lamb	2,653	3,051
Pork and bacon	535	727
Poultry, etc.	423	435
PEPPER:		
Movements in Lond. (tons):		
Black—Landed	...	...
" Delivered	...	...
" Stocks, end of week	1,924	1,924
White—Landed	...	...
" Delivered	22	4
" Stocks, end of week	9,273	9,269
SUGAR:		
Movements, London and Liverpool (tons):		
Imports	11,145	13,227
Deliveries	12,543	14,701
Stocks, end of week	232,504	231,030
TEA:*		
Sales on Garden A/c. (pkgs.):		
N. India	10,345	10,025
S. India	9,084	9,051
Ceylon	28,956	30,760
Java	3,797	1,199
Sumatra	456	406
Africa	3,935	1,893
Total	56,582	53,334

* Weeks ended July 21st and 28th.

Miscellaneous Commodities

MOVEMENTS OF RUBBER IN LONDON AND LIVERPOOL

	Week ended July 23, 1938	Week ended July 30, 1938
Landed ..... tons	1,208	2,001
Delivered ..... tons	1,184	1,238
Stocks, end of week ..... tons	94,283	95,046

WORLD SHIPMENTS OF LINSEED ('000 tons)

	Week ended July 15, 1938	Week ended July 23, 1938	From Jan. 1 to July 24, 1937	From Jan. 1 to July 23, 1938
Argentine to—				
U.K. and Orders	3·7	7·6	336·4	183·4
Continent	7·3	6·2	351·5	392·3
U.S.A. and Canada	7·4	3·9	527·4	192·0
Australia, Brazil, etc.	...	...	17·6	12·0
Calcutta to—				
U.K. and Orders	1·3	...	80·3	49·6
Continent	...	...	0·2	0·9
Bombay to—				
U.K. and Orders	0·9	0·1	23·1	90·7
Continent	...	...	8·1	3·4
Madras to U.K.	...	...	...	...
India to—				
Australia, etc.	...	...	6·0	6·1
U.S.A.	...	...	...	...
Sundries	...	...	...	...
Total	20·6	17·8	1350·7	930·4

AMERICAN WHOLESALE PRICES

	July 27, 1938 Cents	Aug. 3, 1938 Cents
GRAINS (per bushel)—		
Wheat, Chicago, Sept.	67⅞	67⅜
Winnipeg, Oct.	93	76⅜
Maize, Chicago, Sept.	57⅝	54¾
Oats, Chicago, Sept.	24¼	23½
Rye, Chicago, Sept.	48¾	45
Barley, Winnipeg, Oct.	45	44⅛
METALS (per lb.)—		
Copper, N.Y., Domestic spot	10·12½	10·07½
Producers' export	10·45	10·40
METALS (per lb.)—*cont.*		
Tin, N.Y., Straits spot	43·65	43·65
Lead, N.Y., spot	4·90	4·90
Spelter, East St. Louis, spot	4·75	4·75
MISCELLANEOUS (per lb.)—		
Cocoa, N.Y., Accra, Sept.	5·06	5·32
Coffee, N.Y., cash—		
Rio, No. 7	4⅝	4⅞
Santos, No. 4	7⅛	7⅝
Cotton, N.Y., Am. mid., spot	8·76	8·56
MISCELLANEOUS (per lb.)—*cont.*		
Cotton, Am. Mid., Aug.	8·62	8·42
Lard, Chicago, Sept.	8·95	8·60
Petroleum, Mid-cont. crude 33 deg. to 33·90, at well, per barrel	116	116
Rubber, N.Y., smkd. sheet spot	16⅛	15¾
Do. do. Sept.	16²⁄₁₆	15¹⁵⁄₁₆
Sugar, N.Y., Cuban Cent., 96 deg., spot	2·82	2·75

INDUSTRIAL REPORTS

BUSINESS in most centres is still affected by holidays, and work in many factories and collieries remains suspended. The coalfields generally have had an exceptionally quiet week; exports continue to decline and the home demand has not yet revived. The London Iron and Steel Exchange has been closed on account of the holidays. The prospects of a large carry-over of raw cotton and of good crops this season are a bearish influence in the cotton trade. Wool prices remain firm, and spinners are hoping for a marked improvement in orders in September.

Coal

Newcastle-on-Tyne.—Shipments of coal and coke from the Tyne continue to fall below the levels of last year. For the seven months of this year there is a decrease of 569,513 tons, the total being 7,357,814 tons. The coal markets in this area remain quiet. Northumberland steam collieries continue to work under a system of curtailed production, whilst in Durham there is considerable idle time. There is little new trade but prices are not being reduced. Patent oven coke continues to receive more support from the export section, but inland demand is very slow.

★

Cardiff.—Nearly all the South Wales miners have taken advantage this week of the recently inaugurated system of one week's holiday with pay. The docks resumed work on Tuesday, but the stocks on the railway sidings are very heavy, and it is not expected that shippers will be greatly inconvenienced by the stoppage. Moreover, the collieries will be better supplied with empties next week than they have been at any period during the past twelve months. Shipments last week totalled 366,700 tons, compared with 400,600 tons the previous week, and 493,384 tons in the corresponding week last year. Market operations are very restricted and prices are nominally unchanged.

Iron and Steel

Sheffield.—Business in the iron and steel market has been all but suspended this week. Inquiry for pig-iron has been confined to insignificant parcels, and forward buying is entirely absent. Forge and foundry are neglected, and hematite requirements are easily satisfied. The finished iron position is unchanged.

There has not been much doing in acid and basic steel billets, but business in stainless steel sheets keeps up well. Prices have undergone no change.

★

Middlesbrough.—The position on the local iron market is quieter than recently, and it is not expected that users will show much interest until the autumn. Stocks of iron acquired previously have not yet all been liquidated. East Coast hematite pig iron is in no better request, export trade having practically vanished, and it is almost certain that a further furnace will be put out of operation within the next week or two. Prices are maintained at the official quotations which are understood to apply until the end of the year. Foreign ore is almost unsaleable, as the works have big stocks and are curtailing deliveries under existing contracts. Good Durham blast-furnace coke is offered at 27s. 6d. per ton, free on trucks at the ovens. There is no expansion of demand for semi-finished steel, whilst producers of manufactured steel report that specifications are coming in slowly. Heavy steel scrap is freely available at the official quotation.

★

Glasgow.—At several of the steel works repairs have not yet been completed, but most of the plants in this district are again operating and a good start has been made. Order books are fairly well filled and work on hand is sufficient to ensure regular employment for some little time, but new bookings are light. It is generally believed, however, that stocks in the hands of manufacturers have now been considerably reduced and that there will be a steady demand for all classes of material within a very few weeks.

★

Cardiff.—Operations are this week suspended in the tinplate industry and there has been no meeting of makers on the Swansea Metal Exchange. It is reported that the Llanelly manufacturers are contemplating the erection of a strip mill for West Wales. The undertone of the market has improved slightly and shipments at Swansea last week totalled 5,942 tons, compared with 4,217 tons the previous week, and 8,515 tons in the corresponding period last year. Production was also better before the holidays, but the rate of 48.95 per cent. of capacity compares unfavourably with that of 78.32 per cent. a year ago.

Tinplate Industry Statistics

	Week ended July 24, 1937	Week ended July 16, 1938	Week ended July 23, 1938
Production—per cent. of capacity	78·32	46·48	48·95

	Week ended July 27, 1937	Week ended July 21, 1938	Week ended July 28, 1938
	Tons	Tons	Tons
Shipments	8,515	4,217	5,942
Stocks (warehouse and in vans)	2,808	5,153	5,173

	Thirty Weeks ended July 27, 1937	Thirty Weeks ended July 28, 1938
	Tons	Tons
Shipments	251,553	146,198

Textiles

Cotton (Manchester).—Operations have been somewhat affected by holiday influences, and spinners and manufacturers have expressed disappointment at the failure of demand to improve. Minor fluctuations have occurred in raw cotton prices, but sentiment remains bearish, as traders are impressed by the huge supplies which will be available during the next twelve months. On Monday next the United States Government will issue the first estimate of the crop for 1938-39, and this is expected to be about 11,500,000 bales. Spinners of American and Egyptian yarns have experienced a dull demand. There has been some talk of organised short time in the American section, but there are no indications of any official move by the Master Spinners' Federation. Inquiry in cloth has been of fair extent, but only a restricted business has been done. A small turnover has taken place for India, with scattered sales for Egypt, South America, the Continent and the Dominions. Moderate buying has taken place in home trade fabrics.

★

Wool (Bradford).—The wool trade has now entered upon the quietest period of the year, holidays greatly interfering with the usual routine of business. Overseas supplies are now arriving for the next series of London sales, and a fair quantity of Queensland new clip, comprising autumn shorn wools, should be available. The carry-over from the last series was considerable, and a larger quantity of wool than usual will be available for the September sales. Good weather is reported from Australia and South Africa and the new season is opening with every prospect of a good clip of wool. Manufacturing conditions in the West Riding are, if anything, slightly better, and by the end of September there should be a marked improvement in the running of machinery. After the holidays some mills are starting to work full time. Taking the wool situation as a whole and considering the period of the year, the outlook is more encouraging than at any time this year.

THE COMMODITY MARKETS

THE August Bank Holiday restricted business in many of the British markets during the past week, and there has been no definite trend. Cotton prices are lower, on the expectation of a large crop, and grain prices were also reduced for the same reason. Tin and copper prices were a little higher, due largely, however, to the small scale of offerings; the United States domestic copper price was raised to 10¼ cents per lb. The advance in rubber prices was checked, but was resumed later in the week. Moody's daily index of commodity prices in the United States stood at 146.8 (December 31, 1931 = 100) on Wednesday last, compared with 148.5 on the previous Wednesday.

Metals

Copper.—Copper fluctuated within narrow limits this week and closed at £41 13s. 9d. per ton, a net gain of 2s. 6d. on the week. The market was generally quieter, due partly to the holidays, but supported also by the greater reserve of both sellers and buyers. In the United States the domestic price has been again raised to 10¼ cents per lb., but following the new increase demand has slowed down. Nevertheless, the United States July turnover, at 122,812 tons, was the highest monthly turnover since October, 1936. The great bulk of these large sales, however, went into consumers' stocks or was exported.

★

Tin. — Tin closed £1 5s. higher at £195 5s. per ton. The demand, however, has remained poor and the present price level is largely dependent on the maintenance of the very limited offerings. The July statistics, published on Tuesday, showed the expected rise in stocks. According to Messrs A. Strauss & Company, Limited, the visible supply rose by 692 tons in July to 25,043 tons and as the Arnhem carry-over, which is not included in the Strauss figures, advanced simultaneously by 1,183 tons to 4,458 tons, the total advance in world stocks amounted to 1,875 tons. Part of this increase may be accounted for by the first intake of the buffer pool, and this view is supported by the rise in new supplies in July by 1,710 tons to 8,758 tons in spite of the lower quota. Tin deliveries in July, at 6,854 tons, showed a decline of 512 tons on the month, and were at the lowest level for years.

★

Lead and Spelter.—Lead declined by 13s. 9d. to £14 12s. 6d. per ton, while spelter declined by 6s. 3d. to £13 17s. 6d. per ton. The turnover of both metals on the L.M.E. was small this week, owing to the reserve shown by sellers. Home warehouse stocks of lead declined in July from 9,394 tons to 8,996 tons. Since the end of March these stocks have declined by over 3,000 tons. On the other hand, British stocks of zinc continued their advance last month and reached 24,574 tons on July 31st, against 23,160 tons a month before. No new reports of the progress in the zinc discussions have been received this week, although it is learned that the endeavours to form a cartel are being continued.

Grains

DURING the last week, prices for all grades of wheat have fallen by 3d. to 1s. 3d. per quarter. The absence of demand during the holidays, good weather for the European harvesting and selling pressure from Russia were all responsible for the weak market. Yields in North America are reported to be lower than was expected and the production in both the United States and Canada may be lower than the July estimates. Broomhall's second estimate of the European wheat crop is 209 million quarters, which compares with 192½ million quarters last year. The maize market has been quiet; a fair trade has been done in feeding barley, but at slightly reduced prices.

Other Foods

Provisions.—In view of the recent high prices of bacon, the Board of Trade granted at the end of last week an extra allocation of imports. As a result, prices were immediately lowered by 5s. to 7s. per cwt., and the market was temporarily disorganised. After the holiday, conditions were steadier and on Wednesday, English and Danish were quoted at 103s. per cwt. The markets for other provisions have been dull and prices unchanged.

Colonial Produce.—The recent rise in sugar prices was reversed on Tuesday, when prices were reduced by 1½d. per cwt. for all varieties. After a brisk sale at the end of last week, the tea auctions closed until August 8th. The demand for cocoa and coffee has been quiet.

Miscellaneous Commodities

Oils and Oilseeds.—Business remains restricted after the holidays. Encouraging prospects for the new linseed crop in the United States and favourable weather in the Argentine have helped to depress prices of all varieties of linseed. The price of Egyptian cotton seed continues to fluctuate; £6 12s. 6d. per ton has been quoted for September shipment of new crop to Hull, while October-December deliveries of the new crop are quoted at £6 11s. 3d. per ton.

★

Rubber.—The market was closed from mid-day on Friday until Tuesday, when prices were about ⅛d. per lb. lower than before the holiday. Some of the fall was recovered later and on Wednesday the market was steady, with standard sheet on the spot quoted at 7¾d. per lb. It is hoped that the American motor trade will operate on a considerably increased scale in September.

COMPANY MEETING

TEA CORPORATION, LIMITED

DIVIDEND OF 7 PER CENT.

The ordinary general meeting of the Tea Corporation, Limited, was held, on the 4th instant, at 31-32 Budge Row, London.

Mr H. Milner Willis (the chairman), after expressing regret at the death of Mr F. P. Robjent, who had been chairman for many years, said that the profit for the year under review amounted to £11,228, or nearly double that for the previous year, and they recommended a dividend of 7 per cent., less tax. It was a matter of much gratification that the Tea Export Control Scheme, which had completed its first term of usefulness on March 31st last, had been extended for a further term of five years to 1943. They fully realised the difficulties encountered by those controlling the scheme, and their thanks were extended to the various committees which had worked so assiduously to make it the success it had now become. Its continuance was an absolute necessity, and that fact had been fully appreciated, and beneficial results should be forthcoming.

Much important spadework was also being done by the International Tea Market Expansion Board, with the object of increasing tea drinking throughout the world, and encouraging progress was reported during the past year.

With regard to rubber, in common with most producers, they had been feeling the effect of the depression which had been ruling during the past few months. The International Rubber Regulation Committee, to whose past efforts the rehabilitation of the industry was largely due, had again had to encounter an unexpected blow to the industry, due mainly to the depression which had ruled in the United States and had had a serious effect on rubber absorption there. Stocks had risen rapidly, with the result that exportable quotas had had to be greatly reduced, and for the present quarter were only 45 per cent.

The position showed how essential was regulation, and the fact that the scheme was being extended for a further five years would give confidence that, with the revival of trade activity and considerable reductions in stocks which should result from the 45 per cent. exportable quota, a return to rubber prosperity seemed assured. With regard to the current year's prospects, it was impossible to forecast with any degree of reliability what the results were likely to be. Tea, of course, was their principal commodity. The statistical position of that product was sound.

The report and accounts were unanimously adopted.

SHORTER COMMENTS

Company Results of the Week.—Brewery company results show a uniform reduction. FRIARY HOLROYD reports slightly reduced net profits of £136,205, compared with £139,162 in the previous year, and the 13 per cent. dividend is maintained with the customary generous margin. Other brewery companies, including ALL SAINTS, COLCHESTER, and SHOWELLS all suffered some reduction in net profits during the year to June 30th, though not on a sufficient scale to affect ordinary dividends. KELSALL AND KEMP, like other textile concerns, have experienced difficult trading conditions during the past year. Profits have been reduced from £75,670, to £48,960, and the ordinary dividend is cut from 5 per cent. to 3¾ per cent. ANGLO-ALPHA CEMENT has quickly achieved a high level of profits, which amounted last year to £104,130, compared with £91,177 for the preceding year. JOHN GREENWOOD MILLERS reveals a sharp reduction in profits from £52,399 to £22,574, and the 5 per cent. ordinary dividend (against 12 per cent. for the preceding year) is not fully covered by earnings. GABRIEL WADE AND ENGLISH, the timber merchanting concern, have been affected by reduced building and furnishing activity. Profits fell last year from £109,196 to £82,726, but the 8 per cent. dividend has been maintained without difficulty. Reduced net revenues are shown by the latest investment trust reports, SECOND SCOTTISH WESTERN, in particular, showing a significant fall.

Tea Corporation.—At the annual meeting on Thursday, Mr H. Milner Willis emphasised the importance of the tea export control scheme, which has been extended to 1943. The statistical position of tea, which is the company's principal commodity, was sound, but the chairman was unable to forecast with any degree of reliability the results of the rubber business for the current year.

Ranks and John Greenwood Millers.—Ranks Limited offer to purchase for cash the 5s. ordinary shares of John Greenwood Millers at 6s., or alternatively to exchange one ordinary share of 5s. in Ranks Limited for every three ordinary shares of John Greenwood Millers, at the shareholders' option. Ranks Limited also undertake to purchase any preference shares in the latter company at 20s. up to July 31st, 1939. It is stated that the directors of John Greenwood Millers have accepted the offer, which they recommend to shareholders.

Qualcast, Ltd.—This company has purchased control of Follows and Bate, Ltd., of Gorton, Manchester. The present board of Follows and Bate will remain in office with the addition of two Qualcast directors, and the chairman of Follows and Bate, Mr W. H. Barnes, joins the Qualcast board. Both companies will operate as separate entities, technical resources being mutually available. The deal has been financed out of Qualcast's own resources.

(*Continued on page* 308)

CURRENT STATISTICS

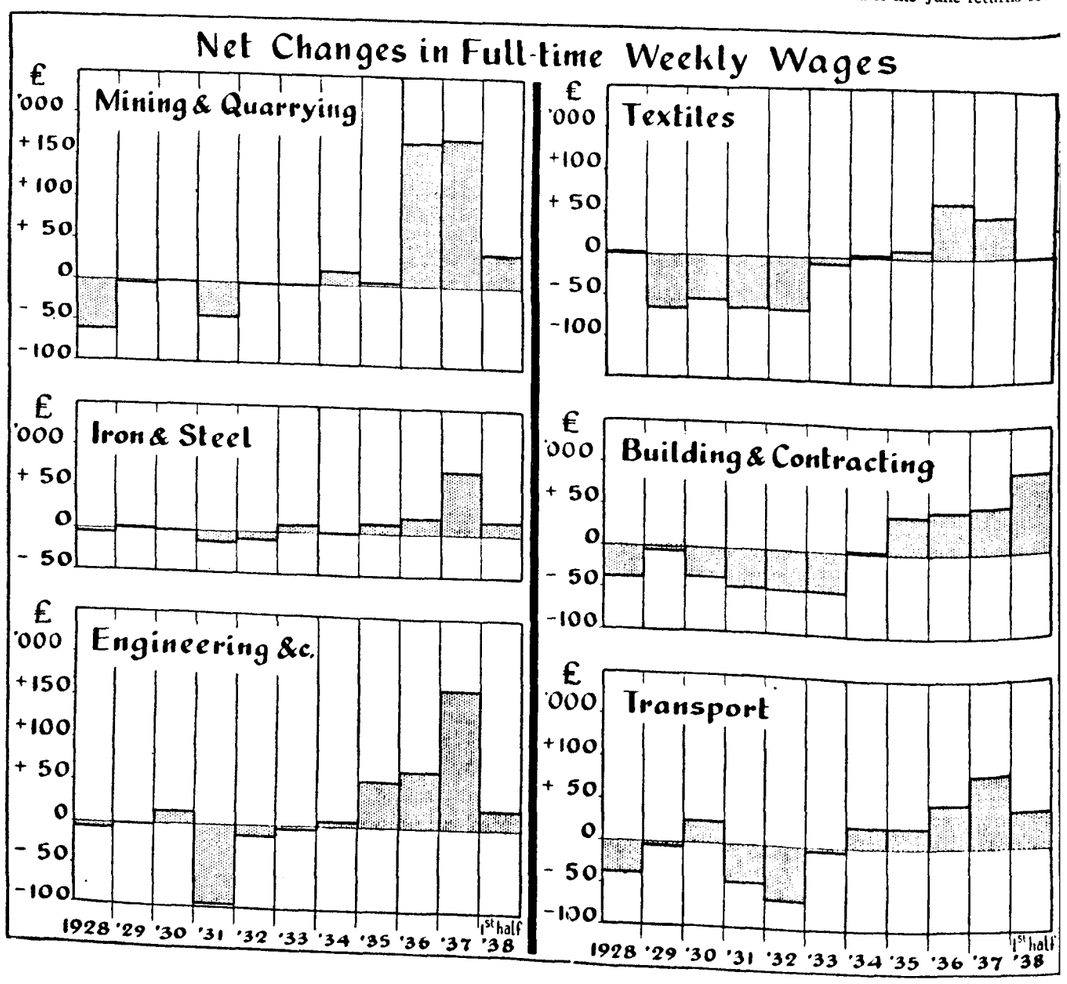
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All tables appear regularly except those whose titles are printed in italics, which are special to this issue.

The Course of Wages

In the following charts we show the net changes in full-time weekly wages in certain industries from 1928 to the end of June of this ye as estimated by the Ministry of Labour. The group designated "Engineering, etc." covers all metal trades other than the manufacture iron and steel. Pillars above the zero line indicate increases and pillars below decreases. Where the changes were nil or negligible, there ar of course, no pillars. It will be seen that all the industries shown below, except the textile industry, registered net increases in the fir half of this year. That we have now reached the peak may, however, be indicated by the fact that for the first time the June returns for industries showed a net decrease.



Finance

GOVERNMENT RETURNS

For the week ended July 30, 1938, total ordinary revenue was £13,035,000, against ordinary expenditure of £23,753,000. Thus, excluding sinking fund allocations, the deficit accrued since April 1st last is £123,508,000, against a deficit of £82,372,000 a year ago.

ORDINARY AND SELF-BALANCING REVENUE AND EXPENDITURE

Revenue	Receipts into the Exchequer (£ thousands) Estimate, 1938–39	April 1, 1937, to July 31, 1937	April 1, 1938, to July 30, 1938	Week ended July 31 1937	Week ended July 30 1938
ORDINARY REVENUE					
Inc. Tax ...	‡341150	30,031	28,166	3,645	3,485
Sur-tax	62,000	5,780	7,070	140	160
Estate, etc., Duties	88,000	31,060	27,040	1,870	1,800
Stamps	24,000	5,900	6,540	400	960
N.D.C.	20,000	...	3,150	...	330
Other In. Rev. Duties	1,250	130	330	...	50
Total I. Rev.	536,400	72,901	72,296	6,055	6,785
Customs ...	227,950	73,859	72,656	3,467	4,036
Excise	116,150	36,200	36,300	1,000	1,000
Total Cust. and Excise	344,100	110,059	108,956	4,467	5,036
Motor Duties	36,000	6,549	6,488	643	717
P.O. (Net Receipt) ...	8,670	5,770	3,940	*Dr.260*	370
P.O. Fund	2,400	...	...	...	...
Crown Lds.	1,330	500	520	...	...
Rec. from Sun. Loans	5,250	1,741	1,522	...	...
Misc. Rec.	10,500	2,028	1,957	...	127
Total Ordinary Revenue	944,650	199,548	195,679	10,905	13,035
SELF-BAL. REVENUE					
Post Office and Broadcasting* ...	80,442	21,680	24,210	1,910	1,980
Total ...	1025092	221,228	219,889	12,815	15,015

Expenditure	Issues out of the Exchequer to meet payments (£ thousands) Estimate, 1938–39	April 1, 1937, to July 31, 1937	April 1, 1938, to July 30, 1938	Week ended July 31 1937	Week ended July 30 1938
ORDINARY EXPEND.					
Int. & Man. of Nat. Dt.	230,000	87,464	87,501	308	370
Payments to N. Ireland	8,900	2,191	2,291	97	410
Other Cons. Fund Serv.	5,239	1,433	1,198	6	21
Total.....	244,139	91,088	90,990	411	801
Supply Serv.	†702409	190,832	228,197	19,065	22,952
Total Ordy. Expend. ...	§946548	281,920	319,187	19,476	23,753
SELF-BAL. EXPEND. P.O. and Broadcasting Votes	80,442	21,680	24,210	1,910	1,980
Total.....	1026990	303,600	343,397	21,386	25,733

* Revenue required to meet expenditure.
† Excluding Post Office and Broadcasting and £112,900,000 under Defence Loans Act.
‡ After concessions of £100,000 made during passage of Finance Act.
§ After adding Navy and Air Supplementary Estimates, Consol. Fund increase under Eire Act and reduction by revised Civil Estimate (net increase, £2,150,000).

After raising Exchequer balances by £257,833 to £3,049,503, the other operations for the week (as shown below, but excluding £240,000 issued to sinking funds), raised the gross National Debt by £11,216,000 to about £8,270 millions.

WEEK'S CHANGES IN DEBT

(£ thousands)

Net Increase in Debt		Net Repayments, etc.	
3% Nat. Def. Ln.	300	P.O. & Tel. (Mon.) Acts	400
Treasury bills:	1,941	N. Atlantic Ship. ...	30
Public Dep. Adv.	9,355		430
Nat. Savings Certs.	50		
	11,646		

AGGREGATE ISSUES AND RECEIPTS

The aggregate issues and receipts from April 1, 1938, to July 30, 1938, are shown below:—

(£ thousands)

Ordinary Exp....	319,187	Ordinary Rev. ...	195,679
Inc. in balances	685	Eire receipts*	3,000
		Gross borr.	123,424
		Less Sinkg. Fds.	2,231
		Net borrowing ...	121,193
	319,872		319,872

* Receipts under Sec. 2 (3) of Eire (Confirmation of Agreement) Act, 1938.

FLOATING DEBT

(£ millions)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt	Floating Assets
1937						
Mar. 31	674·6*		23·5	...	698·1	...*
July 31	543·0	315·4	30·8	...	889·2	346·2
Dec. 31	889·7*		39·4	55·7	984·9	...*
1938						
Apr. 30	545·0	288·6	36·5	...	870·2	325·1
May 7	560·0	281·6	35·9	8·0	885·4	317·5
„ 14	570·0	278·1	39·2	...	887·3	317·3
„ 21	570·0	276·0	41·8	...	887·8	317·8
„ 28	570·0	281·4	40·8	...	892·2	322·2
June 4	575·0	308·7	43·9	2·0	929·6	352·6
„ 11	580·0	310·7	41·6	...	932·3	352·3
„ 18	585·0	303·4	40·1	...	928·5	343·5
„ 25	583·0	305·7	44·7	...	933·4	350·4
„ 30	851·0*		42·4	41·5	934·9	...*
July 9	573·0	298·3	43·1	...	914·5	341·4
„ 16	568·0	302·3	40·7	...	911·1	343·0
„ 23	568·0	304·1	37·2	...	909·4	341·3
„ 30	565·0	309·1	46·6	...	920·7	355·7

* Owing to inequalities between Treasury bill payments and maturities at the end of the quarter, it is impossible to separate tender and tap issues or to calculate floating assets.

TREASURY BILLS

(£ millions)

Date of Tender	Amount Offered	Amount Applied for	Amount Allotted	Average Rate %	Per Cent. Allotted at minimum Rate
1937				s. d.	
July 30	45·0	85·2	45·0	10 5·01	35
Dec. 31	50·0	80·5	50·0	10 11·59	47
1938					
Apr. 22	45·0	88·5	45·0	10 2·95	41
„ 29	45·0	80·3	45·0	10 1·99	60
May 6	45·0	87·8	40·0	10 0·69	29
„ 13	30·0	73·5	30·0	10 1·12	29
„ 20	35·0	74·3	35·0	10 1·11	35
„ 27	45·0	69·0	45·0	10 9·37	57
June 3	50·0	83·1	50·0	12 1·04	51
„ 10	50·0	86·0	50·0	12 9·19	58
„ 17	50·0	80·5	48·0	11 5·68	69
„ 24	45·0	66·7	45·0	10 9·18	57
July 1	45·0	84·8	45·0	10 5·33	40
„ 8	45·0	85·2	45·0	10 5·43	40
„ 15	45·0	90·7	45·0	10 5·21	37
„ 22	45·0	88·3	42·0	10 5·03	32
„ 29	40·0	82·4	40·0	10 1·90	58

Bills are paid for during following week, on any working day at applicant's option. When normal length is 92 days, bills paid for Saturday are 91-day bills and there are no Monday maturities. When normal length is 90 days, bills paid for on Monday are 89-day bills. Bills paid for in February are 89-day bills, except those paid for each Tuesday, which are 88-day bills.

On July 29th, applications at £99 17s. 5d. per cent. for bills to be paid for on any day except Saturday of the following week were accepted as to about 58 per cent. of the amount applied for. Applications at higher prices were accepted in full. Applications for bills to be paid for on Saturday at £99 17s. 6d. per cent. and above were allotted in full. £35·0 millions of Treasury bills are being offered on August 5th.

NATIONAL SAVINGS CERTIFICATES

Sales in	Number	Purchase Price
		£
28 weeks to:—		
July 17, 1937†	18,308,995	13,731,746
July 16, 1938	18,354,147	13,765,616
Week to:—		
July 17, 1937	579,052	434,289
July 9, 1938	617,325	462,994
July 16, 1938*	630,847	473,141

* Net Exchequer receipts, week ended July 16, 1938, £500,000.
† After adjustments to June 19th.
N.B.—At the end of June, 1938, balances due to Post Office and Trustee Savings Banks depositors were £727,635,000, and the value of Savings Certificate holdings was £516,800,000.

BANK OF ENGLAND RETURNS

AUGUST 3, 1938

ISSUE DEPARTMENT

	£		£
Notes Issued:		Govt. Debt .	11,015,100
In circuln.	497,783,123	Other Govt. Securities...	188,973,523
In Bnkg. Department.	28,628,627	Other Secs.	2,939
		Silver coin ..	8,438
		Amt. of Fid. Issue	200,000,000
		Gold Coin & Bullion	326,411,750
	526,411,750		526,411,750

BANKING DEPARTMENT

	£		£
Props' capital	14,553,000	Govt. Secs...	114,671,164
Rest	3,578,941	Other Secs.:	
		Disc., etc.....	*9,606,572*
Public Deps.*	9,490,153	*Securities....*	*21,780,801*
Other Deps.:			31,387,373
Bankers.....	*113,424,374*	Notes	28,628,627
Other.....	*34,740,587*	Gold & Silv. Coin	1,099,891
	148,164,961		175,787,055
	175,787,055		

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

THE WEEK'S CHANGES

(£ thousands)

Both Departments	Amt. Aug. 3, 1938	Compared with Last Week	Compared with Last Year
COMBINED LIABILITIES			
Note circulation	497,783	+ 4,472	− 6,094
Deposits: Public	9,490	− 1,697	− 320
Bankers'	113,424	− 2,932	+ 17,934
Others.....	34,741	− 311	− 2,254
Total outside liabilities	655,438	− 468	+ 9,266
Capital and rest	18,132	+ 51	− 13
COMBINED ASSETS			
Govt. debt and securities	314,660	− 1,053	+ 7,654
Discounts and advances	9,607	+ 131	+ 3,161
Other securities	21,784	+ 478	− 1,555
Silver coin in issue dept.	8	− 2	+ 3
Gold coin and bullion....	327,512	+ 30	− 10
RESERVES			
Res. of notes & coin in banking department...	29,729	− 4,442	+ 6,085
Proportion of reserve to outside liabilities—			
(*a*) Bankg. dept. only ("proportion")	18·8%	− 2·2%	+ 2·2%
(*b*) Gold stocks to deposits and notes ("reserve ratio")	50·0%	+ 0·0%	− 0·6%

COMPARATIVE ANALYSIS

(£ millions)

	1937	1938			
	Aug. 4	July 13	July 20	July 27	Aug. 3*
Issue Dept.:					
Notes in circ.	503·9	488·1	487·1	493·3	497·8
Notes in banking dept.....	22·5	38·3	39·3	33·1	28·6
Govt. debt and securities ...	196·8	200·0	199·5	199·9	200·0
Other secs. ...	3·2	0·0	0·5	0·0	0·0
Gold	326·4	326·4	326·4	326·4	326·4
Deposits:					
Public	9·8	13·2	22·5	11·2	9·5
Bankers'.....	95·5	113·0	107·3	116·4	113·4
Others	37·0	35·5	34·7	35·1	34·7
Total	142·3	161·7	164·5	162·6	157·6
Bkg. Dept. Secs.:					
Government..	110·2	109·6	109·8	115·8	114·7
Discounts, etc.	6·4	10·3	9·3	9·5	9·6
Other	20·1	20·6	23·1	21·3	21·8
Total	136·8	140·4	142·2	146·5	146·1
Banking dept. reserve.....	23·6	39·3	40·3	34·2	29·7
	%	%	%	%	%
"Proportion"	16·6	24·2	24·5	21·0	18·8
Reserve ratio†	50·6	50·4	50·3	49·9	50·0

† Gold stocks in both departments to deposits and notes in circulation. * At this date, Government debt was £11,015,100; silver coin in Issue Department, £8,438; capital, £14,553,000: rest, £3,578,941.

OVERSEAS BANK RETURNS

NOTE.—A return of the Bank of Spain appeared in *The Economist* of May 28th last. The latest return of the Bank of Roumania appeared in *The Economist* of April 23rd; International Settlements, of July 9th; Denmark, of July 16th; Danzig and Estonia, of July 23rd; Reichsbank, Australia, Czechoslovakia, Egypt, Greece, Lithuania, New Zealand, Norway, Poland and Sweden, of July 30th.

U.S. FEDERAL RESERVE BANKS
Million $'s

12 U.S.F.R. Banks	Aug. 5, 1937	July 7, 1938	July 28, 1938	Aug. 4, 1938
Resources				
Gold certifs. on hand and due from Treas.	8,833	10,635	10,633	10,633
Total reserves	9,155	11,019	11,064	11,039
Total cash reserves ...	312	374	421	397
Total bills discounted	15	8	7	6
Bills bt. in open mkt.	3	1	1	1
Total bills on hand ...	18	8	8	7
Industrial advances ...	21	16	16	16
Total U.S. Govt. secs.	2,526	2,564	2,564	2,564
Total bills and secs. ...	2,566	2,589	2,588	2,587
Total resources	12,440	14,304	14,303	14,291
Liabilities				
F.R. notes in actual circulation	4,222	4,175	4,110	4,139
Aggregate of excess mr. bank res. over reqts.	700	2,990	3,040	2,920
Deposits — Member-bank reserve account	6,636	8,074	8,188	8,074
Govt. deposits	309	770	732	775
Total deposits	7,265	9,207	9,303	9,241
Cap. paid in and surplus	306	309	309	309
Total liabilities	12,440	14,304	14,303	14,291
Ratio of total res. to deposit and F.R. note liabs. combined	79·7%	82·3%	82·5%	82·5%
U.S.F.R. Banks and Treasury Combined				
Resources				
Monetary gold stock...	12,462	12,967	13,002	13,025
Treasury and Nat. Bk. currency	2,572	2,715	2,719	2,721
Liabilities				
Money in circulation...	6,468	6,514	6,416	6,465
Treasury cash and deposits with F.R. Bks	3,914	3,073	3,060	3,132

NEW YORK FEDERAL RESERVE BANK.—Million $'s

	Aug. 5, 1937	July 7, 1938	July 28, 1938	Aug. 4, 1938
Total gold reserves ...	3345·6	4496·2	4648·0	4647·5
Total bills discounted	7·4	2·7	1·6	1·1
Bills bt. in open mkt.	1·1	0·2	0·2	0·2
Total U.S. Govt. secs.	725·0	780·1	780·1	780·1
Total bills and securts.	739·0	787·3	786·0	785·1
Deposits — Member-bank reserve account	2801·0	3783·4	3907·1	3835·4
Total res. to dep. and Fed. Res. note liabilities combined ...	83·7%	86·5%	87·0%	86·9%

FEDERAL RESERVE REPORTING MEMBER BANKS.—Million $'s

Assets	July 21, 1937	June 22, 1938	July 13, 1938	July 20, 1938
Loans, total	9,740	8,270	8,231	8,208
Investments	12,473	12,302	12,237	12,410
Reserve with Federal Reserve banks	5,302	6,448	6,737	6,709
Due from domestic bks.	1,785	2,409	2,462	2,428
Liabilities				
Deposits: demand (adjusted)	15,018	14,936	14,994	15,127
Time	5,251	5,242	5,209	5,208
U.S. Government ...	429	483	455	449
Inter-bank	5,701	6,105	6,304	6,346

BANK OF FRANCE.—Million francs

Assets	July 29, 1937	June 30, 1938	July 21, 1938	July 28, 1938
Gold	55,677	55,808	55,808	55,808
Advances on gold coin	1,099	...	...	...
Bills: Commercial ...	11,205	5,966	6,278	7,499
Bought abroad	920	760	744	744
Advances on securities	4,064	3,614	3,589	3,545
Thirty-day advances	958	552	853	623
Loans to State without interest: (*a*) general	3,200	3,200	3,200	3,200
(*b*) provisional	23887	40,134	†40134	†40134
Negotiable bonds, Sinking Fund Dept.	5,641	5,574	5,574	5,574
Other assets	4,183	5,085	3,935	3,939
Liabilities				
Notes in circulation ...	89,307	102087	99,880	101117
Deposits: Public	2,563	3,245	3,389	3,135
Private ...	15,670	12,643	13,955	14,041
Other liabilities	3,294	2,718	2,892	2,774
Gold reserve to sight liabilities	51·7%	47·2%	47·6%	47·1%

† Of which fcs. 18,050 millions under Conventions whose permissible limit is Fcs. 30,000 millions.

NATIONAL BANK OF BELGIUM
Million belgas

Assets	June 30, 1938	July 14, 1938	July 21, 1938	July 28, 1938
Gold	2,836	2,911	2,923	2,954
Silver and other coin...	52	47	46	47
Foreign exchange, etc.	752	817	817	817
Bills and securities ...	805	753	740	721
Advances	75	57	58	52
Liabilities				
Notes in circulation ...	4,163	4,173	4,168	4,205
Deposits: Govt.	43	8	16	16
Other	228	319	315	284

CENTRAL BANK OF ARGENTINA
Million paper pesos

Assets	June 15, 1937	May 15, 1938	May 31, 1938	June 15, 1938
Gold at home	1,224	1,307	1,298	1,313
Gold abroad & foreign exchange	330	39	48	31
Non-int.-bearing Govt. bond	119	119	119	119
Treasury bonds	398	398	398	397
Liabilities				
Notes	1,152	1,108	1,100	1,085
Government deposits	135	136	142	138
Bank deposits	427	374	327	316
Certs. of participation in Treasury bonds	367	241	291	312
Gold and for. exch. to note and sight liabs.	91·0%	83·0%	85·7%	87·2%

NATIONAL BANK OF BULGARIA
Million levas

Assets	July 15, 1937	June 15, 1938	July 7, 1938	July 15, 1938
Gold holdings	1,797	1,994	1,994	1,994
Balances abroad and foreign currencies ...	397	886	863	834
Discounts and advances	1,093	938	943	934
Advances to Treasury	3,523	3,495	3,468	3,468
Liabilities				
Reserves	1,213	1,201	1,200	1,200
Notes in circulation ...	2,425	2,288	2,469	2,421
Sight liabs. and deposits	3,205	4,089	3,821	3,834

BANK OF CANADA
Million $'s

Assets	July 21, 1937	June 22, 1938	July 13, 1938	July 20, 1938
Reserve, of which	200·6	227·8	204·5	206·6
Gold coin and bullion	181·4	181·8	181·2	180·5
Securities	139·5	169·9	168·0	168·2
Liabilities				
Note circulation	136·7	153·8	156·9	156·5
Deposits: Dom. Govt.	12·5	40·6	12·6	13·3
Chartered banks ...	181·3	192·8	192·6	193·8
Reserves to notes and deposit liabilities ...	60·6%	58·5%	56·2%	56·5%

BANK OF FINLAND
Million F. Marks

Assets	July 23, 1937	June 23, 1938	July 15, 1938	July 23, 1938
Gold reserve	603·0	620·4	620·6	620·6
Gold abroad not in gold reserve	37·0	...	...	...
Foreign correspondents	2022·7	2066·6	1956·4	1942·9
Foreign bills, etc.	88·1	27·5	62·8	93·3
Inl. bills and home loans	1060·6	1568·0	1543·0	1543·0
Finnish & foreign bonds	541·8	412·6	406·1	406·1
Liabilities				
Notes in circulation ...	1778·8	2077·0	2032·9	1988·8
Sight deposits: Govt.	247·6	161·3	91·6	76·4
Other	1059·8	1135·2	1176·6	1251·5
Ordinary cover to sight liabilities	77·9%	74·4%	73·9%	73·2%

NATIONAL BANK OF HUNGARY
Million Pengo

Assets	July 23, 1937	June 23, 1938	July 15, 1938	July 23, 1938
Metal reserve:				
Gold coin and bullion	84·1	84·1	84·1	84·1
Foreign exchange ...	53·5	72·6	72·8	72·6
Res. of token money...	8·7	9·4	8·0	8·4
Inl. bills, wts., & secs.	372·3	414·5	388·1	385·8
Advances to Treasury	111·6	119·9	148·2	148·2
Liabilities				
Notes in circulation ...	383·1	510·2	520·2	509·3
Current accounts, deposits, etc.	199·7	256·2	246·2	254·7
Cash certificates	92·9	69·7	69·7	69·7

RESERVE BANK OF INDIA
Million Rupees

Assets	July 30, 1937	July 1, 1938	July 22, 1938	July 29, 1938
Gold coin & bullion	444	444	444	444
Rupee coin	595	636	662	671
Balances abroad...	165	36	29	35
Sterling securities	803	721	695	695
Indian Govt. rupee securities	274	323	323	324
Investments	84	66	65	63
Liabilities				
Notes in circuln.:				
India	1,758	1,702	1,662	1,645
Burma	29	73	71	70
Deposits: Govt.	113	179	148	158
Banks	361	169	231	250
Gold and sterling to liabilities ...	58·9%	54·8%	53·6%	53·4%

BANQUE MELLIÉ IRAN
Million rials

Assets	June 5, 1937	June 21, 1937	June 5, 1938	June 21, 1938
Gold	306·5	306·5	312·0	†312·4
Silver	403·3	403·8	405·7	‡405·7
Discounts	215·5	217·4	295·9	276·8
Public departments ...	502·4	511·0	678·2	666·4
Other debit balances...	608·3	613·3	658·3	654·4
Liabilities				
Notes in circulation ...	802·3	808·0	781·3	768·1
Public departments ...	343·1	320·3	512·8	496·2
Other credit balances	744·1	773·4	988·6	1039·3

N.B.—Based on London prices and £ sterling in Teheran, actual value is: †414,200,000 rials; ‡368,505,000 rials.

BANK OF JAPAN.—Million yen

Assets	July 10, 1937	June 11, 1938	July 2, 1938	July 9, 1938
Coin and bullion: Gold	515·6	801·3	801·3	801·[illegible]
Other	56·8	49·6	46·8	47·[illegible]
Discounts and advances	774·4	495·5	487·2	490·[illegible]
Government bonds ...	731·9	1013·5	1226·8	1089·[illegible]
Agencies' accounts ...	99·8	87·6	99·9	113·[illegible]
Liabilities				
Notes issued	1433·6	1763·2	1989·9	1871·[illegible]
Deposits: Government	308·7	267·6	249·7	270·[illegible]
Other	72·8	121·2	91·0	113·[illegible]

BANK OF JAVA.—Million florins

Assets	July 31, 1937	July 2, 1938	July 23, 1938	July 30, 1938
Gold and silver	133·67	137·24	137·03	137·6[illegible]
Discounts, advances & other investments ...	78·06	76·76	76·50	73·9[illegible]
Foreign bills	5·50	2·71	2·46	2·7[illegible]
Other assets	63·63	45·51	48·95	58·1[illegible]
Liabilities				
Notes in circulation ...	195·20	187·58	188·04	188·6[illegible]
Deposits and bills ...	72·42	62·44	64·24	71·1[illegible]

NATIONAL BANK OF JUGOSLAVIA
Million dinar

Assets	July 22, 1937	June 22, 1938	July 15, 1938	July 22, 1938
Cash reserve:				
Gold at home and abroad	1,685	1,829	1,836	1,837
Other foreign exchange	757	395	400	355
Discounts and advances	1,564	1,522	1,544	1,557
Government advances	1,651	2,241	2,241	2,241
Liabilities				
Notes in circulation ...	5,413	5,838	5,950	5,891
Sight liabilities	2,397	2,608	2,448	2,478

BANK OF LATVIA
Million lats

Assets	July 19, 1937	June 20, 1938	July 11, 1938	July 18, 1938
Gold coin and bullion	77·45	77·59	77·59	77·59
Silver coin	15·34	13·77	13·97	14·04
Foreign currency	39·65	39·66	39·14	38·75
Treas. notes and change	9·03	8·60	10·23	9·98
Short-term bills	50·68	50·24	50·41	49·70
Loans against securities	68·90	81·68	77·71	76·98
Liabilities				
Notes in circulation ...	46·88	63·39	59·94	60·66
Deposits & currnt. accs.	143·44	130·99	137·15	140·08
Government accounts	60·03	66·26	64·18	71·63

NETHERLANDS BANK
Million florins

Assets	Aug. 2, 1937	July 4, 1938	July 25, 1938	Aug. 1, 1938
Gold	1265·9	1481·2	1480·7	1480·8
Silver	17·8	20·2	20·5	19·8
Home bills, etc.	13·0	7·8	8·3	8·3
Foreign bills	2·4	5·4	5·0	5·0
Loans and advances in current account	186·7	331·3	323·4	324·8
Liabilities				
Notes in circulation	860·8	950·6	918·9	949·4
Deposits: (*a*) Govt.	71·8	162·8	176·4	170·5
(*b*) Other	574·9	752·2	761·0	737·0

BANK OF PORTUGAL
Million escudos

Assets	June 9, 1937	May 11, 1938	June 1, 1938	June 8, 1938
Gold	914·8	917·4	917·4	917·4
Balances abroad	590·0	569·7	579·2	571·9
Discounts	318·4	351·7	351·3	351·7
Securities	124·4	120·6	120·6	120·6
Government loans	1042·9	1040·3	1040·3	1040·3
Liabilities				
Notes in circulation ...	2048·7	2009·6	2037·8	2021·9
Deposits: Government	411·8	548·3	500·7	481·7
Bankers' ...	616·7	614·8	634·3	664·1
Other	113·8	83·6	100·0	96·2
Foreign commitments	44·4	59·6	65·3	63·6

SOUTH AFRICAN RESERVE BANK
Million £'s

Assets	July 30, 1937	July 1, 1938	July 22, 1938	July 29, 1938
Gold coin and bullion	22·70	22·68	22·64	23·05
Bills discounted:				
Home	0·04	0·02	0·03	0·03
Foreign	5·10	5·25	6·48	6·48
Investments	1·73	1·72	1·72	1·72
Other assets	10·93	12·15	10·55	11·33
Liabilities				
Notes in circulation ...	16·52	18·08	15·69	18·10
Deposits: Government	1·48	1·96	2·25	1·74
Bankers' ...	18·16	18·10	19·18	18·74
Cash reserves to liabilities to public	55·7%	57·3%	55·5%	55·8%

SWISS NATIONAL BANK
Million francs

Assets	July 31, 1937	June 30, 1938	July 23, 1938	July 30, 1938
Gold	2594·4	2805·6	2786·0	2786·0
Foreign exchange	90·7	377·0	382·1	384·5
Discounts, etc.	6·9	24·9	5·0	5·0
Advances	28·5	22·0	20·8	20·4
Securities	15·9	95·0	95·0	95·0
Liabilities				
Notes in circulation ...	1411·9	1541·3	1494·9	1540·7
Deposits	1298·9	1778·2	1768·1	1723·1

N.B.—Exchange Equalisation Fund and assets included in returns December 31, 1936, onwards at 538,583,653 frs.

CLEARING BANKS

LONDON
(£ thousands)

	Month of July			Week ended Wednesday		Aggregate from January 1 to	
	1937	1938	*Change* †	Aug. 4, 1937	Aug. 3, 1938	Aug. 4, 1937	Aug. 3, 1938
Number of wkg. days:	27	26	%	5	5	179	180
Town	3,360,627	2,976,141	− *8·0*	648,835	568,326	22,677,665	20,074,140
Metropolitan ...	204,103	187,040	− *4·8*	38,421	36,323	1,319,695	1,261,532
Country	341,599	318,322	− *3·2*	58,788	56,453	2,266,311	2,209,516
Total	3,906,329	3,481,503	− *7·4*	746,044	661,102	26,261,671	23,545,188

† Based on average working day.

PROVINCIAL
(£ thousands)

	Month of July			Week ended Saturday		Aggregate January 1 to	
	1937	1938	*Change* †	July 31, 1937	July 30, 1938	July 31, 1937	July 30, 1938
No. of working days:—	27	26	%	6	6	178	179
BIRMINGHAM	13,271	12,210	− *4·5*	2,715	2,568	82,292	73,950
BRADFORD ...	4,613	3,380	− *23·9*	1,204	853	32,560	24,378
BRISTOL	5,810	5,570	− *0·4*	1,360	1,331	39,257	38,484
HULL	4,128	3,701	− *6·8*	839	861	28,005	25,791
LEEDS	4,771	4,468	− *2·7*	1,098	818	31,915	30,178
LEICESTER ...	3,650	3,494	− *0·6*	764	854	23,447	21,748
LIVERPOOL ...	31,322	23,865	− *20·9*	7,523	5,396	218,362	161,982
MANCHESTER	49,154	39,618	− *16·3*	10,412	8,154	339,333	284,992
NEWCASTLE	6,878	6,333	− *4·4*	1,591	1,354	44,391	46,567
NOTTINGHAM	2,502	2,327	− *3·4*	525	526	16,141	15,442
SHEFFIELD ...	5,151	4,779	− *3·7*	907	863	33,500	33,754
Total: 11 Towns	131,250	109,745	− *12·9*	28,938	23,578	889,203	767,266
DUBLIN	...	...	...	4,811	4,778	180,343‡	194,940‡

† Based on average working day. ‡ 31 calendar weeks.

MONEY RATES

LONDON

	July 28, 1938	July 29, 1938	July 30, 1938	Aug. 1, 1938	Aug. 2, 1938	Aug. 3, 1938	Aug. 4, 1938
	%	%	%		%	%	%
Bank rate (changed from 2½% June 30, 1932)	2	2	2	Bank Holiday	2	2	2
Market rates of discount							
60 days' bnkrs.' drafts	17/32	17/32–9/16	17/32–9/16		17/32	17/32	17/32
3 months' do.	17/32	17/32–9/16	17/32–9/16		17/32	17/32	17/32
4 months' do.	17/32–9/16	9/16	9/16		17/32–9/16	17/32–9/16	17/32–9/16
6 months' do.	9/16	9/16	9/16		9/16	9/16	9/16
Discount Treasury Bills							
2 months'	17/32	½–17/32	½–17/32		17/32	17/32	17/32
3 months'	17/32	½–17/32	½–17/32		17/32	17/32	17/32
Loans—Day-to-day ...	½–1	½–1	½–1		½–1	½–1	½–1
Short	½–1	½–1	½–1		½–1	½–1	½–1
Deposit allwncs.: Bk.	½	½	½		½	½	½
Discount houses at call	½	½	½		½	½	½
At notice	¾	¾	¾		¾	¾	¾

Comparison with previous weeks

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1938	%	%	%	%	%	%	%
July 7...	½–1	9/16	9/16	9/16–⅝	2–2½	2¼–2½	2½–3
" 14...	½–1	17/32–9/16	9/16	9/16–⅝	2–2½	2¼–2½	2½–3
" 21...	½–1	17/32–9/16	9/16	9/16	2–2½	2¼–2½	2½–3
" 28...	½–1	17/32	17/32–9/16	9/16	2–2½	2¼–2½	2½–3
Aug. 4...	½–1	17/32	17/32–9/16	9/16	2–2½	2¼–2½	2½–3

NEW YORK

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

	Aug. 4, 1937	July 6, 1938	July 13, 1938	July 20, 1938	July 27, 1938	Aug. 3, 1938
	%	%	%	%	%	%
Call money	1	1	1	1	1	1
Time money (90 days' mixed coll.)	1¼	1¼	1¼	1¼	1¼	1¼
			Selling Rates			
Bank acceptances:—						
Members—eligible, 90 dys.	½	½	½	½	½	½
Non-mem.—eligible, 90 dys.	½	½	½	½	½	½
Commercial accept., 90 dys.	1	1	1	1	1	1

EXCHANGE RATES

LONDON—SPOT

(*a*) Active Exchanges
(Range of the day's business)

London on	Par of Exch. per £	July 29, 1938	July 30, 1938	Aug. 1, 1938	Aug. 2, 1938	Aug. 3, 1938	Aug. 4, 1938
New York, $...	‡4·86⅔	4·91¼–92	4·91⅜–91⅞	Bank Holiday	4·90¼–91½	4·89–90¼	4·88⅝–90⅛
Montreal, $ ...	4·86⅔	4·92¾–93½	4·92¾–93½		4·92–93¼	4·91–92	4·91–92⅛
Paris, Fr. ...	124·21	178 1/16–¼	178 1/16–¼		177 15/16–178 5/16	178 1/16–½	178¼–½
Brussels, Bel...	35·00*a*	29·07–09	29·07–10		29·00–09	28·92–29·00	28·91–96
Milan, L. ...	92·46	93 5/16–9/16 / 93·50*i*	93¼–½ / 93·50*i*		93⅛–⅜ / 93·40*i*	92⅞–93¼ / 93·23*i*	92¾–93⅛ / 92·95*i*
Zurich, Fr. ...	25·22½	21·44–47	21·44½–46½		21·43½–45½	21·40–44	21·39–42
Athens, Dr. ...	375	540–55	540–55		540–55	540–55	540–55
Amst'd'm, Fl.	12·107	8·95–96	8·95¼–96		8·95¼–96¼	8·95½–96½	8·95½–96½
Berlin, Mk. ...	20·43	12·22–25	12·22–25		12·21–24	12·18–23	12·18–21
Registered Marks	(*c*)	51½–56½	51½–56½		52–57	51½–56½	51½–56½
Br. India Rup.	†18d.	17 29/32–31/32	17 29/32–31/32		17 29/32–31/32	17 29/32–31/32	17 29/32–31/32
Hong Kong, $	† ...	14⅞–15⅛	14⅞–15⅛		14⅞–15⅛	14⅞–15⅛	14⅞–15⅛
Shanghai, $...	† ...	8½–9¼(*l*)	8½–9 (*l*)		7½–8½(*l*)	7½–8½(*l*)	7½–8½(*l*)
Rio, Mil.	†5·899d.	2 27/32**m*	2 27/32**m*		2 27/32**m*	2⅞**m*	2⅞**m*
B. Aires, $ ...	11·45	18·85–95*g* / 16·12*h*	18·85–90*g* / 16·12*h*		18·80–90*g* / 16·12*h*	18·73–88*g* / 16·12*h*	18·75–85*g* / 16·12*h*
Valparaiso, $..	40	123 *e* (*l*)	123 *e* (*l*)		123 *e* (*l*)	123 *e* (*l*)	123 *e* (*l*)
Montevideo, $	†51d.	19½–20½	19½–20½		19½–20½	19½–20½	19¾–20¾
Lima, Sol. ...	17·38	21–22(*l*)	21–22(*l*)		21–22(*l*)	21–22(*l*)	21–22(*l*)
Mexico, Pes..	9·76	Unq't'd	Unq't'd		Unq't'd	Unq't'd	Unq't'd
Manila, Pes....	†24·66d.	23⅞–24⅛	23⅞–24⅛		23⅞–24⅛	23⅞–24⅛	24–24⅝
Moscow, Rbls.	...	26·08¼–08⅞	26·06–06¼		26·02¼–02⅞	26·02¼–02⅞	25·90⅜–91

Usance: T.T., Rio de Janeiro, Lima, Valparaiso (90 days). * Sellers. † Pence per unit of local currency. ‡ Par 8·23 31/32 since dollar devaluation on February 1, 1934. (*a*) Prior to devaluation on April 2, 1935. (*c*) Per cent. discount. (*e*) Latest "export" rate. (*g*) Official rate is $15 sellers. (*h*) Average remittance rate for importers. (*i*) Rate for payments to the Bank of England, for account Controller of Anglo-Italian debts. (*l*) Nominal. (*m*) Official.

(*b*) Other Exchanges

London on	Par of Exch. per £	July 29, 1938	Aug. 3, 1938	Aug. 4, 1938
Helsingfors, M.	193·23	226½–227	226½–227	226½–227
Madrid, Pt.	25·22½	100–200(*l*) / 77*j*	100–200 (*l*) / 77*j*	100–200 (*l*) / 77*j*
Lisbon, Esc.	110	110–110⅜	110–110⅜	110–110⅜
Budapest, Pen.	27·82	24⅝–25⅛	24½–25	24½–25
Prague, Kc.	§164½§	142⅛–⅝	141½–142¼	141½–142
Danzig, Gul.	25·00	25⅞–26⅜	25¾–26¼	25¾–26¼
Warsaw, Zl.	48·38	25⅞–26⅜	25¾–26¼	25¾–26¼
Riga, Lat.	25·22½	24¾–25¾	24¾–25¾	24¾–25¾
Bucharest, Lei	813·8	660–680	655–675	655–675
Constantinople, Pst. ...	110	616* / 620*k*	616* / 620*k*	615* / 617*k*
Belgrade, Din.	276·32	212–222	212–222	211–221
Kovno, Lit.	48·66	28¾–29¾	28½–29½	28½–29½
Sofia, Lev.	673·66	390–420	390–420	390–420
Tallinn, E. Kr.	18·159	17¾–18¾	17¾–18¾	17¾–18¾
Oslo, Kr.	18·159	19·85–95	19·85–95	19·85–95
Stockholm, Kr.	18·159	19·35–45	19·35–45	19·35–45
Copenhagen, Kr.	18·159	22·35–45	22·35–45	22·35–45
Alexandria, Pst.	97½	97⅜–⅝	97⅜–⅝	97⅜–⅝
Kobe, Yen	†24·58d.	13 15/16–14 1/16	13 15/16–14 1/16	13 15/16–14 1/16
Singapore, $	† 28d.	27⅞–28⅛	27⅞–28⅛	27⅞–28⅛
Batavia, F.	12·11	8·92½–95½	8·93–96	8·93–96
Bangkok, Baht	†21·82d.	22–22¼	22–22¼	22–22¼

Usance: T.T., except Alexandria (Sight). * Sellers. † Pence per unit of local currency. § Par, 197·10 5/16 since koruna devaluation on February 17, 1934. Rate for payments to the Bank of England: (*j*) Under Anglo-Spanish Agreement. (*k*) Under Anglo-Turkish Agreement. (*l*) Nominal.

LONDON—FORWARD
(Closing quotations)

London on		July 29, 1938 Per £	July 30, 1938 Per £	Aug. 1, 1938 Per £	Aug. 2, 1938 Per £	Aug. 3, 1938 Per £	Aug. 4, 1938 Per £
New York, cent.		(*p*)	(*p*)	Bank Holiday	(*p*)	(*p*)	(*p*)
	1 Month	5/16–3/16	5/16–3/16		5/16–3/16	5/16–¼	9/32–7/32
	2 "	½–⅜	½–⅜		½–⅜	¼–⅜	½–⅜
	3 "	¾–⅝	¾–⅝		¾–⅝	¾–⅝	¾–⅝
Paris, francs		(*d*)	(*d*)		(*d*)	(*d*)	(*d*)
	1 Month	½–⅝	9/16–11/16		9/16–11/16	⅞–1⅛	⅝–⅞
	2 "	1 7/16–1 9/16	1 7/16–1 9/16		1¼–1½	2–2¼	1⅞–2⅛
	3 "	2¼–2⅝	2¼–2⅝		2⅛–2⅝	3 5/16–3 9/16	3 1/16–3 5/16
Amsterdam, cent.		(*p*)	(*p*)		(*p*)	(*p*)	(*p*)
	1 Month	¾–¼	¾–¼		¾–¼	¾–¼	¾–¼
	2 "	1¼–¾	1¼–¾		1¼–¾	1¼–¾	1¼–¾
	3 "	1¾–1¼	1¾–1¼		1¾–1¼	1¾–1¼	1¾–1¼
Brussels, cent.		(*d*)	(*d*)		(*d*)	(*d*)	(*d*)
	1 Month	7–9	7–9		4–7	7–10	6–8
	2 "	17–21	17–21		15–19	18–22	18–21
	3 "	30–34	28–33		23–27	30–35	30–35
Geneva, cent.		(*p*)	(*p*)		(*p*)	(*p*)	(*p*)
	1 Month	2–1	2–1		2–1	2–1	2–1
	2 "	4–3	4–3		3¾–2¾	3¾–2¾	3¾–2¾
	3 "	5½–4½	5½–4½		5½–4½	5½–4½	5½–4½

(*p*) Premium. (*d*) Discount.

EXCHANGE RATES—*cont.*

NEW YORK

New York on	Par of Exch. per cent.	July 28, 1938	July 29, 1938	July 30, 1938	Aug. 1, 1938	Aug. 2, 1938	Aug. 3, 1938
London:—*	Old Par						
60 days ...	4·8666	4·91$11_{32}$	4·90$23_{32}$	4·91$6_{32}$	4·90$27_{32}$	4·89$21_{32}$	4·88$21_{32}$
Cables ...	New Par	4·91$7_8$	4·91$7_{16}$	4·91$11_{16}$	4·91$3_8$	4·90$5_{16}$	4·89$3_{16}$
Demand...	8·2397	4·91$3_4$	4·91$5_{16}$	4·91$3_{16}$	4·91$1_4$	4·90$1_{16}$	4·89$1_{16}$
Paris, Fr.....	6·63	2·76$1_8$	2·75$7_8$	2·76	2·76	2·75$5_{16}$	2·74$1_4$
Brussels, Bel.	23·54	16·91$1_2$	16·90	16·91	16·90$1_2$	16·90$1_2$	16·91
Switz'l'd, Fr.	32·67	22·90$1_2$	22·91	22·92	22·91$1_2$	22·87$1_8$	22·85
Italy, Lira.....	8·91	5·26$1_4$	5·26$1_4$	5·26$1_4$	5·26$1_4$	5·26$1_4$	5·26$1_4$
Berlin, Mk....	40·33	40·19	40·17$1_2$	40·18	40·17$1_2$	40·12$1_2$	40·11$1_2$
Vienna, Sch....	23·82	...	...	...	...	...	...
Madrid, Pt....	32·67	...	...	...	...	...	...
Amst'd'm/Gldr	68·06	54·94	54·87	54·90	54·85	54·74	54·57
Cop'h'gn, Kr.	145·37	21·95	21·94	21·95	21·94	21·88$1_2$	21·83
Oslo, Kr. ...		24·71	24·70	24·71	24·69$1_2$	24·63$1_2$	24·57
St'k'lm, Kr.		25·36	25·34	25·35	25·33$1_2$	25·27$1_2$	25·21
Athens, Dr. ...	1·29	0·90$3_8$	0·90$1_4$	0·90$1_4$	0·90$1_4$	0·90$1_8$	0·89$7_8$
M'treal, Can. $	169·31	99·695	99·710	99·695	99·680	99·525	99·560
Yo'hama, Yen	84·40	28·69	28·67	28·67	28·67	28·52	28·54
Shanghai, $ ...	...	18·62	18·12	17·50	16·75	16·65	16·60
B. Aires, Peso	...	30·51	30·49	30·50	30·49	30·40	30·34
Rio, Ms. †...	*11·96	5·90	5·90	5·90	5·90	5·90	5·90

Usance: T.T. * Dollars per £1. † Official.

IMPORTS AND EXPORTS OF GOLD AND SILVER

Week ended August 4, 1938

Imports: From	Bullion	Coin	Exports: To	Bullion	Coin
GOLD	£	£	GOLD	£	£
British E. Africa	11,633	...	Sweden	775,578	...
British India	...	370,996	Netherlands	294,109	
Australia	65,600	...	France	5,601	364,008
Canada	...	158,333	Syria	...	37,388
Netherlands	28,350	19,752	Switzerland	199,200	70,391
Switzerland	33,174	7,059	Morocco		38,767
Venezuela	6,300	...	United States	729,648	...
Total*	158,032	564,371	Total*	1,737,453	805,436
SILVER			SILVER		
Eire	30	3,132	Canada	1,090	...
British Guiana	...	1,000	Sweden	160	...
Germany	9,027	31	Germany	17,160	...
Netherlands	...	483	Netherlands	1,408	...
France	...	593	France	404	
Switzerland	...	199	Other countries	2,066	866
Iraq	...	700			
Total*	9,795	7,316	Total	22,288	866

* Including other countries.

EXCHANGE RATES (Monthly Tables)

SOUTH AFRICA

(BUYING RATES PER £100 STERLING)

	T.T.	Sight	30 days' sight	60 days' sight	90 days' sight
London on:	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Rhodesia	100 5 0	100 10 3	100 18 6	101 6 9	101 15 0
S. Africa	100 17 6	101 2 9	101 11 0	101 19 3	102 7 6

(SELLING RATES PER £100 STERLING)

	Sight	Telegraphic
London on:—	£ s. d.	£ s. d.
Rhodesia	99 15 0	99 15 0
South Africa	100 2 6	100 2 6

AUSTRALIA AND NEW ZEALAND

	London on Australia and New Zealand*				Australia and New Zealand on London*			
	Buying		Selling		Buying		Selling	
	Australia	New Zealand	Australia (any Mail)	New Zealand (any Mail)	Australia	New Zealand	Australia (any Mail)	New Zealand
T.T.	...	...	125	124	125	124	125$1_2$	124$1_2$
	(†)	(†)			Air Mail / Ord. Mail			
Sight	126$1_8$	125$5_8$	125$1_{16}$	124$1_{16}$	124$1_{16}$ / 124$1_{16}$	123 $\frac{31}{32}$	125$7_{16}$	124$7_{16}$
30 days	126$5_8$	125$7_8$	...	...	124$1_2$ / 124$5_8$	123 $\frac{31}{32}$	125$5_{16}$	124$5_{16}$
60 days	127$1_8$	126$5_8$	...	...	124$1_4$ / 124$1_8$	123 $\frac{31}{32}$	125$3_{16}$	124$5_{16}$
90 days	127$9_8$	126$7_8$	...	...	124 / 123$7_8$	122 $\frac{31}{32}$	125$1_{16}$	124$1_{16}$

* All rates (Australian and New Zealand) now based on £100.—London
† Intermediate rates will be calculated on the basis of 2s. 6d. for every seven days.

CENTRAL AND SOUTH AMERICA

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 Paraguay, are related to the United States dollar, and the approximate sterling rates may be obtained by applying the dollar-sterling exchange rate.

*Bolivia** Banking exchange rate on London was 140 bolivianos per £ on June 22, 1938.

*Colombia.** Sight selling rate on New York was 180·05 pesos per 100 U.S. dollars on June 25, 1938. This rate applies to holders of permits buying in the "open" market.

Ecuador. Sight selling rate on New York was 14·80 sucres per U.S. dollar on June 24, 1938.

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 was fixed by the National Bank at 5·52$1_2$ cordobas per U.S. dollar (including 10 per cent. tax and 1_2 per cent. commission) on July 9, 1938.

Paraguay. Exchange is quoted on Buenos Aires; the sight selling rate was 70·75 Paraguayan pesos per Argentine "free" paper peso on June 22, 1938.

El Salvador. Sight selling rate on New York was 2·51 colones per U.S. dollar on June 29, 1938.

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

	Changed	From %	To %
Albania	Apr. 1, '37	6$1_2$	6
Amsterdam	Dec. 2, '36	2$1_2$	2
Athens	Jan. 4, '37	7	6
Batavia	Jan. 14, '37	4	3
Belgrade	Feb. 1, '35	6$1_2$	5
Berlin	Sept. 22, '32	5	4
Brussels	May 30, '38	4	3
Bucharest	May 5, '38	4$1_2$	3$1_2$
Budapest	Aug. 28, '35	4$1_2$	4
Calcutta	Nov. 28, '35	3$1_2$	3
Copenhagen	Nov. 19, '36	3$1_2$	4
Danzig	Jan. 2, '37	5	4
Helsingfors	Dec. 3, '34	4$1_2$	4
Kovno	July 1, '37	5$1_2$	5
Lisbon	Aug. 11, '37	4$1_2$	4
New York Fed. Reserve	Aug. 26, '37	1$1_2$	1
Madrid	July 15, '35	5$1_2$	5
Montreal	Mar. 11, '35	...	2$1_2$
Oslo	Jan. 5, '38	4	3$1_2$
Paris	May 12, '38	3	2$1_2$
Prague	Jan. 1, '36	3$1_2$	3
Pretoria	May 15, '33	4	3$1_2$
Tallinn	Oct. 1, '35	4	4$1_2$
Riga	Nov. 1, '36	5$1_2$ / 6	5a / 5$1_2$$b$
Rio de Janeiro	May 31, '35	...	3$1_2$
Rome	May 18, '36	5	4$1_2$
Sofia	Aug. 15, '35	7	6
Stockholm	Dec. 1, '33	3	2$1_2$
Swiss Bank places	Nov. 25, '36	2	1$1_2$
Tokio	Mar. 11, '38	3·285	3·46
Vienna	July 10, '35	4	3$1_2$
Warsaw	Dec. 18, '37	5	4$1_2$
Wellington	Mar. 2, '36	3$1_2$	2$1_2$
Irish	June 30, '32	3$1_2$	3

Central Bank of Chile.—Discount rate for member banks, 4$1_2$%; discount rate for the public, 6%. (*a*) 5% applied to banks and credit institutions. (*b*) 5$1_2$% applied to private persons and firms.

OIL OUTPUTS

Dacia Romano Petroleum Syndicate, Ltd.—Gross output for June, Dacia 1,527 tons, Perimeter X 3,138 tons, Starnaphta 481 tons.

Phœnix Oil and Transport Company, Ltd.—The gross output of crude oil of the Phœnix group for June was 60,208 tons. Gross production for group in July, 59,181 tons.

Tampico Oil, Ltd.—The total output from the company's properties in Mexico during June was 6,883 barrels, in respect of which the royalty due to Tampico Oil, Ltd., was 516 barrels.

The Venezuelan Oil Concessions, Ltd.—Total output for week ended July 2, 1938: 1,041,025 barrels. Total output for week ended July 9, 1938 was 1,009,205 barrels. Total output for week ended July 16, 1938, 1,059,033 barrels. Total output for week ended July 23, 1938, was 964,950 barrels. Production for week to July 30th was 1,029,678 barrels, against 964,950 in previous week.

Trinidad Petroleum Development Company, Ltd.—Output for week ended July 23rd: 58,202 barrels. For week to July 30th, production was 56,225 barrels.

British Controlled Oilfields, Ltd.—Total output for week ended July 23rd: 13,068 barrels. Production for week to July 30, 11,927 barrels (of which 10,170 from Western and 1,757 from Central Area).

Anglo-Ecuadorian Oilfields. — Production for July, 1938, 23,370 tons.

Lobitos Oilfields.—Peruvian company's production for July, 29,231 tons.

Anglo-Iranian Oil Company. — In May, 1938, production in Iran was 908,000 tons, making 4,513,000 tons for the five months from January 1st.

BANKS

Commercial Bank of Australia.—Net profit for year to June 30, 1938, £262,384, against £247,435. To reduction of premises, £30,000; final preference dividend, £42,347; final ordinary dividend at 7$1_2$ per cent. p.a., £75,000. Carry forward, £109,361. Dividends payable in Australian currency.

INSURANCE

Union Insurance Society of Canton.—Negotiations have been concluded between this society and the principal shareholder of the British Oak Insurance Company to purchase the controlling interest in the last-named company. Other shareholders will receive an offer on similar terms. The business of British Oak Insurance will be carried on as before from its head office.

Investment

TRANSPORT RECEIPTS

BRITISH RAILWAY TRAFFICS

	Gross Receipts, week ended July 31 (£'000)					Aggregate Gross Receipts. 30 weeks (£'000)				
	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts
L. M. & S.—										
1937	*1115*	*471*	*223*	*694*	**1,809**	*15,370*	*14713*	*7,752*	*22,465*	**37,835**
1938	1108	383	210	593	**1,701**	15,405	13783	7,582	21,365	**36,770**
L. & N. E. (*a*)—										
1937	*654*	*334*	*217*	*551*	**1,205**	*9,983*	*10158*	*7,421*	*17,579*	**27,562**
1938	638	285	199	484	**1,122**	9,864	9,585	7,177	16,762	**26,626**
Great Western—										
1937	*478*	*216*	*109*	*325*	**803**	*6,439*	*5,947*	*3,383*	*9,330*	**15,769**
1938	482	174	96	270	**752**	6,393	5,622	3,282	8,904	**15,297**
Southern—										
1937	*595*	*67*	*30*	*97*	**692**	*9,657*	*1,874*	*933*	*2,807*	**12,464**
1938	600	63	32	95	**695**	9,621	1,811	912	2,723	**12,344**
Total—										
1937	*2842*	*1088*	*579*	*1667*	**4,509**	*41,449*	*32692*	*19,489*	*52,181*	**93,630**
1938	2828	905	537	1442	**4,270**	41,283	30801	18,953	49,754	**91,037**

(*a*) Week ended July 30.

CUMULATIVE AND WEEKLY COMPARISONS

(000's omitted)

	L.M.S.	L.N.E.R.	Great Western	Southern
Cumulative Figures				
Gross increase, second half 1937, over second half 1936	+ 1,443	+ 1,099	+ 647	+ 372
Gross decrease, first half 1938, over first half 1937	− 780	− 638	− 318	− 105
Gross decrease, second half 1938, over second half 1937:—				
4 weeks to July 31, 1938 ...	− 285	− 298	− 154	− 15
Weekly Figures				
Av. weekly decrease, 2nd half 1938	−71·25	−74·50	−38·50	− 3·75
Latest week compared with 1937 ...	*− 108*	*− 83*	*− 51*	*+ 3*
Latest week compared with average 1927–30	*+ 150*	*− 28*	*+ 76*	*+ 142*

IRISH RAILWAY TRAFFICS

Company	Gross Receipts, week ended July 29 (£'000)			Aggregate Gross Receipts 30 weeks (£'000)		
	Pass.	Goods	Total	Pass.	Goods	Total
Belfast & Co. Down—						
1937	*4·8*	*0·4*	*5·2*	*75·6*	*14·8*	*90·4*
1938	4·9	0·4	5·3	72·4	12·8	85·2
Great Northern—						
1937	*19·9*	*10·0*	*29·9*	*309·2*	*284·6*	*593·8*
1938	16·0	9·9	25·9	303·7	264·1	567·8
Great Southern—						
1937	*56·0*	*35·2*	*91·2*	*1014·1*	*1225·0*	*2239·1*
1938	52·1	39·1	91·2	1018·0	1169·6	2187·6

OVERSEAS WEEKLY TRAFFIC RECEIPTS

INDIAN

Name	Weeks	Ending	Gross Receipts for Week 1938	+ or −	Aggregate Gross Receipts 1938	+ or −
		1938	Rs.	Rs.	Rs.	Rs.
Bengal & N.Western	16	July 20	‡8,80,577	− 1,50,768	1,24,43,030	− 6,21,616
Bengal-Nagpur	14	10	‡21,89,000	− 3,96,076	2,70,63,230	− 2,29,634
Bombay, Bar. & C.I.	16	20	‡25,70,000	− 2,000	3,75,12,000	− 9,75,000
Madras & S. Mah....	14	10	‡19,99,000	+ 1,44,964	2,21,70,650	+ 11,19,987
S. Indian	14	10	‡14,81,515	− 12,841	1,58,29,805	+ 1,01,257

‡ 10 days.

CANADIAN

		1938	$	$	$	$
Canadian National	29	July 21	3,296,205	− 408 178	92,203,345	− 13775217
Canadian Pacific...	30	31	‡3,750,000	− 292,000	72,378,000	− 6,454,000

‡ 10 days

SOUTH & CENTRAL AMERICAN

		1938				
Antofagasta	30	July 31	£11,160	− 8,720	473,410	− 30,710
Argentine N.E.	4	30	‡£184,400	+ 12,600	804,100	+ 67,500
			*£11,439	+ 781	49,882	+ 4,187
B.A. and Pacific.....	4	30	‡$1,202,000	− 115,000	5,075,000	− 812,000
			*£74,566	− 7,134	314,827	− 50,372
B.A. Central	3	16	$113,000	− 43,800	293,700	− 82,100
B.A. Gt. Southern...	4	30	‡£2,124,000	+ 38,000	8,712,000	+ 540,447
			*£131,762	+ 2,358	537,655	+ 2,792
B.A. Western	4	30	‡£639,000	− 124,000	2,684,000	− 565,000
			*£39,640	− 7,693	166,500	− 35,051
Central Argentine....	4	30	‡$1,637,350	− 675,550	7,202,050	− 3,595,300
			*£101,573	− 41,907	416,778	− 223,032
Central Uruguayan	3	23	*d*£152,773	+ 11,724	487,822	+ 16,457
			e£17,804	+ 1,936	56,849	+ 3,706
Leopoldina	30	30	M2099000	+ 172,000	49,908,000	− 3,430,000
			£24,226	− 1,548	569,827	− 114,686
Mexican Railway ...	29	21	$255,400	− 30,300	818,700	− 11,600
Nitrate	30	31	*a*‡£5,209	− 404	90,505	− 4,861
United of Havana ...	4	30	£16,251	− 5,342	67,329	− 16,647

* Converted at average official rate 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."

SUEZ CANAL RECEIPTS

		1938	£	£	£	£
Transit Receipts‡ ...	28	July 20	279,300	− 6,500	5,345,500	− 918,600

‡ 10 days.

LONDON TRANSPORT BOARD

	Receipts	Compared with prev. Year
	£	£
Week ending July 30, 1938, before pooling	567,000	+ 14,900
Total, 5 weeks to date	2,855,300	+ 34,700
L.P.T.B. receipts 52 weeks to June 25, 1938	29,388,200	+ 657,100
L.P.T.B. receipts, 52 weeks to June 26, 1937	28,732,000	+ 255,000
L.P.T.B. receipts, year to June, 1937, after pooling	30,247,378	+ 522,655
London Transport Pool receipts, year to June 30, 1937...	41,377,929	+ 771,590

TRANSVAAL GOLD OUTPUT

Statistics for June, 1938 (on basis of £7 0s. 6d. per fine ounce)

Name of Mine and Group	Tons Milled	Output Fine ozs.	Net Estimated Value	Working Costs	Profit	Working Costs Per Ton
			£	£	£	s. d.
Anglo-American Corporation ...						
Brakpan Mines	135,500	...	249,953	145,928	104,025	...
Daggafontein Mines	144,500	...	287,042	151,326	135,716	...
Spring Mines	151,500	...	302,268	153,021	149,247	...
West Springs	89,500	...	127,555	81,342	46,213	...
Central Mining—Rand Mines						
City Deep	107,000	20,855	146,787	...	20,362	23 7·5
Cons. Main Reef ...	162,000	29,900	210,243	...	47,110	20 1·7
Crown Mines	352,000	86,264	606,673	...	255,811	19 11·2
Durban Roodpt. Deep	112,000	22,271	156,569	...	38,715	21 0·5
East Rand Prop. ...	215,000	47,508	334,091	...	100,040	21 9·2
Geldenhuis Deep ...	65,500	9,826	69,119	...	16,025	16 2·6
Modderfontein B. ...	90,000	15,162	106,593	...	44,054	13 10·8
Modderfontein East..	123,000	23,378	164,170	...	56,548	17 6·0
New Modderfontein..	195,000	36,268	255,082	...	105,243	15 4·4
Nourse Mines	81,000	16,689	117,326	...	23,007	23 3·4
Rose Deep	78,000	12,846	90,347	...	16,605	18 10·9
General Mining						
Van Ryn Gold	61,300	...	55,193	...	5,505	16 7
West Rand Cons. ...	174,000	...	243,105	...	98,633	16 11
Goldfields			£	£	£	s. d.
Simmer and Jack ...	112,000	24,509	172,009	...	55,065	20 11·2
Robinson Deep	115,000	27,277	191,568	...	80,357	19 4·3
Sub Nigel	60,000	42,407	297,869	...	197,334	33 6·1
Vogelstruisbult	68,500	16,301	114,513	...	29,420	24 10·1
Rietfontein Cons.	26,500	3,980	27,941	...	10,294	13 4·0
Luipaards Vlei	53,000	11,151	78,337	...	21,207	21 10·3
Johnnies Group						
East Champ D'or ...	27,000	...	48,384	...	16,101	24 0
Government Areas ...	216,000	...	374,592	...	180,007	18 2
Langlaagte Estate ...	101,000	...	106,085	...	10,066	19 4
New State Areas	124,000	...	254,733	...	140,121	18 9
Randfontein Estates	390,000	...	438,773	...	110,022	17 0
Van Ryn Deep	107,000	...	124,807	...	32,130	17 6
Witwatersrand	88,000	...	98,943	...	12,558	19 11
Johnnies Group Total	1,053,000	...	1,446,317	...	501,005	18 2
Union Corporation						
East Geduld	147,000	42,638	300,080	120,853	179,227	...
Geduld Prop.	108,500	27,131	191,983	80,160	111,823	...
Modder Deep	49,600	6,853	48,382	40,080	8,302	...
Van Dyk Cons.	60,000	10,742	75,659	68,052	7,607	...
Other Mines						
Glynn's Lydenburg	8,500	2,662	18,716	...	4,981	32 3·8
New Kleinfontein ...	72,000	13,768	96,823	68,693	28,130	19 1
Transvaal Gold	29,200	4,633	32,581	...	4,432	19 3·4
Witwatersrand Deep	49,300	8,333	58,410	49,005	9,405	...

Transvaal Output, Employment and Working Profit.—Gold output, June, 1938: Witwatersrand, 990,934 fine ounces; outside districts, 27,778 fine ounces; total, 1,018,712 fine ounces. Value for purposes of declaration, £7 0s. 6d. Total output, May, 1938: 1,019,251 fine ounces. The number of natives employed at end of June was: Gold mines, 320,749; coal mines, 17,213; total, 337,962. Total estimated working profit for June, 1938: Witwatersrand, £2,582,081; outside districts, £9,413; total, £2,591,494. Comparable figures for May, 1938: Witwatersrand, £2,566,965; outside districts, £9,476; total, £2,576,441.

THE WEEK'S COMPANY RESULTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation: Dividend: Prefce. Amount	Appropriation: Dividend: Ordinary: Amount	Appropriation: Dividend: Ordinary: Rate	Carried to Reserve, Depreciation, etc.	Balance Forward	Corresponding Period Last Year: Net Profit	Corresponding Period Last Year: Dividend
Breweries		£	£	£	£	£	%	£	£	£	%
All Saints' Brewery	June 30	30,704	15,603	46,307	2,466	11,282	25	...	32,559	16,570	25
Colchester Brewing	June 30	59,827	15,905	75,732	3,872	9,208	10	2,000	60,652	16,293	10
Friary Holroyd, etc.	June 30	27,827	136,205	164,032	20,936	77,018	13	40,000	26,078	139,162	13
Guinness (Arthur) Son	June 30	902,548	1,784,084	2,686,632	88,500	1,599,375	29	93,472	905,285	1,964,295	29
Showells Brewery	June 30	32,773	28,826	61,599	10,177	17,600	30	...	33,822	33,465	30
Watney Combe Reid	June 30	325,586	1,390,637	1,716,223	211,663	573,374	18	616,756	314,430	1,469,846	19
Oil											
Tocuyo Oilfields	Dec. 31	*Dr276,747*	3,822	*Dr272,925*	...	...	...	8,976	*Dr281901*	7,790	...
Rubber											
Zuru Estates	Mar. 31	1,531	4,175	5,706	...	2,400	3	2,000	1,306	6,075	5¼
Textiles											
Kelsall and Kemp	June 30	59,860	48,960	108,820	20,650	12,515	3¾	21,044	54,611	75,670	5
Tootal Broadhurst, etc.	June 30	112,069	130,323	242,392	14,750	78,648	12½	25,000	123,994	205,476	12½
Trusts											
Edin. and Dundee	June 30	19,769	73,132	92,901	23,852	26,414	7½	20,000	22,635	74,278	7½
Sec. Clydesdale Inv.	July 1	18,621	27,991	46,612	11,250	7,475	5	10,000	17,887	29,817	5
Sec. Scott. West. Inv.	July 1	32,436	38,940	71,376	22,375	11,934	4	...	37,067	45,268	4
Other Companies											
Anglo-Alpha Cement	June 30	30,784	104,130	134,914	...	83,886	10	26,209	24,819	91,177	5
Associated British Picture	Mar. 31	93,346	759,487	852,833	90,000	266,875	20	411,623	84,335	869,645	18
Benn Brothers	June 30	12,800	38,718	51,518	4,805	23,585	15 & 300	14,500	8,628	41,787	15&300
Gabriel Wade & English	May 31	41,430	82,726	124,156	16,250	26,480	8	38,552	42,874	109,196	8
Goulding (W. and H. M.)	June 30	8,006	33,979	41,985	6,875	18,900	6	6,000	10,210	33,248	6
Greenwood (John) Millers	June 30	7,407	22,574	29,981	14,117	12,906	5	...	2,958	52,399	12
Ismay (John) and Sons	Mar. 31	7,924	40,857	48,781	13,000	27,000	45	2,999	5,782	44,174	45
Jones' Sewing Machine	May 31	5,383	3,447§	8,830	2,876	3,983	6	...	1,971	8,230	6
Midhurst Whites	Mar. 31	...	3,894	3,894	...	1,950	4¼	1,767	177	(*a*)	(*a*)
Owen & Robinson	May 31	11,508	6,790	18,298	2,100	2,800	8†	1,000	12,398	5,574	7†
Rubens-Rembrandt A. Hotels	June 30	...	9,257‡	9,257	...	...	...	...	9,257‡	17,218	...
Total Profits, 1938, in £'000s:	*No. of Cos.*										
To July 30	*1,637*	*62,344*	*228,304*	*290,648*	*37,753*	*120,875*	...	*64,117*	*67,902*	*204,301*	...
To Aug. 6	*1,660*	*63,909*	*233,105*	*297,014*	*38,333*	*123,769*	...	*65,458*	*69,454*	*209,658*	...

† Free of income tax. ‡ To Income Bond Service Fund; balance struck after debenture interest, before income bond arrears.
§ After crediting £11,952 from reserves no longer required. *b* About 57 weeks.

DIVIDEND ANNOUNCEMENTS

Rates are actual, unless stated per annum or shown in cash per share. Rate for previous year refers to total dividend, unless marked by asterisk to indicate interim dividend.

Company	*Int. or †Final	Total	Payable	Prev. Year
MINING	%	%		%
Burma Corp.	27½††	61⁷/₁₃‡	Sept. 28	126⁹/₁₃‡
Broken Hill South	10*	...	Sept. 15	25*
INDUSTRIALS				
Assoc. Brit. Picture	10†	20	...	18
Barracks Fabrics	5*	...	...	6¼*
Brightside Foundry	...	25*a*	...	22½
Bushell Watkins, etc.	16†	21	...	21
Cables Inv. Tr.	3†	5	...	5
Crossley Bldg.	3*	...	Sept. 10	3*
Clifford Williams	...	25	Aug. 19	25
Denman St. Trust	2*	...	Aug. 10	Nil
Field Sons	a5*	...	...	5*
Fife Coal	3*‡	...	Sept. 1	3*‡
Fleming Reid	35½*	...	Sept. 1	5*
Friary Holroyd	8†	13	...	13
Grand Canal	¾*	...	...	1*
Greenfriar Inv.	1½*	...	Aug. 17	1½*
Guinness (Arthur)	17†	29	...	29
Hadfields	7½*	...	Aug. 31	7½*
Heath (G. H.) & Co.	5*	...	...	5*
Hillhead Hughes	5*	...	Aug. 15	5*
Holborn and Frascati.	2*	...	Sept. 1	2*
Holden (Isaac)	‡2½†	5‡	Sept. 1	12½‡
Impd. Wood Pavem't	5*	...	...	5*
Laycock Engraving	...	7½	Sept. 30	5
Lea Bridge Gas	4¼*	...	...	4¼*
Makin (J. & J.)	5†‡	10‡	...	15‡
Meccano	...	15‡	...	7‡
Merchants' W'hsing.	a5†	8*a*	...	15
Northampton El. Lt.	4*	...	Aug. 27	4*
Norvic Shoe (Pref. Or.)	2½†	5	...	8¾
Oxley Enging.	...	12½	...	13⅛pa
Paterson Engin.	...	12½	...	12½
Proprietary Theatres	2½*	...	...	2½*
Reckitt and Sons	§5*	...	...	§5*
Rochdale Canal	1*	...	...	1*
Rosehaugh Co.	...	2½	Aug. 15	Nil
Rushden & Dis. Elec.	4*	...	Aug. 27	3½*
Saxone Shoe	2½*	...	Sept. 15	2½*
Solus, Teoranta	...	10	...	5
Spratt's Patent	5*	...	Aug. 13	5*
Toogood and Sons	...	3½	Sept. 3	3
Tootal Broadhurst	...	12½	...	12½
Wakefield Gas	2½*	...	Sept. 1	2½*
Watney Combe, etc.	12†	18	...	19
Woolcombers	‡5*	...	Aug. 19	5*
Younger (Wm.)	16†	31	...	30

‡ Tax free. (*a*) On larger capital.
§ Quarterly.

GAS LIGHT AND COKE COMPANY.—Interim ordinary dividend unchanged at £5 12s. per cent. per annum.

TRUST OF INSURANCE SHARES.—Distribution of 3·5177d. per unit, tax free, making 6·3592d. net for year.

HECTOR WHALING.—Results for the year to July 31st do not justify payment of interest on 8 per cent. participating redeemable unsecured debenture stock. Payment on the 5½ per cent. secured notes has been approved.

BURMA CORPORATION.—Final dividend is 4 annas per share (holders on London register being paid at rate of 1s. 5²⁹/₃₂d. per rupee, or 4·4765625d. per share), or 2½ per cent. free of Burman and British tax. This makes for year to June 30, 10 annas per share, or 16¹⁷/₁₈ per cent. tax free, against 18½ annas, or 12¹¹/₁₂ per cent. tax free for 1936–37.

BANK INSURANCE AND FINANCIAL SHARES TRUST.—Distribution payable August 15th of 3·4d. per unit, tax free (same rate as previous distribution).

INTERNATIONAL NICKEL COMPANY OF CANADA.—Quarterly dividend of 50 c. per share of common stock, payable September 30th. This is the same as for first and second quarters of 1938 and for each quarter of 1937, though in last quarter of 1937 25 c. extra was paid.

GENERAL MOTORS CORPORATION.—Quarterly dividend on common stock payable September 12th, is 25 c. per share (same as for first and second quarters). For third quarter of 1937 $1 per share was paid.

SHORTER COMMENTS

(Continued from 301)

Unit Trust Yields.—Fifteen Moorgate Unit Trusts, Ltd., announce that the published yields on all the Trusts they manage will in future be certified by their auditors, Messrs Brown, Fleming and Murray. (A note on Unit Trust Yields appeared on page 236 of *The Economist* of July 30th.)

John Greenwood Millers (1934).—For year to June 25, 1938, total income is £33,871 against £70,617. Tax and N.D.C., £10,624 (£17,280); expenses, £673 (£938); preference dividend, £14,117 (£14,518); 5 per cent. ordinary dividend, £12,906 (£31,719, or 12 per cent.). Forward, £2,958 (£7,407). Operating companies' combined profits, £24,355 (£58,369).

John Ismay and Sons.—Trading profit for year to March 31, 1938, is £1,251 lower at £43,837. Depreciation, £2,999 (£2,912); tax and N.D.C., £3,000 (£1,000). Ordinary dividend, 45 per cent. Carry-forward, £5,782 (£7,924).

William P. Bonbright and Company.—A declaration of solvency has been filed by this discount market firm, it having been announced on July 14th that the business would be discontinued.

Richard Thomas and Company.—A new private company, "E.V. Finance and Holding Company, Ltd.," has been formed to hold securities in Richard Thomas and Company. Nominal capital is £110 in £1 shares (20 "A" and 90 "B" shares). Representatives of the Bank of England are on the board. Objects include original subscription of £5,500,000 (or any lesser amount) 4½ per cent. redeemable prior lien mortgage debenture stock of Richard Thomas.

Brazilian Warrant Agency and Finance Company.—The scheme of arrangement submitted to the general meeting on July 27th was passed on a poll, 1,001 shareholders representing 1,448,491 votes being for, and 7 shareholders representing 1,000 votes being against the scheme.

Celanese Corporation of America.—Net profit (partly estimated and subject to audit) for second quarter of 1938, after charges, is $426,050 (against $114,275 in the first 3 months). Consolidated earnings and income for year to June 30th are $3,220,096; depreciation $1,338,029, and after this and other charges, net income is $1,557,446.

Radio Corporation.—For quarter to June 30th last, net profit is $1,087,000 or 2c. per common share (against $2,404,000 or 11c. per share a year ago). Half-year's earnings are thus $2,524,800 (7c. per share) against $4,647,386 (22c.) a year ago.

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Man Power

NOW that Parliament has gone into recess the affairs of the State—and in particular the great problems of international diplomacy and re-armament—are in the sole charge of the executive. For three months neither stimulus nor restraint can be exercised across the floor of the House. In the circumstances, though we cannot hope to be free from recurring crises, no important change in the general direction of policy is to be anticipated. Unhappily, no real progress has yet been made at any of the international danger spots. The British plan for evacuating the volunteers from Spain is still held up by General Franco; Europe is alarmed by rumours of troop movements in Germany; while in the Far East, Russia and Japan all but launched into a new war. The need for preparedness in Great Britain is therefore as urgent as ever, and the defence departments must drive full speed ahead.

Of all the many aspects of this problem, that of the use of British man power appears to have been the least clearly thought out and has, indeed, been given little serious discussion. This is in part due to the deep political feeling aroused, in a country which values freedom as one of its most cherished achievements, by any suggestion of conscription. Other cogent reasons are, on the one hand, the apparent lack of precision in the Government's ideas about how our man power should be used if we were faced with the supreme crisis; and, on the other, deep-seated distrust of the Government's diplomacy, which has prevented any united national action in this matter.

As to the first of these points, it would seem probable that the threat of a new type of warfare which will involve the whole population is beneath the surface creating a new attitude towards national service. Certain it is that the great mass of people will look to the Government to tell them what to do, and a very great number would wish to be prepared in advance. If such a change is indeed taking place, it would only mean that British public opinion is falling into line with that of other democracies. On this matter, British opinion stands alone in suspecting that conscription is a weapon of autocracy or a sign of tyranny. In actual fact it was invented in the most democratic period of the French Revolution; it was used by the Americans in their war against England, and is to-day regarded not only in that country but in other democracies as a sign of equality of service. Nor can it be condemned out of hand as fostering militarism when it is remembered that compulsory service in some form exists not only in France and Czechoslovakia but in Scandinavia and in Switzerland, and that it has been adopted in some of the British Dominions. Indeed, it is one of the chief ways in which most democracies in the world give effect to the principle that the citizen has duties to the State as well as rights. In many countries it would be argued that a citizen army is a safeguard of democracy, while a professional army is an organism with class interests of its own, potentially dangerous to the democratic principle.

The dislike of compulsion for military purposes, however, is very deep-seated in England and is reinforced by doubts—which appear to be shared by the Government—about the nature of the next war. It seems unlikely that Great Britain will be called on to place large masses

of troops in a European theatre of war, and, in view of the air menace, it would be much more difficult to maintain them there than it was twenty years ago. On the other hand, we may be forced to evacuate large numbers of people from urban centres, to improvise new transport routes and policing and hospital arrangements, and we shall certainly have to set up very rapidly a centralised direction of our industrial efforts. For these reasons a national register of the population rather than conscription has been suggested. This plan sounds very well in theory, for it would clearly be an ideal state of things if everyone could be told what to do in a state of emergency. But the ideas of those who put the scheme forward are nebulous, and there is obviously no point in organising a costly and cumbersome register unless the Government is much clearer than it is at present as to how it should be used. There are limited groups of people, such as doctors, skilled engineers and others, to whom instructions should be issued as soon as a crisis arose in order to prevent the waste of skill and talent that occurred during the Great War. But the problem is to have a limited number of people trained in certain duties and others on whom responsibility would rest to give instruction, rather than to attempt in advance to appoint war stations for the whole nation.

The third difficulty in the organisation of man-power is suspicion of Government policy and the fear that to give the Government increased authority to instruct individuals to do this or that, would encourage Fascist tendencies in the State, and would be to some extent a condonation of a diplomacy which is suspected of being unduly favourable to dictatorship. But national service would not restrict the right of criticism; and experience in other democracies does not confirm the fear that it would encourage fascism.

From this general background two conclusions emerge. The first is that the case for compulsory service has not yet been made out, and that the Government is wise to hold its hand. The second is that we can only expect to get full value from voluntary service if the Government is able to enlist the active support of the Opposition parties in favour of whatever measure for enrolment of man-power may be necessary. An internal dispute over conscription would have a disastrous effect on British prestige abroad. A really impressive demonstration of the possibilities of voluntary service would be an encouragement to democracy everywhere.

Stimulated by the menace of possible war, the voluntary system has in recent months shown gratifying results in Great Britain. Record numbers have joined the Territorials; and recruitment for the three regular fighting services has reached peak figures. In spite of inadequate preparation and in the face of a certain amount of muddle, volunteers for A.R.P. service already exceed half a million, and with more careful planning the numbers should, by the autumn, easily exceed the million required. In the present temper of the country, much more still could unquestionably be done in many directions if the public were taken into confidence and told what is really needed.

There is no likelihood whatever of this country becoming war-minded or of its policy becoming aggressive. But it is equally true that it would have a steadying effect on international politics if it were demonstrated beyond question that the people of Great Britain were ready forthwith to take whatever action might be needed to fit the country for the defence of democracy and international decency.

If this impression is to be given to the world, three things are needed. First the Government should take representatives of the Opposition parties into conference to consider with them how best the man-power of the nation might be organised to meet the possibility of war. Secondly, on the basis of agreed decisions, an immediate effort should be made to mobilise voluntary service to the fullest possible extent. Finally, in order to get the fullest possible response, the Government should seek to harmonise its international policy as closely as possible with the democratic sympathies of half—indeed, of probably more than half—of the nation. The last is perhaps the most important point of all. It is certain that in the last resort the nation will respond to the call; for behind all differences of policy there is a universal realisation that the British Empire is one of the two greatest bulwarks of freedom in the world. But a demonstration of unity now would be the most effective way of preventing war. The Government could, we believe, achieve this if it set about it in the right way.

Truce in the Far East

LITTLE hills have played big parts in history; and many decisive battles of the world have raged round a trifling eminence. This week we have been on the verge of another undeclared war about the little knoll of Changkufeng in the tangle of frontiers between the Russian Maritime Province, Japanese Korea and the equally Japanese Manchukuo. But on Thursday morning the welcome news was flashed across the world that a truce had been arranged; and we may, therefore, give thanks for another danger passed, if not removed.

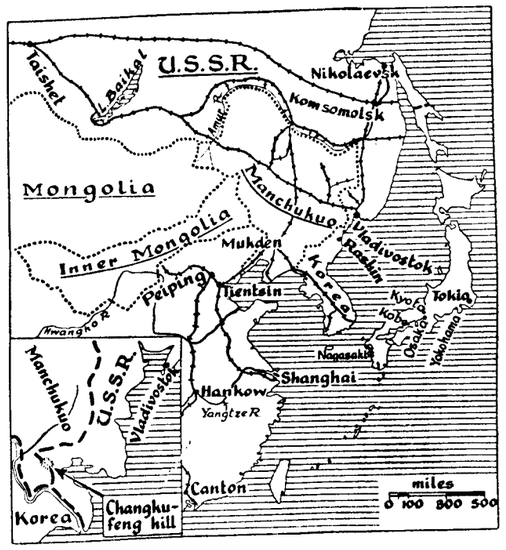
After the Japanese militarists of the Araki school ran amok on the Asiatic mainland in the autumn of 1931, overrunning Manchuria and China's Northern provinces, the Soviet authorities, political and military, counselled caution and patience until the threatened Siberian, Outer Mongolian, Transbaikalian and Maritime regions of the Union should be economically and militarily susceptible of what was termed "self-contained defence." The seizure last year by Japan of the southern end of the old Imperial caravan route through Kalgan to Ulan Bator, capital of Outer Mongolia, and the extension of potential Japanese threats to Russia as far westwards as Lake Baikal, brought to a head this inflammation of Russo-Japanese relations.

In the intervening five years, the Moscow Government had cut its losses by selling the old Chinese Eastern Railway (formerly the eastern end of the Trans-Siberian line to Vladivostok through Manchuria) to Japan's puppet-state, Manchukuo; had doubled the alternative track from Karimskaya round the Russian side of the Manchurian border through Khabarovsk to Vladivostok; had begun an entirely new line, single-track, from Taishet, west of Baikal, across 2,500 miles of virgin country north of the Lake and hundreds of miles from Japan's new Asiatic frontiers, to Komsomolsk; and had made surprising progress in the industrial and agricultural development of these regions. The Red Banner (Far Eastern) Army was organised as an independent unit under Marshal Bluecher, complete with tank units, air force, and economic administration for food and munition supplies. Finally, and most remarkable, a large number of submarines—estimated at 18 ocean-going craft with 7,000-mile radius and another 50 to 70 smaller and speedier craft—were sent in parts by rail across Europe and Asia to the Russian Pacific ports of Vladivostok, Olga and Nahodka, where they now lie ready.

Moreover, successive expansions of the Red Army, and reductions of the conscript age, increased its effective strength from about 1,000,000 in 1933 to about 1,750,000 to-day. The Far Eastern Army has been raised to about 400,000 men, exclusive of trained police and customs guards; its air strength is about 1,000 planes, half of which are said to be modern heavy bombers based on the Maritime Province in underground aerodromes; and the entire self-contained organisation is balanced on three headquarters: Khabarovsk on the Amur river, looking west and south along Japan's borders; Chita in Transbaikalia; and, facing Japan's westward march, Ulan Bator in Outer Mongolia. This formidable defensive system is linked by triple lines of forts along the Russian frontiers, built at a cost of £93 millions; and it is reported now to be provisioned with food, fuel and munitions for a campaign of a year's duration. The new Turko-Siberian railway places all the resources of Kazakstan behind Marshal Bluecher; and a network of new roads, linking new factory-towns with the main railways, extends from the new industrial belt in the remote Urals to the new towns and harbours in the north of the Maritime Province itself. From this great military base, independent actions over a vast area can be waged with little fear of diversions or outflanking movements; and from the Maritime Province, the crowded industrial cities of Japan—Kobe, Yokohama, Tokyo, Osaka and Nagasaki—lie within a radius of 750 miles, i.e. within the aggressive compass of Russian heavy bombers, fully loaded.

Finally, the Sea of Japan, the bottle-neck of which, at the Straits of Tsushima, is Japan's shortest route to her Asiatic possessions, cannot be shut by the formidable Japanese Navy against Russian submarines. Thus, those dreaded craft, already outnumbering Japan's total submarine strength, may play havoc with Japanese transports, bearing her men or her much-needed materials, whether inside that sea, in its five sets of Straits, or beyond it.

THE FAR EASTERN TANGLE



On the Japanese side of the frontiers, the army in Manchukuo has been organised on a basis of about 120,000 crack troops and able generals, to whom have been added in the last strained six months another 175,000 Manchurian levies and less-trained soldiery. Since 1934, new railways and extensions of existing lines have been built, radiating through Manchukuo; strategic roads lead to frontier regions; and since the Japanese military authorities began their current war against China in July of last year, their formations have pushed out as far as the frontiers between Inner and Outer Mongolia, holding Inner Mongolia as another puppet-state. Rashin, a village on the Korean coast, has been made a naval station, threatening (and threatened by) Vladivostok. To China proper the Japanese militarists, led by General Itagaki, the War Minister, have already despatched 500,000 troops; and the various armies are divided, with long lines of communication and, in some cases, as far as 500 miles inside China. The flower of the Japanese Army in the north was until lately the Kwantung Army, headed by the Governor-General of Korea; and his recent recall by the moderate element in the Tokyo Cabinet, who feared his urgent demands for an immediate war with Russia, is said to have stimulated his colleagues in that army to precipitate, and independent, military action. This is an almost exact parallel, if true, to the events which unloosed the Japanese militarists on Manchuria in 1931.

Personal, as well as political factors, however, have been involved in the question whether border conflicts might be allowed to grow into a Russo-Japanese war. The Japanese extremists, anxious about the duration of the war in China and the help China still receives, emphasise three things: first, the weakening of the Russian morale by the recent purges (General Bluecher has only just returned to Khabarovsk from an "inquiry" at Moscow); secondly, the allegedly Russophobe sentiments of the British Government, which are expected to sway French counsels; and lastly, the reliability of the Italo-German-Japanese Anti-Communistic Pacts of 1936 and 1937. As to the last point, the German Foreign Minister this week assured the Japanese Ambassador in Berlin merely of "moral support" in a Russo-Japanese dispute. As to the repercussions in Europe as a whole, if the Japanese extremists had carried the day, in Tokyo as well as on the Asiatic mainland, it would have been because of their conviction that a war against Russia would rally all Japanese citizens to defend their "national existence," and would induce Germany to combine with Italy in a drive through Central Europe, thus opening the road to Russia across Czechoslovakia, Hungary and Rumania.

That such hopes should have been nourished shows the degree of desperation to which Japan's militarists have been reduced by disillusion. That disillusion arises from the vast and indeterminate campaign now on their hands in China. The spreading of that campaign into the wastes of Mongolia and Russia—wastes that will soon be as well defended by General Winter as by General Bluecher—did not appal the Napoleons of the Far East. It would assuredly appal even the most extreme military advisers of Western dictators, and this week's truce proves that second thoughts prevailed in Tokyo. On the other hand, it is now clear that, whether at the behest of Moscow or independently, the Far Eastern Army of the Soviet Union is ready to take that stand against Japan for which it was ill-prepared five years ago, and has resolutely been preparing. Indeed, that the Russians should have shown such militant resolution must have been responsible for the evident Japanese relief at the conclusion of a truce. It should not be forgotten—in London, Berlin and Rome as much as in Tokyo—that the Russian purgers as well as the purged have, during these five years, used one voice about Russia's need to face war in Europe and war in the Far East simultaneously. M. Stalin and Marshals Voroshilov and Bluecher, as well as the late Marshal Tukhachevsky, have long bent their energies to enable their country to face this evil contingency. It would seem that the strong stand taken by Russia has constrained even the jingoes of Japan to hesitate before the task of fighting both Russia and China at once.

Meanwhile the Russian and Japanese forces have ceased fire. They are to hold their present positions until a frontier commission, composed of two Russians, a Japanese and a "Manchukuan," has agreed to a line of demarcation on the basis of Russian, Chinese and Japanese pre-war maps. This reversion to a *status quo ante* has liberated Japanese energies for their aggression in China. Yet a lesson has been learned in Tokyo which may beneficently affect Europe as much as the Far East.

The Economics of Eire

THE Commission of Inquiry into the Banking, Currency and Credit of Eire, whose report has been issued this week, was appointed by the Government of what was then the Irish Free State in November, 1934. The report is dated March, 1938, so that the Commission's labours have extended over nearly three and a half years. Even for Commissions of Inquiry this is slow progress; but that the Commission has not been idle is apparent from the merest glance at the report. The Majority Report runs to well over 200,000 words, the Addenda and Appendices to about 150,000 words, and Minority Reports to another 60,000 at least. The Commission has put the widest interpretation upon its terms of reference, and the result is an encyclopædic—indeed, an altogether too encyclopædic—survey of every aspect not only of the banking, currency and credit of Eire but of its entire national economy.

This very remarkable volume* has been produced by no less remarkable a body. The Commission had twenty-one members. It was presided over by the Chairman of the Currency Commission. It included the permanent head of the Department of Finance, the Chairmen of the Industrial and Agricultural Credit Corporations, the Chairman of one bank and Directors of two others, the Professors of Economics of the three University Colleges of the country, a Roman Catholic Bishop, representatives of Labour, and finally, two external experts in the persons of Professor T. E. Gregory and Mr Per Jacobsson of the Bank for International Settlements. With a Commission of this varied—nay, variegated—character, to have produced a Majority Report signed by no less than sixteen of its members is an achievement that reflects the very greatest credit on the persuasive assiduity of the Chairman, Mr Joseph Brennan.

The Commission's warrant of appointment referred it primarily to matters of banking, currency and credit—but on these topics the Commission, for all its labours, has very few important recommendations to make, save for the all-important recommendation to leave things as they are. This is most clearly the verdict under the head of currency. The Commission is emphatic that the maintenance of parity with sterling is the only possible policy for Ireland. The commercial banking system is given an equally clear bill of health, and almost the only amendment recommended is that the Consolidated Bank Note Issue (some features of which are described in a Financial Note on page 331 of this issue of *The Economist*) should be allowed to lapse.

Great interest has been taken in Ireland in what the Commission has to say on the subject of a Central Bank. For years there has been strong pressure for the creation of some such institution to mark the nationhood of Ireland, matched by the equally strong pressure of the undeniable fact that, so long as the currency is convertible into sterling and the banks keep their reserves in London, there is nothing that an Irish Central Bank could do. The conclusions of the Commission bear all the earmarks of a compromise. The present Currency Commission (whose functions are virtually limited to the issue of currency and the holding of sterling assets against the notes issued) is to be renamed and its functions are to be enlarged. But the enlarged functions are not to include those usually attaching to a Central Bank. For example, there is to be no attempt to create a money market in Dublin, the commercial banks are not to be under the obligation of keeping reserve deposits with the new institution, and it is not even to take over the Government account from the Bank of Ireland. In short, the Currency Commission is to have a new title and a research department, and that is all. It seems to be an admirable solution of the problem, which should please politicians and bankers alike.

The tone of benevolent approval of present arrangements that characterises the chapters on currency and banking gives place to one of alarm when the Commission turns to the state of public finance. The reason for alarm lies not in the total of the debt (though the Report devotes much space to arguing the point) but in the relation of the annual debt charge to the Budget and in its rapid rate of increase. The expenditure of the State and local authorities is so high that something like 22 per cent. of the National Income has to be raised in rates and taxes—an alarmingly high proportion for a country in which there are so few large incomes. In these circumstances, whether the debt is large or small, it is not safe to increase it. But in point of fact, the debt has been increasing very rapidly. The gross total has risen from £13.9 millions in 1924 and £59.8 millions in 1932 to £85.4 millions in 1938. A steady increase at the rate of more than £4 millions a year in the indebtedness of the State, with a further £2 millions a year at least in the indebtedness of other public bodies is too much, when the national income is no more than £150 millions and the total collection of rates and taxes no more than £32 millions. If public indebtedness in the United Kingdom were increasing steadily by some £200 millions a year, which is the roughly comparable figure, a Commission of Inquiry would be fully justified in showing alarm—whether or not the increase were set off by assets of a more or less remunerative character. Increases in debt at this rate are clearly inflationary, and the Commission's conclusion, which calls for an end to debt increases and a beginning of debt redemption, is undoubtedly justified. It is more questionable, however, whether it would be possible to bring the era of borrowing to quite such a sudden end as the report appears to envisage, and provision might have to be made for a period of gradual transition.

The recommendations on public finance are the most forthright paragraphs to be found in the Report. But this is not the chapter that has provoked, and will continue to provoke, the greatest controversy. There is much more political dynamite in the comprehensive introductory chapter in which the Commission surveys the economic state of Ireland and assesses the results of the policies pursued by Mr De Valera's Government since 1932. The verdict, no less clear for being implied, is definitely unfavourable—and it is noteworthy that the Report is signed, without any reservation on this point, not only by the bankers and the economists, but by three eminent and avowed supporters of Mr De Valera. The evidence is, indeed, conclusive and fully documented. The Balance of Payments shows a deficit, and though the end of the "war" with England will bring some relief, three of the largest credit items—emigrants' remittances, British pension receipts and the yield of the Hospital Sweepstakes, together amounting to nearly half the total of exports—are either wasting or precarious assets. The National Income has shown a decline in money and an inadequate rise in real terms. The programmes of industrial and social development have only been financed by a considerable draft on the accumulated savings of the past. The agricultural policy, by encouraging the production of crops for which Ireland has no particular climatic or commercial advantages, has lowered the net product of agriculture and impaired its ability to export. The industrial policy has, indeed, increased urban employment; but only at the expense of raising the cost of living, which both directly injures the consumer and lowers the real national income and also indirectly prejudices the export trades. Ireland cannot possibly consume more than a fraction of the produce of her agriculture, or produce more than a fraction of her industrial requirements. All that policy can affect, therefore, is the margin between export and home consumption in agriculture, between import and home production in industry. To make small changes in these margins, policies have been adopted that have jeopardised the whole.

It is a formidable indictment, leading up to the major, though unexpressed, recommendation of the Report, that the main line of economic policy should be reversed. This will naturally be distasteful to Mr De Valera—so distasteful that he may well reject the whole Report on grounds of high policy. Indeed, the Commission might have achieved more of its purpose if it had been less sweeping and much more ready to make concessions to the human weaknesses of protectionism and self-sufficiency—or at least to recognise that these weaknesses are human. Fortunately, however, the conclusion of the economic "war," which has occurred since the Report was signed, provides a hopeful possibility of bridging the gap between Mr De Valera's policy and the Commission's recommendations. The end of the "war" does unquestionably blunt the edge of many of the criticisms in the Report and it will, for a time, lighten the economic outlook for Eire. But it changes nothing in the fundamental conditions within which Ireland must seek her prosperity, and of which the Commission has sought to remind the country.

If Mr De Valera were merely a time-serving politician he could use his recent agreement with London as an excuse for disregarding the whole Report. It would be a profound misfortune for the Irish people if he were to do so. But, fortunately, there is little reason to fear that he will so lower his stature as a statesman, for the recent General Election established his position so firmly that he is both enabled and compelled to look a long way ahead. The election on the political side and the end of the "war" on the economic have in combination given him an ample field for executing the difficult manœuvre of defending his past record against the Commission's criticisms while shaping his future policies in accordance with the hard realities to which the Report points. Mr De Valera will probably find it most practical to begin in the sphere of public finance, for the need of a definite plan is most urgent there, and it can be adopted with least offence to the vested interests. And from a determined attempt to put the finances of the State on a sound basis many other welcome modifications of the expensive policy of self-sufficiency would naturally flow. This will not be an easy course for Mr De Valera to take. It is certainly in the permanent interests of Ireland; and the ultimate test of his statesmanship will be found in the degree of his success in persuading his party to alter its economic course.

* Reports of the Commission of Inquiry into Banking, Currency and Credit. Published by the Stationery Office, Dublin, and obtainable from the Government Publications Sale Office, 3-4 College Street, Dublin. 694 pages. 5s.

The Size of London

IT is the fashion to deplore the size of London. Among poets, social reformers and those born with the nostalgia for green fields, it has been the fashion for hundreds of years; when Cobbett gave the town the expressive epithet of the "great wen" (no article on London is complete without that citation), he was referring to a bloated megalopolis of almost a million souls. But in our own days the familiar condemnation of London's pathological size has been taken over from the *littérateurs* by the economists, the politicians, even the strategists. Official documents, one after the other, seek to persuade the public to do something about it, and a Royal Commission now sitting, though its formal title relates it to the Geographical Distribution of Industry, is, in fact, a Royal Commission on the Enormity of London.

London is too big. So much is agreed. But how big is London? That question, simple though it seems, cannot be briefly answered. There are three areas that can put forward strong claims to the title of London *breviter*. There is, first of all, the ancient city of London, with an area of 1.03 square miles and a population, on the night of April 26, 1931, of 10,677 housekeepers, caretakers, Lord Mayors and working journalists. Secondly, there is the County of London, Mr Herbert Morrison's domain. County Hall's writ does not run in the City of London; the legislature, doubtless foreseeing the danger of a Socialist County Council, has also refused to give it jurisdiction over the 159 inhabitants of the Inner Temple, the same number of denizens of the Middle Temple and the mysterious four persons who, on the same fateful night in April, 1931, were found on ground common to the two Temples. But if these little niceties of administrative law can be momentarily set on one side, the County of London can be said to have the respectable population of 4,397,003 persons in 1931 and probably about 4,100,000 persons to-day.

But it is almost as absurd to take the County as the City to represent what the ordinary man means when he says London. To the ordinary man, Golders Green, Kensal Rise, Barnes Bridge and Barking are all unquestionably in London, and well inside London. But they are all outside the County. The third area that can be called London is that familiarly known as Greater London. There is, let us hasten to add, no legal justification for such a title. Greater London is not an entity known to the administrative world. On the contrary, it enjoys the ministrations of 6 county councils, 4 county borough councils, 63 other borough councils, 30 urban district councils and even 4 rural district councils (this incongruous rustic quartette is not to be confused with the people who were apparently sleeping out in Middle Temple Lane on April 26, 1931). Indeed, there is not one single thing, save its name, that Greater London has both in common with itself and exclusive to itself. The origin of its existence is that its outer boundary is that of the Metropolitan Police District; but even there an exception must be recorded, for there is a separate police force for the City of London, the Inner Temple, the Middle Temple and the ground common to the two Temples.

Greater London owes its shadowy existence to the foresight of Sir Robert Peel nearly a hundred years ago. Sir Robert, by drawing a circle of about 15 miles radius from Charing Cross, doubtless thought to place under the watchful eyes of his "Peelers" all the territory that might conceivably serve as a breeding ground or hiding place for metropolitan criminals. But his action has had the by-product of providing the statisticians of to-day with something they can call Greater London. It has an area of 693 square miles and a population that was counted at 8,203,942 in 1931 and estimated at 8,474,900 in 1935.

Until the war, Greater London was a big enough area to include the whole of the metropolis. It is very doubtful if the same could be said to-day. There are many communities well outside the Metropolitan Police district whose whole life depends upon London. If Esher is sufficiently suburban to be included in London, so is Weybridge. Rickmansworth is almost, if not quite, as

metropolitan as Northwood, Epping, Romford, Dartford and Leatherhead cannot, on any rational basis, be excluded (two of them get their water from the Metropolitan Water Board, which does not supply even the whole of Greater London). When the London Passenger Transport Board was created to co-ordinate the transport of the metropolis is was found necessary to give it an area nearly three times as large as Greater London. Transport is, perhaps, the most vital function of a metropolitan area; at least, it transcends both in importance and in reality the artificial creations of political map-makers. A good working definition of a metropolitan area, in fact, would be that area whose transport is, or should be, considered as a unit. There is, indeed, one London transport area, that of the Metropolitan Traffic Commissioner, which is even larger than the L.P.T.B. area. But one or other of these transport areas must be taken as the most up to date and the most comprehensive definitions of London. Their areas are 1,986 and 2,419 square miles respectively (equivalent to circles with radii of 25 and 27¾ miles) and their estimated populations in 1935 were 9,517,000 and 9,862,500 respectively.

This, then, is London, a monster of almost ten million inhabitants. London is commonly regarded as the largest city in the world. But this is due to the statistical accident that a figure of the population of Greater London has been available for quotation for years past, while nobody has ever assembled similar figures for other conurbations (the heavy responsibility for the invention of this term does not rest on *The Economist*). If that geodetic irrelevance, the boundary between the States of New York and New Jersey, be disregarded, the New York metropolitan district will be found to have a larger population—in a smaller area—than that of London. For example, the eight counties of New York State and the four counties of New Jersey which lie roughly in a radius of 25 miles from the centre of the city, had a population of 10,509,294 in 1930—it is certainly more than 11,000,000 by now. Moreover, it must be remembered that New York, being on the coast, can expand over only about two-thirds of the full circle. In what has been unofficially designated the New York Metropolitan Area, with an area (2,514 square miles) comparable to the largest London area, but a considerably larger radius from the centre, there were 10,901,424 people in 1930 and are probably nearly 12,000,000 to-day. Even if we aggregate with London the whole counties of Middlesex, Hertfordshire, Essex, Bucks, Kent, Surrey and Sussex—which is certainly larger than the metropolitan area—we cannot add up more than 11,633,000 people in 1931. New York must have the dubious palm—but only by a leaf or two.

How large, finally, is London likely to grow? That, obviously, is a matter for speculation. But it is possible to throw some light on the question. At each successive census in the nineteenth century, the population of Greater London represented a higher fraction of the total population of England and Wales. In 1801, it was 12.6 per cent., a hundred years later 20.2 per cent. Thereafter, for two decades, there was a proportionate decline, and the increase, when it was resumed between 1921 and 1931, was no faster than in the nineteenth century. In fact, the increase in the percentage of Greater London's population to that of England and Wales was 0.9 in the decade 1921-31 (19.7 per cent. to 20.6 per cent.), while the average increase for the six decades 1841-1901 was 1.0 per decade. If, then, we assume that the increase continues at the rate of 1.0 per decade in the future, we should be making an allowance for London's growth which the estimated figures for the years since 1931 show to be amply generous to serve as a guess, not of London's actual future size, but of the upper limit of its probable dimensions. Applying these percentages (21.6 per cent. for 1941, 22.6 per cent. for 1951, and so forth) to the middle of Dr Enid Charles's three estimates of future population, we get a maximum figure for Greater London of about 9,300,000 in 1961. And if we make the further assumption that the present ratio of population holds good between Greater London and Greatest London (as we may christen the Metropolitan Traffic Area), we get a final grand maximum of about 10,800,000. That is about the limit of London's ambitions. And it is plenty big enough.

Topics of the Week

Air Raid Exercises.—The mock air raid by "Eastland" bombers upon "Westland," staged by the Royal Air Force last week-end over most of Eastern England, was on the largest scale hitherto attempted. About 900 machines were scheduled to participate; and so extensive was the zone of operations that all commercial aircraft bound to and from London had to make wide detours. Unfortunately, mist and rain clouds descended over most of the area on Friday and Saturday nights; the co-operating anti-aircraft units of the Territorial Army and Observers' Corps had to twiddle their thumbs most of the time they were on duty; and in the air, the exercises were not on the expected scale, owing to the weather. A higher proportion of attacking bombers was intercepted by fighters than in earlier exercises; and the defending machines were quickly off the ground owing to excellent co-operation between observation posts and R.A.F. aerodrome commands. The weather prevented adequate trial of anti-aircraft units, for some of the attacking bombers came down to 1,000 feet in raids. Certain important objectives in London were bombed. But the most alarming feature of the proceedings was the number of accidents. We cannot feel the same equanimity as an august contemporary, which found "grounds for congratulation" in the crashing of only three fighters and two bombers when "nearly 50" machines were in the air, at the time of recall to their aerodromes. The crews of the three fighters, which had to stay up till they ran out of petrol looking for an aerodrome free of mist, landed safely by parachute. Doubtless a 10 per cent. accident rate would only occur in equally bad weather; but it opens up vistas of an infinite regression in the strength of the R.A.F. On the other hand, the fog and the "black-out" over East Anglia and the Midlands show that enemy bombers would have to reckon, even in summer, with great handicaps above the soil of this country.

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Britain and America.—The week has brought two welcome signs of the growth both in the desire for and in the practice of collaboration between Great Britain and the United States. An agreement has been reached between the two Governments for the common use of Canton and Enderbury Islands. These two tiny members of the Phœnix group in the Pacific Ocean, almost on the Equator, never possessed any importance until the establishment of an American-Australasian air service. Both Britain and America set up claims to sovereignty, and neither side has abated its claim in the present Agreement. But both have agreed to leave the question in abeyance, and in the meantime to use the islands in common. The Agreement does not cover questions of defence. But defence will infallibly arise when there are hangars and stores on the islands and there may be an opportunity for further practical collaboration in the future. As it stands, the Agreement fully deserves the hackneyed compliment of being a triumph of good sense. The second straw in the favourable trade wind was the public reference on Wednesday by the Secretary of Commerce to the growing recognition on both sides of the Atlantic of the interdependence of British and American prosperity. A remark made to the dock-side reporters by a Cabinet Minister returning from holiday is, of course, only a very small straw. But in the Coolidge, even in the Hoover, era it would have been impossible for any member of the American Government to make any such implied confession of America's dependence upon others.

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The major issue of Anglo-American collaboration, however, remains that of the Trade Agreement. A fortnight ago, the negotiations had reached a difficult stage at which breakdown, or something closely resembling it, was not entirely out of the question. The concessions which the United States was ready to make for a real Agreement were already known and recognised as substantial. But difficulties were being encountered over the British *quid pro quo*. In large part, of course, the reluctance of the British negotiators was a reflection of their unwillingness to commit the Dominions. But on one item at least the consent of the Dominion most closely concerned is believed to have been obtained, but still London hesitated. The matter was referred to the Cabinet and as a result fresh instructions were issued, which are believed to have brightened the outlook. If report is to be trusted, this favourable turn was due to the personal intervention of the Prime Minister. When the Agreement is concluded, the success may be due as much to his recognition of the wide issues involved, as, on the other side, to Mr Cordell Hull, whose steadfast refusal to have any Agreement but a real and effective one has complicated, but has also most beneficially enlarged, the issue. But it would be dangerous to count any unhatched chickens. The Agreement has not yet been reached and there are many difficulties yet to resolve.

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National Health.—In his preface to his annual report, the Minister of Health justifiably claims that it shows a record of steady improvement. He demonstrates the cumulative effect of such unsensational progress by some striking comparisons with conditions 100 years ago, when, for example, the average age at death was 20 in Manchester and 17 in Liverpool. And he shows a proper appreciation of the evils yet to be overcome by saying that our present position may seem equally incredible to our descendants, even though some of them may owe their existence to the measures now being taken. For on the purely health side the Ministry's main concern seems to be the improvement of maternity services. The Midwives Act of 1936 has been brought into effective operation throughout virtually the whole country; the services of qualified midwives are thus available to almost all mothers, irrespective of means, and 342 of the 365 responsible local authorities have also made arrangements for consultant services. The number of ante-natal clinics has only been increased by 28 (to 1307), but the percentage of expectant mothers who attended was 54 against 49; this rise was partly due to the publicity campaign launched in October, and the 1938 figures should show further improvement. Mothers and infants received 6,400,000 gallons of milk against 5,700,000, a reflection of the Ministry's circular on the subject. The most encouraging result of other measures was a reduction in the maternal mortality rate to 3.1 per thousand against 3.6 in 1936 and 3.9 in 1935. Infant mortality has been virtually stationary at about 58 per thousand for the last four years, and a new advance would be welcome on this front.

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The Ministry of Health has many other duties besides those directly suggested by its title. The report provides, for example, a mass of statistical information about local authorities, which would be a great deal more valuable if it were more up to date. It is scandalous that so many figures should go no further than March, 1936. The Ministry would doubtless seek shelter behind the dilatoriness of the smaller local bodies; but even if it cannot enforce speedy returns, it could at least supply provisional estimates. Among other interesting facts we learn that over two-thirds of England and Wales is now under a planning scheme, though the effectiveness of the scheme shows, unfortunately, a very large variation; that in 1937 the average cost of a non-parlour subsidised house rose from £324 to £355; that the direct attack on overcrowding has begun in some areas, and is about to begin in others; and that on the second appointed day (April 1, 1937) about 144,000 persons were transferred from Public Assistance Committees to the Unemployment Assistance Board. A brief chapter is devoted to the new voluntary pension scheme established by what is generally called the "Black-coated Workers' Act." Up to the end of June, 1938, applications had been received from 164,753 men and 80,393 women. This is barely an eighth of the estimated number eligible, and, as the scheme is undoubtedly generous, it seems that the need is for greater publicity. The special concession by which men over 40 can become contributors expires on January 2, 1939.

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The Toll of Industry.—The phrase "the toll of the roads" is familiar to everybody, and an energetic campaign is being waged to reduce it. Perhaps more would be done to reduce the toll of industry if fresh statistics became available at equally frequent intervals; the advertisers have taught us the value of constant repetition as a means of awakening public consciousness. The situation would certainly be disquieting enough to have news value, as is shown by the figures in the annual report of the Chief Inspector of Factories. In 1937 the total number of industrial accidents reported was 192,539, of which 1,003 were fatal. Both these figures are about 9 per cent. higher than those for 1936. The increase corresponds roughly with the increase in industrial activity, so that the position is not actually getting worse. But this is poor consolation when the figures are so large—it must not be forgotten that they apply to factories only, and therefore exclude such occupations as mining and transport. The remedy seems to be mainly the education of both employer and workman to appreciate the risks involved. The inspector devotes special attention to the question of the younger workers, with little experience of machinery. Too many employers expect them to show a degree of intelligence and foresight which the average lad cannot hope to attain. In this respect more consideration might effect a great improvement. But there is also the problem of the man who considers himself too clever to be caught, and is injured despite the utmost precautions which the law can enforce or the employer devise.

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Spain and Europe.—"Seriouser and seriouser" is the news from Spain. The counter-offensive by the insurgents against the Government forces on the right bank of the Ebro has been held up by lack of material, by stubborn resistance, and by a clever and resolute diversion on the part of the Government forces, who crossed the river Segrè on Tuesday, thus threatening the insurgents' left flank on the entire north-eastern front. The insurgents' advance towards the Almaden mercury mine on the south-western Estremadura front is said to be continuing; but the main advance of the insurgents down the coast to Sagunto and Valencia has been halted by the Ebro diversion. Meanwhile, however, the British *chargé d'affaires* in Rome this week informed Count Ciano that the British Government had by now become aware of reported new Italian intervention. This apparently indicates the British Government's belated recognition of the reported landings at Vinaroz, on which questions were asked before Parliament rose. Then, Mr Butler said that the Government were unaware of them; which, with equally bland affability, is precisely what Count Ciano is said to have told our *chargé d'affaires* at Rome this week. The gravity of the situation is pointed by General Franco's suave postponement of comment on the British Plan which he has had for over a month, and which the Spanish Government accepted in principle within a few days.

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General Franco and his alien allies are, understandably, in no haste to comment on the plan; for, as M. Léon Blum

reminds us in an article in the *Populaire* this week, the French Government, "to meet the very definite wishes of the British Government," strictly closed the French-Spanish frontier after June 10th in order to give the Plan a chance of success. Thus, General Franco and his friends were enabled—as many observers said they would be—unconscionably to delay a reply to the Plan, what time the British Government obliged them by forcing France to impose a unilateral blockade on the Spanish Government. This Anglo-French obstacle in the path of the Spanish Government is formidable; and yet the pampered and favoured insurgents have not won the victory they expected in these precisely gained weeks, despite the increased foreign help they obtained while denying it to their opponents. It is high time the French and British Governments recognised that they are under no compulsion to remain beggars and poltroons before General Franco, the Italians and the Germans. They can open the Pyrenean frontier. They can take military measures to protect their citizens' lives and property, wantonly destroyed on lawful occasions. Our own Government can, and should, at least clear themselves of the charge, heard with rapidly growing intensity among the French and British masses, that they now desire to hasten a rapid victory by General Franco at all costs in order to "settle the Spanish problem," and are pressing the French Government to concur.

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The Czechoslovak Problem.—Lord Runciman and his helpers have been very busy in Prague, and the initial contacts and discussions have been brought to a conclusion. The next stage is to bring the views and personalities of the Sudeten German Party leaders and of the Cabinet once more into the realm of free discussion. Meanwhile, however, the virulent and often vicious campaign of hate and even of falsification in the official German press against Czechoslovakia has been whipped up to the point of frenzy. An example suffices: this week a quarrel between members of the Sudeten German Party and Sudeten German Social-democrats—both, therefore, Germans—ended in the stabbing of one of the Sudeten Party members. This, next day, was blazoned throughout Germany as evidence of the evil will of the Czech oppressors of Germans—not, as it was, of the passionate extremes to which Nazi fomentation has succeeded in driving even pure Germans themselves. One of the more disturbing features of the situation is the rate of growth in the Sudeten Party's Storm Troops, under a 27-year-old Commandant decorated by Herr Hitler—the F.S., or Free Defence Service—and the extent to which they are invading civil life in the Sudetenland by military methods. This has a familiar ring about it; as witness the Saar, Danzig and Austria. M. Hodza still faces the possibility of a split in his Coalition Cabinet over the wisdom of going even further to meet the demands of a militant, and now avowedly Nazi, Party for totalitarian powers over a large area and population within Czechoslovak borders.

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Economics and Politics in the Sudetenland.—The importance of the economic factor in the Sudeten problem is now becoming more evident. The composition of Lord Runciman's delegation, with two economic experts in his train, has led the German press to detect a possibly Machiavellian British Government's move to encircle Germany economically or to freeze her out of Central and South-Eastern Europe. That is not so; and this journal has long pointed out that it cannot be done. But what is vitally important is to seek a solution of the political and racial Sudeten problem which will also provide economic betterment for that area. The region has for decades contained industries supplying peaceful products—paper, glass, beads, porcelain, textiles, woodwares—to foreign countries, especially southwards to Danubian Europe and the Balkans. Germany was never a significant consumer of these things, with whose production, indeed, Germany competed. The lot of the Sudetes is therefore scarcely likely to be improved by incorporation in the Reich; indeed, it is already better—for those in employment—than that of similar workers in Germany. But the unemployed in the Sudeten area are the result of the world-wide slump and high protectionism in South-East Europe; and the Reich's penetration of the south-eastern lands has severely hit those "cousins" in the Sudetenland for whose welfare the Nazis profess so much anxiety. Both the Sudeten German Party and the loyal and significant German Social-democrat Party led by Herr Wenzel Jaksch would be glad to see the lot of their unemployed members improved. But Herr Jaksch does not breathe out threatenings and slaughter against non-Nazi workers and employers; nor does he thereby arouse private boycotts of Sudeten goods in foreign countries. Yet he and his followers suffer, because the Nazis and Sudeten Party members lay the blame for unemployment on the Czechs. Certainly, the Czech and Slovak armaments boom is providing work in the Slav areas of the Republic; but not even the British Government would counsel the Czechoslovak Cabinet to move its armament firms into the Sudetenland, in view of the Henlein Party's demands.

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The best suggestion is that credits and more trade should be directed to the soundest Central and South-Eastern countries, to enable them to sell their primary produce for free exchange—not for marks blocked in Berlin. Thus the markets lost by the Sudetenland in these countries would revive and expand; all, that is, save Austria; and the economic distress in the Sudetenland upon which political "caterpillars of the commonwealth" have battened would be cut down, with reassuring results. This economic factor is as important to the domestic destinies of Hungary, Jugoslavia and Roumania as it is to those of Czechoslovakia. But if a beginning were made by France and Britain in the Czechoslovak case, it would extend, automatically, to the Danubian region entire, and should be a powerful agent for peace.

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A Danube Settlement?—Ever since the Peace Settlements, the Little Entente Powers—Roumania, Jugoslavia and Czechoslovakia—have contained big German, Hungarian and other minorities; and the Permanent Statute of the Little Entente expressly obliges its signatories to take common military action if Hungary attempts by force to take back part of her former territory in the possession of any Little Entente Power. In the matter of minorities, Czechoslovakia has the cleanest record of any European State whose duties were defined by minorities clauses in the Peace Settlements. Now, perhaps as a result of the way in which the two Fascist dictatorships have ground their axes upon their own minorities, or of the fate of Austria and Danzig, or of the threatened position of the ally Czechoslovakia, the royal Roumanian dictator's administration has decreed far-reaching and most liberal minority regulations, affecting local government, languages, and education. By it, the lot of some 1,000,000 Magyars and 600,000 Germans, not to speak of Jews, is improved, and equality of citizens' rights is guaranteed. This move, so soon after the understanding between Bulgaria and the Balkan Entente (on which we commented last week), may precede a similar understanding between Hungary and Roumania, the latter acting for the Little Entente. The visit, however, of the Hungarian Regent, Admiral Horthy, accompanied by the Foreign Minister, M. de Kánya, to Herr Hitler at Kiel next week, and German play upon Hungary's traditional hatred of Czechoslovakia, place the Government of Dr Imrédy in a dilemma. The anti-Semitic policy in Hungary, introduced by the Darányi Government, has quickly assumed large proportions; but it has not availed to halt the growth in the indigenous Hungarian Nazis, who have now joined forces in one organisation; and many a pure Magyar begins now to ask: "Where do we go from here?" Here, again, increased trade with Britain and France—especially that kind susceptible of aiding Hungary's 2,000,000 landless peasants and their families—would have good effects even beyond the bounds of Hungary.

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Mr Roosevelt's Campaign.—The last days of Mr Roosevelt's holiday cruise were marked by a series of victories for his candidates in the primary elections of the Democratic party in the different states. The most important of these successes was the renomination of Senator Barkley in Kentucky. Senator Barkley is the Majority Leader in the Senate and, as such, the President's chief legislative lieutenant. He campaigned on his loyalty to Mr Roosevelt and the New Deal and won by a handsome margin over a popular and powerful candidate, the incumbent Governor of the State, who belongs to the Conservative wing of the Democratic Party. The States of Ohio and Arkansas have also nominated Mr Roosevelt's candidates and if Idaho has not followed suit it is to be ascribed to the siren calls of the Townsend pension plan rather than to strong views on the split in the Democratic Party. Thus the President seems to be receiving the support of the electors in his attempt to refashion his party more to his liking. But local issues and squabbles within the local "machines" always affect the results of primary elections and it would be unwise to base too much upon a handful of results. A severer test will come if, as is expected, the President opposes the renomination of Senator George in Georgia and Senator Smith in South Carolina, for these are two avowed leaders of the Conservative Democrats, and their states are in the region where Conservative Democracy should be strongest. The President may secure their defeat, or he may cut their majorities so fine that other Southern statesmen whose personal position is not so strong will think again about the policy of opposition. What is clear is that by a policy of rewarding his friends, punishing his enemies and appealing judiciously to the people, who have always been his truest friends, Mr Roosevelt is pressing on with his campaign to convert the Democratic into a Liberal Party. Whether he will succeed; whether there will be a secession; what will happen to the reorientated party when it enters the fight with the Republicans and possible third or fourth parties; whether Mr Roosevelt himself will, in defiance of tradition, continue to lead it after 1940, and, if he retires, who will succeed—these are the questions that continue to lend interest and excitement to the American political game.

* * *

The Unwanted Trophy.—On Monday the "Queen Mary" set up a new record for the east-to-west crossing of the Atlantic. Since then the officials of the Cunard-White Star Company have been vying with one another in their protestations that this was no part of their intention; and they have repeated their refusal, now or in the future, to claim the Blue Riband trophy. Such an attitude to speed records is strictly logical, but perhaps for that reason a trifle too inhuman for the man in the street, who finds it difficult to believe that the company's statements are not pronounced with the company's wink. However that may be, it so happened that, through an accident of the tide at Southampton, there was on this occasion a real advantage to be gained by making a late start and saving a few hours during the trip; the "Queen Mary's" reserve of power was therefore rightly used to maintain her schedule. But normally the saving of time would be a negligible return for the very heavy cost, both in money and in increased vibration; for the resistance of the water increases so rapidly with the speed that an extra two knots requires over twenty per cent. more power. If an hour of the average traveller's time is really so valuable, then it should be saved by improving the facilities for embarking and disembarking. In years to come the creation of records will be even less justified, for those to whom speed is really valuable will save days, not hours, by transferring to the air service. Meanwhile the "Queen Mary" is still waiting to fulfil her true function, which is to provide a weekly service in conjunction with her sister ship, to be named the "Queen Elizabeth." The latter is, however, to be launched on September 27th, when her unprecedented length (we must not say her record length) will necessitate great precautions. She is likely to be ever faster, as well as more luxurious, than the "Queen Mary" It will be interesting to see how soon the state of the tide, or some other phenomenon, leads her to establish another accidental record.

* * *

Railway Wages.—The Railway Staff National Tribunal consists of a representative from each side, with Sir Arthur Salter as independent chairman. There is thus a strong presumption that any of its awards which are unanimous will be fair both to capital and labour. On August 4th the Tribunal unanimously rejected the claim, put forward by the National Union of Railwaymen, for an all-round increase in signalmen's wages. Its positive findings were limited to minor alterations in particular cases, designed to make each man's pay correspond more closely with the nature of his work. Thus it accepted the companies' claim that fewer marks should be awarded for work in automatic or semi-automatic areas; and it added two more grades at the top of the scale, where higher rates will be paid. In view of the fall in the railways' profits, no other result was to be expected on the main claim. But it is refreshing to see the question settled by agreement. In particular, the principle was laid down that the benefit of working economies secured in any one department is not the perquisite of the men employed in it. The consumer of railway transport may hope that part at least will accrue to him.

* * *

Rumpus in Bengal.—A pretty pass has been reached in the initial stages of Bengal's provincial autonomy. Something like a strike of Hindu representatives has paralysed the Coalition Government, composed of six Moslems and five non-Congress Hindus. The Legislature in Calcutta, on two nights this week, became, by act of the Congress Party in Opposition, and by permission of the Speaker, an emergency dormitory. One hundred slept in it, which is more than the number habitually put to sleep by the Mother of Parliaments. But the trouble has lain dormant for longer than two nights. The communal award resulted in a disproportionate advance to power by the Moslems, a small majority in the province; and these, with Hindu representatives of the castes scheduled for special representation, from a Ministry which, under a Moslem Prime Minister, Mr A. K. Fazlul Huq, enjoys a small but working majority. Outside the Legislature, however, Congress has been able to ally itself to disgruntled Hindu racial feeling, and this has temporarily healed those gaps between the various sections of Left-wing Hinduism in Bengal. Only last month the Congress Party in Bengal rapped one

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of its leaders, formerly a mayor of Calcutta, over the knuckles for advocacy of programmes more extreme than the Congress Party desired; and there are signs that the Moslems and moderate Hindus will soon hatch a programme designed to satisfy the Bengalis' desire for economic improvement and agrarian reform. Even this, however, will not eradicate the problem posed by provincial autonomy in a region where Hindus are the landlords and the better educated aspirants to Government and Civil Service.

* * *

Mr MacDonald in Palestine.—Last week-end the Secretary of State for the Colonies paid a flying visit to Palestine, and was back in Malta, *en route* for London, before the news of his journey to Jerusalem was known outside "official circles." The *communiqué* published after the event frankly states that Mr MacDonald went to see Sir Harold MacMichael, the High Commissioner, because it was impossible for the latter, in the present state of Palestine, to come and report to Mr MacDonald. This frankness is much to be commended. The gravity of the situation in Palestine is no secret from anybody, and a visit to the spot makes all the difference to the understanding of any political problem—particularly when the visitor is a Cabinet Minister who can mobilise all the senior officials in the country to come into intensive consultation with him. The timeliness of Mr MacDonald's recent visit to Palestine has been grimly advertised by the Palestinian death-roll during the same week-end. On the road from Jerusalem to Jericho a patrol of the Black Watch fell among thieves and lost one soldier killed. Many civilians, men and women, have been killed. This Monday, the 8th, two bombs exploded in Tiberias—one of them in the Arab vegetable market, where it wounded nine people. These facts must have spoken to Mr MacDonald almost as eloquently as the High Commissioner himself. If he did not know it already, he will now assuredly be most acutely aware that the Royal Commission were abundantly in the right when they reported that time was not on the side of a happy ending to the Palestinian tragedy. This Monday evening, in Jerusalem, Sir Harold MacMichael broadcast an appeal for the cessation of acts of violence, with a warning that such acts would not promote, and might very well prejudice, the political purposes of those who committed them. Patience on the part of the Arabs and the Jews must coincide with firmness and precision on the part of His Majesty's Government, if chaos is to be avoided.

* * *

A New Anglo-Egyptian Agreement.—The happy success of the comprehensive Anglo-Egyptian Agreement of 1936 is being confirmed by the sequel, which has so far brought no recurrences of the old friction and a number of confirmations of the new friendship between the two Governments and peoples concerned. The visit which the present Prime Minister of Egypt, Muhammad Pasha Mahmud, has been paying to London within the last few days has ended in a new agreement in which several minor provisions of the major transaction of two years ago have been modified by mutual consent. The new accommodation for British troops in the Canal Zone is, after all, to be constructed by the British Government; and the costs are to be equally divided between the two parties. Agreements between British and Egyptian private interests seem to have been less easy to reach—for the respective cotton manufacturers in Egypt and in Lancashire, rather than the two Governments, are virtually the principals in the question that has arisen over the Egyptian tariff on cotton goods. On this matter, no agreement has been reached on the present occasion; but the negotiations have not arrived at a positive deadlock, since it has been agreed that a deputation from Lancashire is to go to Cairo in September in order to negotiate there with the Minister for Finance.

* * *

The Refugees Problem.—The Inter-Governmental Refugees Committee, consisting of the representatives of twenty-seven countries, held its first meeting in the Foreign Office in Whitehall on August 3rd. Forceful speeches were made by Mr Myron Taylor (United States) and by M. Bérenger (France). It looks as though the Committee's policy would be to make a friendly approach to Germany, on the hypothesis that the co-operation of the other countries of the world is essential to the success of her programme of expelling her non-Aryan citizens from the Reich, since the execution of this German design could, in the last resort, be stopped by a refusal on the part of other Governments to grant visas to any German citizen. At present, the Nazis believe that the civilised world is more concerned to save the non-Aryan victims of Nazidom from the fate with which the Nazis threaten them, than the Nazis themselves are concerned to avoid the odium of putting their hateful threats into effect. On this calculation, the Nazis apparently reckon that they can continue to secure a compulsory selective emigration of German citizens from the Reich, and can push other countries into financing this German scheme by forcing them to receive the refugees from Germany in a destitute state and to start them again in life at the expense of the receiving countries, while the German Government pockets the assets which it compels the refugees to leave behind. If it came to a trial of strength, the Nazis might have some unpleasant surprises; for a refusal to receive any more non-Aryan German refugees might not, after all, be the only recourse left open to the rest of us. An alternative would be to accept the refugees and to finance their re-settlement by earmarking Aryan German property abroad up to the amount of the non-Aryan German property confiscated by the German Government within the frontiers of the Reich. Or, again, many Nazis in foreign countries could be requested to return home.

* * *

Meanwhile, in the Reich, the Nazi screw is being given one turn after another. On top of the forced sales of non-Aryan businesses of all kinds, non-Aryan medical practitioners have just been singled out by having their diplomas cancelled as from September. At the same time, landlords are ordered to terminate, as from the end of September, all leases of consulting rooms and dispensaries, and even dwelling-houses, to the victims of the new decree. It is also announced that, at Nuremberg, the Jewish synagogue is to be demolished on the ground that the presence of a house of God (who is the oldest non-Aryan inhabitant of the universe) is incompatible with the sacred character of the holy city of neo-Aryan paganism. So, once again, the Abomination of Desolation is to stand in the place where it ought not. (Herr Streicher should remember the retribution that fell upon Antiochus Epiphanes.) While the German hyena gnaws the bones of his human victim, the Italian jackal hovers round to pick up scraps from the feast, in the hope of being mistaken for a big hyena himself. It is announced from Rome that foreign Jews are to be excluded from Italian schools, and that the Jewish "share in the life of Italy" is henceforth to be in the proportion of one Jew to every thousand Liguro-Calabrians. A newly started Fascist anti-Semitic review is, by order of the Italian Minister of Education, to be distributed to all Italian teachers, to serve them as a guide to Italy's new German creed.

* * *

Irish National Income.—The Report of the Irish Banking Commission contains, among a mass of other valuable figures, original estimates of the National Income of Eire. The figures have been calculated by Professor G. A. Duncan, a member of the Commission, and can be summarised as follows :—

ESTIMATED NATIONAL INCOME OF EIRE (£ million)

	1929	1931	1932	1933	1934	1935
Agriculture	54·5	47·7	38·8	33·3	32·3	36·3
Fisheries	0·4	0·3	0·3	0·3	0·3	0·3
Industry.....	30·5	29·7	28·7	30·2	33·1	35·1
Distribution	25·2	23·8	22·3	21·5	22·3	22·6
Personal service	28·1	28·2	27·7	28·9	30·3	30·3
Housing	10·7	10·8	10·9	10·9	11·0	11·3
Total home-produced	149·4	140·5	128·7	125·1	129·3	135·9
Income from abroad...	12·3	10·3	16·8	15·0	14·5	13·3
Total	**161·7**	**150·8**	**145·5**	**140·1**	**143·8**	**149·2**
Index Number (1929 = 100)	*100*	*93*	*90*	*87*	*89*	*92*
Real National Income (1929 = 100)	*100*	*102*	*103*	*104*	*106*	*107*

The last line is arrived at by the use of an index number of general prices calculated by Professor Duncan. The Commission comments at some length on the contrast between the movements of Irish National Income, which has fallen in monetary terms and shown comparatively little increase in real terms since 1929, and the movements in other countries, notably Great Britain. What is equally surprising about the figures is their small dimensions, especially since they represent gross national income, before provision for the depreciation of capital equipment. The ratio of population between the United Kingdom and Eire is about 45 : 3 or 15 : 1. But by these figures the ratio of national income must have been over 25 : 1 in 1929 and may be as much as 35 : 1 to-day. Without in any way impugning the excellence of Professor Duncan's work, these ratios inevitably raise the question whether his totals are large enough.

* * *

South African Caution.—It has never been possible to accuse Mr Havenga, the South African Minister of Finance, of being an irresponsible financier. Since the rise in the price of gold made his position the envy of his *confrères* throughout the world he has consistently budgeted for surpluses, and the actual results have always surpassed his estimates. The year 1937-38 has proved no exception to this rule, the realised surplus being £4,352,000 (or nearly 10 per cent. of the revenue), against an estimate of £1,500,000. But he is painfully aware that recession is sapping the sources of his revenue, while in the gold-mining industry, which is immune from the general disease, technical factors are producing a similar result. (These are discussed in an Investment Note on page 332.) In his Budget speech on Wednesday he therefore anticipated a Budget deficit in the coming year of £1,052,000 on the basis of existing taxation. He has relaxed the severity of his principles to the extent of using £400,000 of this year's surplus to fill part of the gap, but proposes to raise another £552,000 by reducing the abatement of income tax from 30 per cent. to 20 per cent. As the standard rate for a company is 2s. 6d. in the £, this means raising the effective rate from 1s. 9d. to 2s. For individuals the standard is 2s., and there are large allowances for families, so that the burden will still be very moderate. But the important point was Mr Havenga's insistence, even to the extent of imposing extra taxation, on a (very nearly) balanced Budget. He also delivered a homily on the dangerous rise in the national expenditure and the national debt, which, he asserted, tends towards dictatorship rather than Socialism. The remainder of the surplus is to be "transferred to loan account"—i.e. used to pay for capital expenditure that would otherwise have been financed by borrowing.

* * *

Substitutes for Oil.—Much ingenuity has been shown in devising substitutes for natural oil as a source of fuel for the internal combustion engine. Alcohol, benzole, synthetic petrol, petrol produced by low-temperature carbonisation, shale oil—the use of all these has been encouraged in more than one country. Yet the world consumption of substitutes amounts to only about 3 per cent. of the total for light motor fuels—the *Petroleum Times* recently estimated it at 2.39 million metric tons in 1936 and 2.83 millions in 1937, out of totals of 82 millions and 89 millions, respectively. The domination exercised over the world's total figures by the United States makes it more instructive, however, to consider the same paper's figures for some individual countries:—

(Thousands of Metric Tons)

		Alcohol	Benzole	Artificial petrol	Shale oil	*Total substitutes*	Total consumption	*Substitutes (% of total)*
Germany—	1936...	207	378	380	...	*975*	2,353	*41·3*
	1937...	210	430	800	...	*1,440*	2,640	*54·5*
France—	1936...	304	80	...	1·3	*385*	2,794	*13·3*
	1937...	153	80	13	1·5	*248*	2,827	*8·8*
U.K.—	1936...	7	210	113	28	*358*	4,660	*7·7*
	1937...	16	230	120	26	*392*	4,840	*8·1*

[redacted] to the consumer, or the treasury, of maintaining these industries is quite disproportionate. In one way or another they all receive assistance amounting to at least 100 per cent. of the value of the imported product, and in some cases to far more. For 17 European countries, whose consumption of substitute fuels in 1937 amounted to 2.3 million metric tons, the estimated burden was nearly £50 millions. But this is scarcely considered by countries striving for greater self-sufficiency in an essential war material. The German output is rising by leaps and bounds; Italy will shortly have two hydrogenation plants in operation at Bari and Leghorn; and Japan is working on a seven-year plan designed to supply the major portion of her requirements from Imperial sources by 1943.

* * *

The Economist Newspaper, Ltd. *v.* Salford Trust and Others.—An *ex parte* injunction has been granted in the Vacation Court, until Wednesday next, to restrain the defendants in this action from publishing a "Unit Trusts Directory and Investors' Record," which the plaintiffs allege constitutes an infringement of the copyright in *The Economist* Unit Trust Survey.

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From Our Special Correspondents

United States

Business Upturn

New York, August 2.—As was expected, the Federal Reserve Board's business indices for June showed no marked change from May, the two-point rise in manufacturing being due solely to the seasonal adjustment. It seems likely, however, that July will show a sharp increase over June, partly because there is considerable evidence that actual production was higher, and partly because the seasonal adjustment for July over June is about double that of June over May.

BUSINESS INDICES

(1923–25 = 100. Adjusted for seasonal variations)

	June, 1937	May, 1938	June, 1938*
Industrial production—total	114	76	77
Manufactures	*114*	*73*	*75*
Minerals	*115*	*91*	*91*
Construction contracts—total	61	51	54
Residential	*42*	*37*	*41*
All other	*77*	*62*	*65*
Factory employment—total	101·4	77·5	76·1
Durable goods	*97·8*	*67·2*	*65·1*
Non-durable goods	*105·3*	*88·6*	*88·0*
Factory payrolls—total†	102·9	69·2	67·0
Durable goods†	*104·6*	*60·5*	*57·7*
Non-durable goods†	*100·8*	*80·3*	*78·9*
Freight car loadings	78	58	58
Department store sales	93	78	82
Department store stocks	76	69	67

* Preliminary. † Without seasonal adjustment.

The severity of the decline is strikingly demonstrated by four comparisons:—

Factory pay-rolls in the durable goods industries in June, 1938, were only a little more than half what they had been in June, 1937.

The (unadjusted) figure of 58 for freight car loadings in the first half of 1938 was only three points above the average for 1932, the worst year of the depression.

Total industrial corporate earnings so far reported for the second quarter of 1938 were less than half the corresponding figure for the second quarter of 1937; for the railroads the proportion was even smaller.

The index of industrial share prices recorded a minimum of 98 at the end of March, 1938, which was almost exactly half of the peak figure reached 13 months before. At its highest point in July, however, the index was almost exactly 50 per cent. above the low point of the spring.

Unequal Incidence of Depression

Taken by themselves, however, these comparisons give a somewhat exaggerated picture of the situation. Generally speaking, the depression has been concentrated in the heavy industries, and elsewhere things have not been so gloomy. The decline in employment, for example, was twice as severe in the durable goods industries as in the non-durable. Department store sales from June to June fell only about 12 per cent., whereas the index of all manufactures fell 34 per cent. And although the prices of many agricultural commodities have declined, yet the farmers have experienced no depression comparable to that of the urban population.

Consolation may also be drawn from the fact that the contraction of loans described last week was relatively small compared with the catastrophic reduction of brokers' loans after the crash of 1929; thus the decline in the stock market, severe though it was, was not so disastrous in its deflationary repercussions. Even the decline in profits has been irregularly distributed, being greatest in the heavy industries, where the profits of 1937 were replaced by losses, and more moderate in the lighter industries. Thus 20 steel companies, which in the second quarter of 1937 earned over $69 millions, this year showed a total deficit of almost $10 millions. For the first six months a profit of $131 millions had become a loss of almost $15 millions.

The monthly indices show clearly that the characteristic feature of the first half of 1938 was stability at a low level:—

	Manufacturing Production	Residential Contracts	Factory Pay-rolls	Freight Car Loadings	Department Store Sales
1938—January	76	36	72	59	90
February	75	32	73	57	88
March	75	33	73	57	86
April	73	37	71	55	83
May	73	37	69	58	78
June	75	41	67	58	82

The most encouraging feature is the steady rise in the figure for residential contracts, which is now only one point below that of last June. The decline in department store sales reflects the slow pressure of continued depression.

Reduced Export Surplus

The June foreign trade figures show that the decline in exports is still proceeding rapidly, while those of imports show signs of flattening out. The month's export surplus dropped below $100 millions for the first time this year, and for the second time in the past nine months.

There have been striking changes in our foreign trade during the last two years, as the following table indicates:

MERCHANDISE TRADE OF THE U.S.

($000,000)

	Exports	Imports	Balance
1936—3rd quarter	580	604	— 24
4th quarter	721	654	+ 67
1937—1st quarter	713	825	— 112
2nd quarter	824	858	— 34
Total, 12 months	**2,838**	**2,941**	**— 103**
1937—3rd quarter	842	744	+ 98
4th quarter	968	656	+ 312
1938—1st quarter	828	507	+ 321
2nd quarter	764	453	+ 311
Total, 12 months	**3,402**	**2,360**	**+ 1,042**

Imports reached their peak ($307 millions) in March, 1937, and since then the decline has amounted to rather over 50 per cent. The peak in exports was reached in October, 1937, and in their case the decline is about 30 per cent., of which part is seasonal. Our merchandise trade balance in the year ended June, 1937, was passive by $103 millions; in the year just ended it was active by $1,041 millions.

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France

Professor Rist's Review

Paris, August 11.—In his annual survey in the *Revue d'Economie Politique*, Professor Rist describes 1937 as a year of disappointments for France. The causes are held to be partly external, notably the American recession, but largely internal—the social troubles and the 40-hour week. The fall in revenue and the rise in the cost of living had wiped out most of what the workers had hoped to gain through social reform.

The year 1938, on the other hand, has brought a general improvement, particularly in foreign trade. Unemployment is decreasing, exported capital is returning. But France must choose between two fundamental economic programmes. She must either seek an increase in productivity through higher wages, or try to revive enterprise by restoring a sufficient margin between costs and sale prices.

A reduction in costs can only be secured through rationalisation of industry, which will require new capital, and therefore, according to Professor Rist, implies an energetic struggle against the Budget deficit and the borrowing policy of the State. Two other obstacles to business are mentioned —excessive national protectionism, particularly an unjustifiable revalorisation of agricultural products; and the gold sterilisation policy pursued by Great Britain (despite its abandonment in the United States), which removes a natural check to the decline in world prices.

The near future will provide a test of the influence of Professor Rist's views, for the Government will in a few days fix the price of wheat. There will be a second one in November, when, on the eve of the new Parliamentary session, the civil servants will put forward their claims for higher salaries.

Changed Attitude of Trade Unions?

The attitude of the trade unions and other elements of the Left is still uncertain. The continued existence of dissensions in the ranks of the Popular Front was proved at the national congress of schoolmasters, a body which holds a prominent position in the trade union world. The Secretary-General, M. Delmas, took up a firm stand against Communism and its warlike attitude in the affairs of Spain and Czechoslovakia.

He added that the trade unions must take into consideration the views and position of the peasants. He regretted the check to the policy of the Popular Front, and declared himself a supporter both of liberty and of the policy of the trade unions, including, if necessary, the mobilisation of capital. This support for an essential feature of a planned economy represents a certain offset to his attacks on the Communists, who are an important element in the unions. It is in direct contrast to the "liberal" thesis of Professor Rist, and suggests that the next crisis will not lead to a simple return to the old Popular Front.

Reduced Import Surplus

The latest foreign trade figures are in some respects very encouraging. The surplus of imports in July was 1,215 million francs, or less than in any month of the year.

(Millions of francs)

	July, 1937	June, 1938	July, 1938
Imports:—			
Foodstuffs	777	1,018	982
Raw materials	1,879	2,235	2,007
Manufactured goods	547	557	511
Total	3,203	3,811	3,500
Exports:—			
Foodstuffs	246	312	302
Raw materials	659	716	700
Manufactured goods	965	1,261	1,283
Total	1,870	2,291	2,285
Import surplus	1,333	1,520	1,215

Compared with July, 1937, exports of manufactured goods have increased and imports fallen, but the reduction in the import surplus compared with June is mainly due to lower imports of raw materials. For the first seven months the import surplus is about the same as last year, but allowance should be made for the rise in prices which followed the depreciation of the franc.

Another favourable factor is the increased receipts from tourists, due largely to the low level of French prices as expressed in gold and the facilities accorded to foreigners. One sign of the increased flow of visitors is the rise in the number of "autorisations" granted to foreign automobilists. In July this was 7,500, against 4,353 in July, 1937, when the total was swollen by the International Exhibition.

Nevertheless, the exchange market continues to be troubled by the persistent flight into gold and fears about international politics. The franc has consequently been very near to the official limit of 179 to the pound.

In the internal sphere most of the statistical evidence is mildly encouraging. The strong decline in the index of wholesale prices continued, all components being lower on the week; the complete index fell from 652 to 640. The number of unemployed on July 30th was 344,517, against 346,834 last week and 313,353 a year ago.

Germany

Further Collapse on the Bourse

Berlin, August 10.—The collapse of the Bourse still occupies the centre of the business stage. Last week share prices again fell heavily, and fixed-interest securities also reacted. This week both markets opened with a fresh decline, which yesterday reached almost panic dimensions in the case of shares, with falls of up to six points.

The public has not been enlightened as to the real cause or causes of this, for Nazi conditions, unusual setback. The commonest Press explanation, "the new international aggravation," is certainly incorrect, for the international situation, despite the Russo-Japanese clash, is not considered to be worse than usual. Jewish liquidation also seems to have played only a minor part in the last days. A good deal is said about the failure of the Bourse to function, and specific instances are cited. Thus the offer of a mere Rm. 5,000 of shares in the Reichsbank, of which the capital is Rm. 150 millions, caused a drop of two points. But the feeble Bourse mechanism could as easily have caused erratic rises as erratic falls, had conditions been favourable. Some part was certainly played by realisations of industrial holdings for general financing, and for taking over liquidated Jewish business interests. But the main factor is the unwillingness of the general public to buy. There is apparently something like a tacit "buyers' strike"; the only visible explanation is fear of new taxes.

This is, indeed, hinted at in officially inspired organs. In these one finds an intimation that the market is mistaken if it believes that the lower share quotations, and consequent increases in effective yields, will impede Government borrowing. New taxation is also spoken of, though no details are given. It is argued in some inspired quarters that the alternatives are, on the one hand, high share prices, liquidity, and a certain inflation; and, on the other, an uninspiring combination of Bourse weakness, Government borrowing for consolidation of debt, increased taxation, and depression of commodity prices.

Increase in Central Taxation

The familiar argument is again heard that industry revived after 1932 exclusively in consequence of Government initiative and credit-creation, which involved an increase in the national debt; and that therefore the Government can fairly claim an increased share in private profits. According to this argument, the relation between the Government and private business is similar to that between an enterprising individual who builds a factory and a lazy farmer close by whose land, in consequence, rises in value. The Government, like the factory-builder, wants to appropriate at least part of the unearned increment.

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The financial relations between the Reich and local authorities have been progressively altered in accordance with similar assumptions; and yet another adjustment or *Finanzausgleich* has now been decreed to carry the process a step further. The municipal beer tax is to be abolished on October 1st; the repayment of corporation tax levied on municipal utility undertakings has been done away with; and three-fifths of the yield of the property transfer tax will in future go to the Reich and only two-fifths to the municipalities. On the other hand, there are certain adjustments in favour of the States (designed to cover the increase in their expenditure due to the Four Years' Plan). They are to receive a larger share of the proceeds of the income, corporation, and turnover taxes, on which, since the law of 1936, they mainly depend.

The net effect of these and some other changes is the gain by the Reich of Rm. 385 millions of municipal revenue, the abolished municipal beer tax being added to the existing Reich tax. Even without the changes, the share in national income taken by taxation had greatly increased. In the following table the national income is given for calendar years, taxation for years from April to March:—

	(Millions of marks) 1929	1937
National income	76,000	68,500
Reich taxes	9,170	13,960
As a percentage of income	*12*	*20*
Reich, State and municipal taxes...	13,520	18,250
As a percentage of income	*18*	*27*

It must be remembered that the addition of numerous compulsory contributions, fees, and dues, and of special levies like the export subsidy would bring the tax totals to higher figures than those given. A Party organ states that in the business year 1936-37 the "voluntary social contributions" paid by 590 large joint stock companies amounted to Rm. 218 millions, which may be compared with the Rm. 354 millions paid by them in dividends.

Little Change in Business

The unofficial crop reports are good. Indeed, owing to the substantial carry-over from last year a storage problem has arisen. But there is still a certain shortage of wheat, and to reduce consumption the milling percentage of rye has been reduced. The explanation of this apparent paradox is that the former high percentage of rye was diverting consumers from rye to mixed rye-wheaten bread.

Railway traffic declined in June, but remained 5 per cent. higher than a year before. In June, 310,000 vacancies in industry and trade were unfilled. It is noteworthy that in the twelve months ended May, 1938, the percentage increase in the number of employed women exceeded that of men.

The official steel report for August mentions better world market prospects, and in July export orders showed an unseasonal rise. The last foreign trade return shows a sharp fall in imports of heavy iron and steel, which caused a rise in net exports. For the first half of the year exports of motor cars (private and commercial) represented 25.6 per cent. of all sales, against 21.4 per cent. in the same period of 1937.

Austrian firms and companies have been ordered to compile new balance sheets in terms of Reichsmarks, not merely by formal conversion from schillings, but by a complete revaluation of assets and liabilities. Existing shares may be restamped where an adjustment is necessary. The Reichsgericht has come to the important decision that the police may, by virtue of their general competence, and independently of infractions of the law, annul the right to trade.

Canada

Conservative Compromises

Ottawa, July 19.—On July 5th, 6th and 7th the Federal Conservative Convention chose a new leader, changed the name of the party from "Liberal-Conservative" to "National-Conservative" and evolved a new programme. The proceedings were reasonably harmonious and the only serious clash was over the plank about Imperial relations; this was eventually watered down to satisfy the representatives of Quebec and merely advocated consultation and co-operation with the other nations of the Commonwealth about defence problems.

The programme contains many obvious compromises designed to preserve party unity, and does not show any change in the outlook or philosophy of the party. The new leader, Dr R. J. Manion, is a Roman Catholic and a moderate protectionist, and is considered progressive in his views.

Excellent Harvest in Sight

All crop reports agree that prospects in the prairie provinces are by far the best recorded in the present decade for this stage of development. Ideal growing weather in July brought along rapidly grain crops which were already well rooted. Even in Northern Saskatchewan and Southern Manitoba, where the crops had previously suffered through lack of moisture, recent rainfalls have produced a marked improvement.

In some districts grasshoppers have done considerable damage and black stem rust has made its appearance in Manitoba and Saskatchewan, but fortunately a fair proportion of the wheat sown in these provinces is supposed to be rust resistant. Rust may yet take a heavy toll if weather conditions favour its spread, but the experts are now confidently predicting that the western wheat crop will be at least 300 million bushels (which would be double that of 1937) and may well exceed 400 millions.

Wheat prices have been tumbling downward as the result of the good crop reports which have come in not merely from North America but also from other countries. The Canadian Wheat Pool will probably have to fix a price substantially below the 87½ cents which it paid last year, as an advance, on deliveries of No. 1 Northern at Fort William.

Favourable Factors in Industry

The leading indices show no material change in business conditions, but the record for the first half of 1938 is considered satisfactory in view of the adverse influences which were operating. The Canadian index of business activity fell by 9 per cent. in comparison with the first half of 1937, while the corresponding decline in the United States was 31 per cent. Industrial production was 34 per cent. lower in the United States, but only 10 per cent. lower in Canada. In the week ended July 2nd the general economic index made its largest weekly advance for some months, but it then dropped back slightly.

Week ended	Car-loadings	Wholesale Prices	Bank Clearings	General Index
July 10, 1937	*78·0*	*87·0*	*96·4*	*109·7*
June 25, 1938	68·2	80·4	82·4	**106·0**
July 2, 1938.....	69·0	79·9	93·0	**109·1**
July 9, 1938.....	64·9	79·1	91·9	**108·1**

Since the beginning of July there has been a widespread and encouraging revival of confidence about the outlook for the second half of the year. This has been reflected in a brisk advance in share prices, which is still continuing. Three hopeful factors are contributing to this change in business sentiment—the prospect of good crops, which will raise the farmers' purchasing power; the probability of heavy British orders for aeroplanes and other kinds of armaments, which will benefit many lines of industry; and the stimulus to the building and allied industries which the low-cost housing scheme and public works programme of the Federal Government is expected to give.

Meanwhile the volume of retail trade is being well maintained. In June the sales of Canadian department stores were 7 per cent. higher than in May, though the index was still 3 per cent. lower than in June, 1937. Trade has now declined in the cities, but there is increased activity at holiday resorts, although the depression in the United States has reduced the number of tourists.

The figures for new construction in June were again disappointing, the value of contracts placed being $20,928,100, compared with $30,369,000 in June, 1937. However, there has been an improvement in the unemployment situation, as the employment index of the Bureau of Statistics reached 111.9 on June 1st, compared with 107.4 on May 1st and 114.3 on June 1, 1937.

Norway

Meeting of Oslo Nations

Oslo, July 28.—The chief political event of recent weeks has been the meeting held at Copenhagen on July 23rd and 24th between the Foreign Ministers of the seven Powers belonging to the Oslo Convention. The agenda of the conference included such items as armaments, air raids, sanctions and the League of Nations, all of which are topics of no less importance to small nations than to the big Powers. At the final session of the conference a memorandum was issued, which emphasised the joint interest of the seven Powers in the various questions discussed, and the necessity of adhering to the League and its leading principles. It also expressly maintained that the method of sanctions in the form employed hitherto would not be considered binding by the Governments represented at the conference. In the opinion of the conference, the memorandum went on to say, it would be in full harmony with the deepest interests of the League to give an unequivocal assent to the privilege of each of its members to judge and act individually in such matters.

Monetary Ease

Monetary conditions continue very easy, and, in spite of a slight contraction of bank deposits during May, the abundance of liquid funds is fast becoming a problem, and apparently a permanent feature, of the money market. This fact is clearly borne out by the great demand for Government and other first-class securities for investment purposes. While the average price of 4 per cent. Government bonds a year ago was somewhere about 95 per cent., buyers are to-day offering up to 102¼ per cent. without much hope of inducing sellers to come forward.

State revenue for the financial year 1937-38 will probably exceed that of the preceding year quite considerably, the surplus amounting to 53.5 million kroner for the 20 chief items. Of this amount, import duties account for 19.5 million kroner and direct taxes for about 9 millions. On the other hand, it is considered likely that expenditure will prove to be somewhat above the estimates, so that the net surplus will be below that of the preceding year.

Industrial Activity Maintained

According to the official index, industrial production during May was well maintained, the figure being 120, against 117 in April and 122 in May of last year. Unemployment figures indicate an appreciable improvement in the labour market, the number of unemployed being 10.7 per cent. lower on June 15th than on the same date of the preceding month, while the position was practically unchanged compared with last year.

Foreign trade figures for the first quarter of the year compared very favourably with those for last year, but it appears that the inevitable contraction on account of the world slump has at last set in. Thus, the total value of imports during the first six months of the year amounted to 595 million kroner, against 648 million kroner during the same period last year, while the figures for exports were 368 millions and 382 millions respectively. The excess of imports over exports consequently works out at 227 million kroner, as against 266 million kroner in 1937. As far as exports are concerned, it appears that the paper and pulp industries have suffered most from adverse market conditions and price movements, while exports of ships show an appreciable improvement.

Japan

One Year of Warfare

Tokyo, July 17.—The first year of the Sino-Japanese war has passed, and peace seems at least as far away as it did when fighting broke out in July, 1937. Indeed, if one looks back over the year one gets the impression of a stone thrown into water and causing wider and wider ripples. What the Japanese Army originally conceived of as a localised operation, designed to rivet Japan's political and economic grip on North China, has broadened in scope until the latest Japanese map of the prospective war zone stretches southwards as far as Hainan Island, and westwards to Ichang, far up the Yangtze River beyond Hankow.

The present conflict is thus proving no exception to the almost universal rule that wars last far longer than they are expected to. Japanese hopes that China would be reduced to complete submission within six months have been signally disappointed. And so have the hopes of the Chinese and their well-wishers abroad that the Japanese economy would not stand the strain of a prolonged war.

The two basic results of the war so far have been Japanese military superiority—on land, at sea and in the air—and Chinese solidarity. Add these two factors together and the sum seems to be a protracted war. Tokyo, like other capitals, periodically hums with rumours of secret pourparlers, or of possible foreign mediation. It is a matter of fairly common knowledge that the leaders of the puppet Government at Peking are in more or less regular communication with old friends on the other side of the battlefront; and this fact makes them natural intermediaries in unofficial soundings.

Overtures for Peace?

About the middle of June the new Foreign Minister, General Kazushige Ugaki, seemed to open a very small loophole for negotiation when he intimated, in an interview granted to the foreign Press, that Japan's decision not to deal with the nationalist regime might be modified, if there were "a serious change" in the situation. He declined to specify what he would regard as a "serious change." About the same time the Governments set up by the Japanese armies at Peking and Nanking issued a joint appeal to Chiang Kai-shek to cease fighting in view of the sufferings which the war had already brought to China.

It is quite conceivable that both General Ugaki's statement and the appeal of these Governments were related to tentative peace overtures. But even if these were really made, they seem to have borne no fruit; for the new War Minister, General Seishiro Itagaki, has just issued a most uncompromising statement to the effect that "Chiang Kai-shek must go" as a preliminary to any consideration of peace.

Of course, there is no absolute contradiction between the statements by the General who is in charge of the Foreign Office and his military colleague at the War Office. The elimination of Chiang Kai-shek might be the "serious change," at which General Ugaki cryptically hinted. But there is no sign that this elimination will take place in the near future.

Hopes of Dissensions in China

There is much speculation in the Japanese Press and in political circles about the possible future operation of divisive and disintegrating forces in China. Every report about hostility between the Kuomintang and the Communists, about disaffection with Chiang Kai-shek's policies in outlying provinces or among the provincial troops, about separatist tendencies among the ten million Mohammedans in the Chinese North-west receives widespread publicity. But as yet this seems to constitute wishful thinking. The only help which Japan has received from within China up to the present time (and this on a minor scale) is from the Mongols in Suiyuan and Chahar Provinces, who had been alienated by shortsighted landgrabbing policies of local Chinese militarists.

The belief has spread that the best way to strengthen the disruptive forces in China is to win a striking and decisive victory over the Chinese armies. This explains the decision to push on to Hankow without making any attempt to consolidate territory already under occupation, apart from holding the main railway lines. Travellers who have arrived here recently from North China are unanimous in their testimony that the writ of the Japanese and their puppet government in Peking simply does not run outside the main railway zones, except in Inner Mongolia and East Hopei. South of the Peking-Tientsin line a large area is reported to be carrying on under a local nationalist administration, virtually untouched by the Japanese occupation.

The extensive floods may or may not cause a serious delay in this programme, but the authorities are prudently preparing the public mind for a long war. On the anniversary of the first skirmish at Lukowkiao, on July 7th, appeals for endurance in the face of privation were as numerous in Japan as in China. One comfort after another is disappearing as restrictions on the use of cotton, petrol, iron, leather and other metals and raw materials multiply. A striking indication of the way in which the fruits of victory are blighted by the magnitude of the military effort involved is the present tendency to restrict Japanese exports to Manchukuo and occupied China, because neither of these countries can pay for imports in currencies of acceptable international value. It is these currencies which Japan needs in order to finance her essential war imports.

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Letters to the Editor

Union Insurance Society of Canton

TO THE EDITOR OF THE ECONOMIST

SIR,—I wish to draw your attention to a paragraph under the heading "British Oak" which appeared in a recent issue of your paper.

The Union of Canton is described as a Chinese insurance company under British management, and later in the paragraph it is stated that "it is interesting to see the control of a vigorous British company pass to Canton."

It is necessary that I point out to you that the Union of Canton is not a Chinese insurance company. It was established in 1835, is incorporated in the British Colony of Hongkong, and is in fact the oldest British Colonial company in existence.

I am, dear Sir,
Yours faithfully,
H. C. GRAY,
London Manager,
Union Insurance Society of Canton, Limited.

Trading Estates

TO THE EDITOR OF THE ECONOMIST

SIR,—In your issue of July 30th you suggest that the scale of operations in the Team Valley Trading Estate and other trading estates is sadly small in comparison with the problem involved, and point out that the Team Valley factories employ only 1,100 workpeople, of whom more than half are women and juveniles, new entrants into a labour market glutted with elderly miners and other male workers.

Although your facts are perfectly true, I think that the sense in which they may be read will react rather unfairly toward those who have been responsible for the trading estates. Of the 54 factories occupied, none of them have been in operation for more than a year, and at least 40 have only been occupied since the beginning of this year. The month of June, for example, showed an increase of 14 factories handed over to their owners. It is recognised in industry that it takes at least two years for a factory to work up to anything like full production, and this is even the case with branch factories, let alone those which are new industries. About a year ago a census was taken of present and potential employment of Team Valley factories then let, and in almost every case tenants expected to double their existing employment within five years. These figures were not based on optimistic hope but on the tenants' actual works plans. The average employment per factory on Slough and other older trading estates is 75, and there is no reason to suggest that Team Valley cannot equal this average, for the factories are more or less of the same average size and denomination.

With regard to your expression of regret that half the workpeople are women and juveniles and that there is no opportunity for the middle-aged and elderly men, this can be dealt with in two parts. Firstly, the introduction of industries employing women and juveniles to an area which has been almost devoid of such employment can bring a measure of increased prosperity and purchasing power to the area, *vide* such towns as Leicester and Nottingham. Secondly, the North-East wants light industries to counterbalance the heavy industries, and, if it is to get them, must comply with the habit of light industry, which is to employ female labour. Such light industries fall into one of those periodical declivities which we know so well. I am sure that you will be aware that family purchasing power has become as important a measure as the purchasing power of the male worker, and that there are many families in the South who enjoy the fruits of an income of as much as £10 a week because the daughters and juvenile sons contribute.

I am, however, glad to see *The Economist* raising the question of the Special Areas. In the past year or so there has been a good deal of national complacency about the problem, and there has been so much national concentration of energy on foreign affairs that domestic policy seems to have been relegated to the background. The problem still exists, and it is up to those who realise its importance to maintain the interest of industry and of the public in it.

Yours faithfully,
London. PHILIP BAKER.

Banking and Trade Recession

TO THE EDITOR OF THE ECONOMIST

SIR,—I would certainly not hold that investors *as a whole* have suffered during the past six years. Indeed, it would be a dismal prospect for the average investor if six years of industrial recovery brought him no benefit. But the benefit lies in equities and marginal fixed-interest securities. Those investors who are dependent on gilt-edged and first-class debentures have had their incomes reduced as a consequence of cheap money, and, therefore, I cannot see how one can hold that a forced reduction of interest rates can do *no possible harm*. If one maintains that cheap money was partly responsible for the 1932-37 recovery, then one must surely admit that gilt-edged and debenture holders made a sacrifice for the sake of business improvement, and to ask for a further sacrifice as soon as business activity begins to decline seems more than a little harsh.

Yours faithfully,
G. E. ROSS.
London, E.C.2.

The Long-Term Budget Problem

TO THE EDITOR OF THE ECONOMIST

SIR,—Referring to the study of the long-term Budget position, which appeared in your issue of June 11, 1938, is it reasonable of me to suggest as a "way of escape" from the dire results of the Budget policy of successive Governments, as seen by Messrs. Falk, Balogh, Crowther, Hall and Henderson, that increased real wages and increased prices of raw materials might be a road worthy of exploration? Increased real wages and increased prices of raw materials should go far to increase the purchasing power of those whose standard of living affords ample scope for increased consumption which, once attained, will render unnecessary the destruction of "over-produced" commodities as practised at present.

To recognise the need for "the greatest possible production of goods and services" without first recognising the need and scope for increased consumption does not seem to be a practicable "way of escape." There must be in the British Empire some hundreds of millions of people whose standard of living is only just above starvation line—in the world as a whole there are perhaps 2,000 millions of such people.

Until manufacturers, as a class, see the possibilities of increasing the consumption of manufactured goods by paying relatively higher prices for raw commodities (at the same time increasing or maintaining their own profits by keeping their manufacturing plants working at, or near, full capacity to satisfy the demand thus created), I can see little to be gained by the recognition alone of the need for "the greatest possible production of goods and services."

Yours truly,
Port of Spain. FREDK. C. HARDING.

POINTS FROM LETTERS

Quick Frozen Foodstuffs.—Your article "Economics of the Tin-Opener" (July 2, 1938) presents striking evidences as to the change in dietary habits of the British people. In the United States vegetables and fruits are offered in fresh condition in the off-season through the medium of quick freezing. It is understood that production of this character is being started in England. The prospect in this field seems particularly large, especially as it has been proved that these foods possess all the health values, such as vitamins and the essential mineral salts, as well as the appeal to taste of the fresh garden article. In time of war a supply of these fresh foods within our borders would be of incalculable benefit.—*Lord Barnby, 54A Parliament Street, S.W.1.*

Banking and Trade Recession.—Perhaps you will explain or substantiate the apparent contention in your footnote to Mr. Ross's letter on July 30th (page 229) that the fixed-interest investor of to-day (at, say, 3½ per cent. per annum) is substantially not worse off, in real terms, than in 1928 (5 per cent. per annum).—*J. R. George, London, E.C.2.*

Books and Publications

A Gateway to Economic Theory

THE perfect introduction to the study of economic theory has not yet been written. The man outside the university or classroom who buys a book on economics usually does so because he wants to understand certain actual problems. How can his eagerness be made to survive the rigorous course in logical analysis which is necessary to achieve that understanding? The best books for beginners in economics have been written by experienced teachers. The tradition of economics teaching has a distinctively oral quality as the source of its inspiration. Can this oral quality of the classroom be recaptured between the covers of a textbook?

The problem is clearly one of method. How can realistic description and abstract analysis be combined in a single whole? Most elementary books have maintained their descriptive quality by following the lines of Marshall's "Principles." More recent advances in economic theory have been found better capable of exposition on the logical but highly abstract lines of analysis typified by Knight's "Risk, Uncertainty and Profit." Dr Benham's method is a combination of these two; and, despite his intention of writing a book only "for university students and those preparing for the examinations of the Civil Service and professional bodies," he nearly succeeds in providing the much more difficult general textbook* for which we are seeking.

The purpose of the economic system, Dr Benham argues, is to provide consumers' goods; and there are not enough consumers' goods to satisfy all wants. In *any* community, therefore, someone must decide which wants shall be satisfied; somehow or other a decision must be made about how the available means of production shall be used. This is the familiar "scarcity" definition of economics. Stated in this form it can lead the reader straight into the theories of value and capital without any of the dogmas about market conditions and private enterprise which are so popular among abstract theorists.

Indeed, Dr Benham concludes this section of his book by considering production under a dictator, and shows that he too—if he has willing subjects—will make decisions on the basis of a scale of preferences directed to the most economical use of resources. From this dictatorship the argument then passes quite logically to a modern capitalist economy—and by a way much more familiar to the ordinary reader than Robinson Crusoe's island, which has done duty in so many introductions to economics.

Unfortunately, Dr Benham has not himself fully maintained this line of exposition. He introduces his price concepts and market descriptions too early, and, in the latter part of the book, deviates too far towards the "Marshallian" method, so that his general line of argument tends to get lost in a series of separate chapters. Nevertheless, while this book is primarily what, after all, it is intended to be, a book for students working under a teacher, it is still the best and most up-to-date of any which have been offered to the general public.

For the class-room, the addition of a bibliography would undoubtedly be a considerable improvement. On some subjects, too, Dr Benham gives the barest lecture-notes, and further reading is essential. Moreover, the student should be encouraged to go to original sources as early as possible; where, for instance, does the author get his definition of "supplementary costs" upon which he bases his theory of profits? But these are defects which can be remedied in a second edition. In the main, Dr Benham has succeeded in doing what he intended: to bring within a single book the new facts and theories, knowledge of which is now demanded of students at their first examination.

These demands have changed considerably in recent years. The treatment of imperfect competition in terms of marginal revenue and marginal costs; the treatment of money as a liquid asset whose demand depends upon "liquidity preference" and the rate of interest; developments in the theory of diminishing returns and in the theory of large-scale production; the theory of "opportunity costs," scales of preferences and choice between alternatives; all these are ideas which the first-year student must now be able to handle. The changes in the London money market and Bank of England policy since 1931; the practice of a "cheap money" policy and exchange control; the growth of restriction schemes and protection by duties and quotas; all these are matters which he must now be able to explain. This book is the first to deal adequately with these new developments, and it should receive a ready welcome.

* Economics. A General Textbook for Students. By F. Benham. Pitman. 7s. 6d.

Books Received

Slump and Recovery, 1929-1937. By H. V. Hodson (London) H. Milford, 484 pages. 10s. 6d. net.

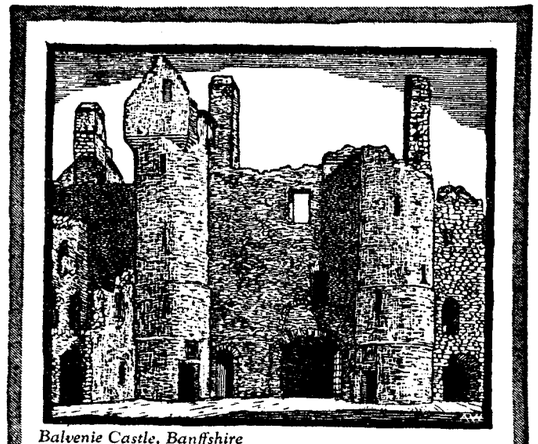
The Mediterranean in Politics. By Elizabeth Monroe (London) H. Milford. 259 pages. 10s. net.

The Baltic States: Estonia, Latvia and Lithuania. Prepared by the Information Department of the Royal Institute of International Affairs. (London) H. Milford. 194 pages. 7s. 6d. net.

Indian Currency Problems in the Last Decade (1926-1936). By J. C. Sinha. (Delhi) University of Delhi. 166 pages. No price stated.

Mexico's Resources for Livelihood. By A. Carrillo. (New York and The Hague) International Industrial Relations Institute. 34 pages. No price stated.

Economics and Cultural Change. By R. A. Dixon and E. K. Eberhart. (London) McGraw-Hill Publishing Co. 550 pages. 18s. net.


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THE BUSINESS WORLD

An International Depositary

AMID the general decline in international economic relationships since the war, there has been one bright exception. The volume of the international trade in securities quoted on public exchanges has been commendably maintained. Between London and New York the flow of business is already considerable, and though the existence of such a large volume of liquid, or at least easily realisable foreign funds, has its inconveniences, it is undoubtedly to the good that there should be free inter-communication between the different capital markets of the world. The full participation of Continental centres, however, has been hampered by the fact that the great bulk of British, American and Canadian securities are in registered form, while the continental investor has a pronounced preference for easily negotiable securities transferable by delivery. The effect of this difficulty can be seen in the highly inadequate and unrepresentative list of international securities quoted, for example, on the Paris and Swiss bourses.

The idea of bridging the gap between the form of Anglo-Saxon securities on the one hand and the nature of the Continental investment demand on the other occurred many months ago to a group of London and Paris bankers, who, after long and at times intricate negotiations, have now succeeded in translating the idea into reality. The formation of the International Certificates Depositary Company by a consortium of British, French, Swiss and Belgian banks is an event the importance of which is not to be measured by the moderate capitalisation of the new institution, for it holds within itself the seeds of expansion and development into one of the foremost parts of the mechanism for international dealing in securities.

The first stage of the process from which the new company has emerged was to collect an international team of collaborators that would inspire the complete confidence in the new organisation, which must be the first and essential pre-requisite of its successful functioning. On this score, the following list of participants should meet the strictest requirements:

London: Glyn, Mills & Co.; Brown, Shipley & Co.; Helbert, Wagg & Co.; Samuel Montagu & Co. *Paris:* Mallet Frères & Cie; Hottinguer & Cie; Mirabaud & Cie; Maurice Rueff & Cie. *Switzerland:* Société de Banque Suisse; Crédit Suisse; Lombard, Odier & Co. *Brussels:* Cassel & Cie.

The next task was the formation of an organisation which would act as the agent for the conversion of registered shares or stocks into securities having the required bearer form for introduction on the Continental bourses. This organisation has now been formed. It will be known as the International Certificates Depositary Company, Ltd., and has been registered in London with an authorised capital of £200,000, of which £86,100 will be issued and £23,100 paid up. The whole of this capital is being subscribed by the participants mentioned above. This company may be compared to a cloakroom in which registered securities will be deposited and against which a cloakroom ticket will be issued. This ticket will be a deposit certificate in the form of a bearer document, to which coupons will be attached. These coupons will represent the claims to any future dividend payments or capital rights to which the holder may become entitled in respect of dividends or rights accruing on the underlying registered securities. Arrangements have already been made by which these bearer certificates will be quoted and made good delivery in the Stock Exchanges of Paris, Zürich, Basle and Geneva. The list of Exchanges will probably be extended in the course of time.

The Depositary Company is not the sole organism to be established in the creation of this new machinery for international dealing in securities. A nominee company is also being formed, in whose name the underlying securities will be registered. This nominee company will be responsible for the payment of the coupons, just as the depositary company will be responsible to the holder for the underlying securities. It would probably have been desirable to register the nominee company in this country, and thus centralise the whole organisation in London. For various fiscal reasons, however, it has been found preferable to register it in Switzerland.

The deposit receipts will be issued jointly by the depositary and the nominee companies, and will in addition be countersigned by Messrs Glyn, Mills and Company, who will act as bankers to the depositary company in London and in whose vaults the underlying securities will be kept. The depositary company will derive the major part of its income from the charge it will make on issuing its bearer certificates. The nominee company, for its part, will derive its revenue from a small *ad valorem* commission, which will be deducted from coupon payments. In addition, the nominee company will be receiving dividends on the underlying securities in one currency, say, dollars, and will be effecting payments on the coupons in another, say, French francs, and the consequent exchange transactions will presumably provide further opportunities for reasonable profit.

The organisation will have paying bankers in all important countries, at whose offices coupons will be paid. It will be left to these bankers to deduct from the coupon payments the tax appropriate to the country in which they operate. The new facilities will thus at least not enlarge the loopholes for evasion of taxes left by the laws of the countries concerned; the fears on this score felt in certain high quarters during the course of the negotiations that preceded the formation of the depositary and nominee companies have been satisfactorily allayed.

The basic idea underlying this new organisation is by no means novel. It has, for example, been applied for well over a century in the Netherlands, where there are at present over thirty depositary companies known as Administratie Kantooren, which issue bearer certificates in respect of about 130 registered shares, and whose certificates are quoted on the Dutch bourses. These companies have been largely instrumental in popularising American investments in the Dutch markets, and they have, in most cases, proved extremely remunerative undertakings for their sponsors. In this country there is the well-known example of the Westminster Bank, which issues bearer certificates representing shares of the Canadian Pacific Railway. Hitherto, however, the application of this idea has been limited, either to marketing operations in one particular market, as in the case of the Dutch companies whose certificates are only quoted in the Dutch bourses, or to one specific share as in the case of the Canadian Pacific certificates issued by the Westminster Bank.

The new venture, however, although it will in its initial stages work within fairly restricted limits, comprises in its organisation all the elements of elasticity and potentialities of development, which will enable it to provide an agency for a better international distribution of securities.

Except in so far as it will gain from increased stock arbitrage business, the London market, outside the participating firms, will at first play a somewhat passive rôle in the new mechanism, for it is the intention of the sponsors to concentrate first on the leading American securities. It will do so partly because it is in favour of dollar securities that market winds are blowing at the moment, and because it is for them that the greatest potential investment demand is to be found on the Continent. The dealing facilities which the London market offers for American securities make it unlikely that the bearer certificates of the depositary company will compete at all actively with the securities themselves, as far as this country is concerned. There has been no occasion, therefore, for the sponsors to request the Stock Exchange authorities here to take official cognizance of the new organisation, or to request an official quotation for such certificates as it may issue If, however, the international arbitrage in these certificates assumes sufficient dimensions, it is quite probable that a demand for their official recognition by the London Stock Exchange may arise, not from the new organisation, but from within the Stock Exchange itself

The formation of this new organisation deserves a success in keeping with the ingenuity and arduous labours which its sponsors have devoted to it. Its objectives let in a breath of fresh air into the fœtid atmosphere of this increasingly autarkic world. And it is in every way fitting that so great a part in this initiative should have been played by the merchant bankers of London, for it is among them that are to be found the best representatives of what remains of that liberal individualism by which the greatness of the city was built.

Brewery Share Prospects

BREWERY company reports issued during the past fortnight have provided unwelcome news for the investor. Reduced profits have not been confined to such leading concerns as Arthur Guinness and Son, and Watney Combe Reid; smaller companies, including Friary Holroyd and Healy's and Showells Brewery, also show a definite, though not serious, decline. The Stock Exchange has been engaged for many months past in discounting the approach of falling earnings, but its first response to these results has been to mark brewery shares down fairly sharply, on fears that worse may be in store.

The Actuaries' index of equity shares, based on prices at the end of 1928, shows that representative brewery (and distillery) issues fell by 22½ per cent. from their high level of 160.5 in mid-November, 1936, to 124.4 this week. This was less than the 27¾ per cent. loss on a general list of industrial equities over the same period. But in the past fortnight, brewery shares have fallen by as much as 2½ per cent., while ordinary shares generally have experienced only a minor reaction. The average yield of 5⅓ per cent. on brewery issues is, indeed, about one-quarter per cent. higher than the return on a mixed holding of industrials. What do these market movements signify? Are brewery shares already feeling the effects of depression, and fated to feel them more keenly still? Is the group likely to miss, for a spell, the invaluable support of the provincial investor, whose past faithfulness has been well rewarded in dividends and capital profits?

The investor whose confidence in the prospects of the industry may be wavering should first consult its earnings record during the past decade. He will find that it was by no means depression-proof. Indeed, the total profits of the eight companies shown in the accompanying table fell by 11½ per cent. between 1930 and 1932. But in the majority of cases the ordinary shareholder continued to draw dividends. A few companies maintained their ordinary share payments throughout the depression; the majority reduced their rates as net profits fell, and thus kept their reserve provisions relatively stable; and in only a few cases, such as Newcastle Breweries, was the impact of depression so serious that ordinary dividends were temporarily passed.

Such results, covering the most serious period which the industry has faced in post-war times, suggest that it should preserve an adequate foundation of profits even if the present recession is further intensified. There is no case, in short, for indiscriminate disposal of brewery share holdings. Hasty action based on the results of a single year, disappointing though they may be, deserves ill-reward; the long-term investor should be prepared to take broader views. It is worth while, in fact, to trace the industry's history since 1923, when it received a significant remission in duty. Brewery output increased by no less than 20 per cent. in the following two years. But from 1925 onwards, a secular downward trend in beer consumption set in which has been evident, apart from intermediate variations, in the output figures ever since. In 1925, production amounted to 20,863 standard barrels. The figure fell steadily to 18,811 barrels for 1930, and then, as the depression made itself felt, to 16,377 barrels in 1931 and 13,228 barrels in 1932. Opinions may differ about the precise effect of the increased beer duty imposed by the emergency budget of 1931 upon beer consumption, as distinct from the general effects of the depression itself. But a fall of 30 per cent. in output in two years is an experience which the industry would not care to repeat; "no change" in the beer duty has become a fiscal watch-word since the penny was taken off the pint in 1933.

Regular progress has since been registered in output, from 14,314 barrels in 1933 to 16,254 barrels in 1935 and 17,853 barrels last year. Here are two significant points for the investor. Although business activity, as measured by *The Economist* index, exceeded the 1929 level by 13½ per cent. last year, beer output was about 8 per cent. lower. Secondly, brewery profits were appreciably higher last year than in 1929, despite this reduction in output. The industry learned valuable lessons in economy during the depression. In particular, it reduced the number of breweries in operation from 1,502 in 1929 to 1,026 in 1937. So far, again, the impact of the current recession is scarcely visible in the output figures. It is true that the total in June was slightly below that of the corresponding month of 1937—a point which has not escaped attention after several years of consistent progress. But it is dangerous to infer too much from the results for any single

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month, and in particular for an unseasonable month. The increase in consumption is naturally less vigorous than it was. Output in 1937 increased by 6.7 per cent. over the 1936 level; but for the first six months of the current year, compared with the corresponding period of 1937, the rate of increase has dropped to 3.2 per cent. Nevertheless, for a period in which the volume of unemployment was about 23 per cent. higher, on the average, than in the first six months of 1937, the industry's recession record is so far quite favourable.

Output is one thing; but profits are quite another. To-day brewing costs are appreciably higher than a year or two ago. Hops have been stabilised at £9 per ton under the marketing scheme. Malting barley was extremely scarce last year, when English malt cost 15s. per quarter more than in the preceding year; but there may be hope of relief from high malt prices this year, in view of the excellent barley crop prospects. Brewing sugar also stands at roughly the same level as a year ago. These items, coupled with wages, are the direct constituents of brewing costs, and are more or less common to all brewing concerns. Distribution costs, however, have also increased. Brewery company chairmen in recent months have dwelt, almost without exception, on the substantial increase in the sales of bottled beers, which, in many cases, has involved the extension of

BREWERY COMPANY PROFITS AND SHARES
(Amounts in £'000)

Company (and date of accounts)	1929	1932	1936	1937	1938	Ord. Shares Price	Ord. Shares Gross Yield %
Bass, Ratcliff & Gretton (Sept. 30):							
Total profits	1,167	1,088	1,404	1,475	...	125/-	5·51
Earned for ord. (%)	*21·2*†	*16·9*†	*26·1*†	*27·3*†	...		
Paid (%)	20†	14†	24†	25†	...		
Bristol Brewery Georges (Sept. 30):							
Total profits	243	288	348	381	...	100/-	4·96
Earned for ord. (%)	*30·8*†	*23·4*†	*23·3*†*a*	*25·6*†*a*	...		
Paid (%)	20†	20†	18†*a*	18†*a*	...		
Brickwood (Sept. 30):							
Total profits	140	150	241	271	...	60/-	5·00
Earned for ord. (%)	*20·4*	*12·1*	*24·0*	*26·7*	...		
Paid (%)	15	12	14	15	...		
A. Guinness (June 30):							
Total profits	2,397	1,784	2,180	2,089	1,926	109/3	5·30
Earned for ord. (%)	*35·2*	*27·0*	*33·6*	*32·4*	*29·0*		
Paid (%)	35	29	29	29	29		
Ind Coope and Allsopp (Sept. 30):							
Total profits	469*b*	418*b*	1,062	1,171	...	102/9	5·35
Earned for ord. (%)	*40·6b*	*27·4b*	*41·5*	*42·1*	...		
Paid (%)	25*b*	19*b*	27½	27½	...		
Newcastle Breweries (Oct. 31):							
Total profits	91	15	136	171	...	57/-	5·26
Earned for ord. (%)	*11·9*	*Nil*	*26·1*	*33·6*	...		
Paid (%)	8	Nil	11	15	...		
Taylor Walker (Dec. 31):							
Total profits	353	332	399	409	...	37/-	5·40
Earned for ord. (%)	*17·5*	*8·9*	*12·5*	*12·8*	...		
Paid (%)	12½	8	10	10	...		
Watney Combe Reid (June 30):							
Total profits	2,581	2,519	2,531	2,573	2,515	69/6	5·18
Earned for ord. (%)	*40·7*	*25·0*	*32·2*	*34·0*	*31·6*		
Paid (%)	20	15	18	19	18		

† Tax free. (*a*) Capital bonus of 50 per cent. distributed 1934. (*b*) Before amalgamation with Samuel Allsopp and Sons in 1934, when ordinary capital was raised from £874,218 to £1,475,698.

bottling stores and the carrying of higher stocks. Local rates are increasing, and may increase further. To these direct charges upon trading and profit and loss accounts may be added another—provision for modernising and extending licensed premises. In particular, companies supplying the inner London area have undertaken considerable rebuilding in recent years, and have also erected premises in newly built-up areas. Watney Combe Reid is a typical example among the companies which have made generous provision for rebuilding and extending licensed premises in recent years.

These various items of costs do not, of course, affect individual brewery concerns in equal measure. We can distinguish, in the first place, between the local brewery, with its system of tied houses, and concerns which operate on a national scale, like Bass, Ratcliff and Gretton, and Arthur Guinness and Son. Other things being equal, the latter are likely to be more closely affected by changes in distribution, as opposed to brewing, costs. Again, among local breweries the investor may compare the records of companies which operate in areas particularly sensitive to cyclical changes in economic conditions—Newcastle Breweries is perhaps a good example—with those in other areas which suffer less from such changes—such, for instance, as Bristol Brewery and Georges and Brickwoods. Some of the local concerns also tend to concentrate upon a bulk beer trade—in the London area, for instance, Taylor, Walker may be a fair example. Finally, and superimposed on these various sub-divisions, the investor may trace the benefits and economies of amalgamation, as revealed by the profits of Ind Coope and Allsopp in recent years. We may briefly examine these types in turn.

Shareholders of Watney Combe received a clear indication in the latest report that they may have to share any further reduction in profits with the property improvement reserve, just as expanding profits have been shared since 1933. The "national" brewers obtain higher prices, but they sell on quality, and may face relatively greater distribution charges than local concerns. Shares of the standing of Bristol Brewery and Georges and Brickwoods, in the stable South and West, are tightly held on their impressive earnings record through depression and recovery. It would seem that such companies have secured appreciable operating economies during the past decade. In Newcastle Breweries the investor finds that comparatively rare thing—a highly-geared brewery share. Some gearing element is common to all brewery equities, for the industry's substantial fixed assets provide excellent security for prior charges. But in relatively few cases have fluctuations in earning power, within the space of five years, left ordinary dividends uncovered at the trough, and yet provided a 15 per cent. ordinary dividend (twice covered by earnings) in recovery.

Holders of shares in companies which cater largely for a bulk beer trade probably have closest interest in the prospects for beer consumption. Bottled beer business, as we have seen, has greatly increased in recent years. But the bulk beer trade is a "public bar" rather than a "saloon" trade, and the relative stability of profits of such concerns as Taylor Walker during the past three years may have been associated with relatively low profit margins and, perhaps, with some tendency for bulk consumption to fall off. In the long run, this latter factor is the all-important one. The industry is well aware that its market is changing. To-day, it is the glowing face of the athlete who smiles down from the beer advertisements. The industry, in short, is trying to cultivate a new generation which spends its week-ends in the open air and its evenings at the cinema, in its gardens in summer, and in seeking fortune from football pools in winter. By making licensed premises more attractive, by providing food and the popular amusement of the dart board, "the trade" is fighting back strongly in competition with these modern pursuits. But the heavy beer-drinker, even in the traditional beer-drinking trades like iron and steel and textiles, may soon belong to a past generation. Consumption per head, and therefore total consumption, may well show a declining trend in the future.

The long-term prospects for the industry, therefore, depend in no little degree on the achievement of further operating economies. A considerable increase in efficiency has already taken place, but it is hardly complete. A moderate fall in brewing profits among the smaller concerns might, for example, provide a favourable context for offers of amalgamation from larger companies. Ind Coope and Allsopp, to quote only one case, has done much, since the Allsopp business was absorbed in 1934, to effect further amalgamations within the group, but some time must still elapse before the full benefits are realised. But the expansion in the parent company's profits between 1935 and 1937 provides clear proof of advantages of prudent amalgamation. In the immediate future the industry's profits will be dependent upon the trend of consumption rather than costs, which may have been stabilised for the time being. Its experience in the worst of industrial depressions does not suggest that the consequences of any fall in consumption which is likely at the moment will be either disastrous or permanent. But the long-term outlook rests on the industry's power to offset any resumption of the secular fall in consumption by means of internal economies. And the balance of probabilities suggests that there is every reason for retaining sound brewery investments in this expectation.

Aluminium

EXCEPT for silicon, aluminium is the most abundant constituent of the earth's crust. It is twice as plentiful as iron, and possesses qualities which make it suitable for meeting a variety of needs. Yet aluminium is definitely to be classed among the newer metals.

The explanation of this apparent paradox is to be found in the difficulty of extracting the metal from its ores. Aluminium occurs most frequently in the form of silicates, which are an essential constituent of all common rocks and clays, and of various soils. But even to-day these cannot be commercially exploited, and the only ore which is suitable is also relatively scarce—at any rate in comparison with the abundant deposits of easily-worked iron ores. This is the oxide, which is found in an impure form in a clay-like substance called bauxite.

The first stage in the process of extracting aluminium from bauxite is to separate the oxide, or "alumina," from the other ingredients. This is done by treating the bauxite under pressure with a solution of caustic soda in water; the alumina dissolves, while most of the impurities do not, and can therefore be separated by filtration. The solution is then heated, and pure alumina is obtained as a white powder. With a high-grade ore, 2 lb. of bauxite give 1 lb. of alumina.

The alumina is then reduced to aluminium by electrolysis in a bath of cryolite (a double fluoride of aluminium and sodium). The cryolite is first melted in an electric furnace, and the alumina then stirred in. The process is carried out at a very high temperature, and it requires ten kilowatt-hours of power to convert 2 lb of alumina into 1 lb. of the metal.

This method of electrolysis was discovered independently by Hall and Héroult in 1886, and its nature has had a profound influence on the structure and location of the industry. The importance of cheap and abundant electricity is obvious—the cost of power may easily amount to some 10 or 20 per cent. of the total cost, whereas the raw material cost seldom exceeds 10 per cent. Large-scale production is necessary, and the tendency towards concentration of the industry was reinforced by the action of the original patentees, who secured control of much of the best raw material before their patent expired.

As a result, production in every country is now concentrated in the hands of a few very large concerns. The leading example is the Aluminium Company of America, which is not only the sole producer in the United States, but also controls the Canadian Aiavida works, one of the world's largest producers. In the United Kingdom, production is in the hands of the British Aluminium Company, Ltd., and the Aluminium Corporation, Ltd. The former company dates back to the earliest days of the industry; the latter is controlled by the Alliance Aluminium Company, the organ of the international cartel.

The table in the next column shows how little the possession of raw material determines the geographical distribution of production. Hungary, Jugoslavia and British and Dutch Guiana produce large quantities of bauxite, but export virtually the whole of it. Germany, Canada, Switzerland, Norway and the United Kingdom are almost entirely dependent on imports of the raw material, but have flourishing aluminium industries. Only the United States and the U.S.S.R. are more or less self-sufficient.

Nor, apparently, is it essential to have a large internal demand for the metal, as the Swiss and Norwegian figures show. The dominant consideration is usually the availability of cheap power. In the case of Germany, however, there have also been special factors at work, which have induced the State to encourage an increase in output from 33,000 tons in 1929 to 127,500 tons in 1937. For, although Germany has to import the raw materials, yet the cost of these is only some 10 per cent. of the final price. Hence in her search for greater self-sufficiency

WORLD PRODUCTION OF BAUXITE AND ALUMINIUM, 1937
(in Metric Tons)

	Bauxite	Aluminium
Germany	20,000	127,500
France	669,500	34,500
U.S.S.R.	250,000*	45,000*
Italy	370,000	22,900
Hungary	510,000	1,200
Jugoslavia	357,000	200
Switzerland	...	24,000
Norway	...	22,000
United Kingdom	...	19,400
Greece	110,000	...
Rest of Europe	15,000	5,900
Europe	2,301,500	302,600
United States‡	418,000	133,000
Canada‡	...	42,500
Japan	...	10,500
Rest of the World†	990,000	...
World Total	3,709,500	488,600

* Estimated. † Principally Australia, Brazil, British and Dutch Guiana, Dutch East Indies, India and the Unfederated Malay States. ‡ According to the U.S. Bureau of Mines.
Source: Report by Metallgesellschaft A.G.

she has found it very advantageous to use aluminium as a substitute for tin or copper—more especially as the raw material is obtained from Hungary and Jugoslavia under clearing agreements. In 1938 the German output is expected to reach 175,000 tons, which would make her unquestionably the foremost producer in the world, and might lead to substantial exports.

Italy has also made considerable strides towards self-sufficiency, by raising her output of the metal from 7,000 tons in 1929 to 22,900 tons in 1937. In that year she still had to import 3,400 tons, but permission has been granted to two leading producers to enlarge their plants. The United Kingdom imports substantial amounts from Canada, and smaller quantities from Norway, despite an increase in production from 13,900 tons in 1929 to 19,400 in 1937. British consumption in 1937 is estimated at 44,000 tons.

The production of aluminium has provided one of the most successful instances of control of an industry by international agreement. In 1932 the Alliance Aluminium Company of Basle was formed to regulate prices and production, with the producers in Germany, France, the United Kingdom, Canada and Switzerland as its leading members. Its price policy has been directed above all to securing stability. From 1932 onwards it made no alterations until the recent reduction to £94 per ton for domestic sales and £90 per metric ton for export (previously £100 in both cases). The Cartel deserves

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credit for refusing to follow last year's spectacular rise in the prices of other base metals. But it is more questionable whether the maintenance of a price of £100—very little below the average level of the years immediately preceding the slump—was justified during the depression years.

Thanks mainly to the restriction of output enforced by the Cartel, the large stocks accumulated between 1927 and 1932 have now been reduced to reasonable proportions. World consumption was actually in excess of world production for each one of the five years 1933–37, as may be seen from the following table :—

WORLD PRODUCTION AND CONSUMPTION OF ALUMINIUM
(Thousands of Metric Tons)

	1929	1933	1934	1935	1936	1937
Production	282	142	171	260	366	489
Consumption	276	158	227	307	407	*
Change in stocks	+ 6	−16	−56	−47	−41	...

* Not yet available, but certainly exceeded 500,000 tons.

World production in 1937 was nearly 75 per cent. greater than in 1929. The expansion of output in Germany was, of course, largely responsible for the increase, but there have also been several complete newcomers, notably the U.S.S.R. and Japan, whose outputs in 1937 were 45,000 tons and 10,500 tons respectively. But consumption has risen so greatly that there was no difficulty in finding a market for all producers, new and old. Plant that had been idle during the depression was brought back into operation, and plans are being made in many countries to raise output still further. As an example, the British Aluminium Company is doubling the capacity of its Lochaber works and erecting a third alumina plant to begin work at Newport before the end of this year.

The various properties of aluminium are obtaining progressively greater recognition. Most familiar is its lightness—it is only one-third as heavy as most metals. It is also very ductile, and can therefore be easily rolled into sheets or strips, cut into circles, extruded or drawn into a wide range of sections, rods, tubes, wires and rivets; each of these properties opens up a wide range of possible uses. Moreover, it resists corrosion and has a high electrical and thermal conductivity. Aluminium is manifestly very far from depending on a single use for its outlet. It is already widely employed in transport (including aviation), electrical goods, collapsible tubes, food-packing, household appliances, machinery of all sorts and in alloys with steel. Even this varied list is not exhaustive, but it serves to disclose one of the major advantages of the industry's strategical position; nearly all the consuming trades are themselves expanding, so that the consumption of aluminium will almost certainly increase, quite apart from the discovery of new uses.

One development which may prove to be of outstanding importance is the recent discovery of a new alloy. Ordinary aluminium suffers from the serious drawback that its structural strength is relatively low. But it has been found that the addition of 4·5 per cent. of copper, 1·5 per cent. of magnesium and 0·5 per cent. of manganese gives it a tensile strength equal to that of structural steel. Where low weight is more important than low cost such a material would be supreme; and even the cost factor is not so adverse as might appear from a simple comparison of the price per ton, for what is wanted is not a given weight, but a given volume, and steel is three times as heavy as the alloy.

The international cartel devotes considerable sums each year to research and the development of new or improved uses, which should increase consumption in the future. It has also shown that it can maintain a stable price for periods of several years, so that consumers can plan ahead on a reasonably firm basis. The trend of costs in a developing industry should be downwards, and the ultimate test of the cartel's policy will be the rapidity with which declining costs are reflected in the selling price. In short, whilst general slumps may bring periodical set-backs in the future as they have done in the past, yet the long-period trend of consumption should be steadily upwards.

Finance and Banking

The Gold Rush Goes On.—There has been no sign of abatement in the demand for gold this week. The amounts dealt in at the daily fixings have fluctuated between £1,519,000 and £2,356,000, while every day business after fixing has continued exceptionally active. The demand for gold can still be divided into two main categories, the one governed by international tension and the other by fears of a further depreciation in sterling *vis-à-vis* the dollar and by consequent expectations of a corresponding increase in the sterling price of gold. The purely hoarding demand for the metal is apparent in the continued bidding for gold coins, which this week has risen to a premium of 7 per cent. over their bullion value. The "exchange demand" for gold has up to now justified itself, since sterling has, on balance, lost further substantial ground in terms of the dollar. The New York rate in London this week has touched $4.87\frac{1}{8}$, which is well within the gold points of the traditional parity of the two currencies. The weakness of sterling would have gone further had it not been stemmed by Control operations, which at times have had to acquire massive proportions. Sterling has also been helped against the dollar by Japanese sales of the latter currency, effected against renewed shipments of gold from Japan to the United States.

* * *

The gold sold at fixing continues for the most part to be supplied by the Exchange Equalisation Account, and the authorities have throughout the week maintained a price representing a ¼d. premium over the dollar shipping parity. This has been done to limit arbitrage shipments to New York, the task of providing support for sterling being reserved for official operations. Nevertheless private arbitrage has found it possible by jobbing in the dollar, i.e. anticipating or postponing the covering sales of dollars, to arrange some moderate shipments which have proved profitable even on the basis of the officially controlled price for gold. During the week to Thursday, August 11th, £1,721,214 of gold was taken for export from this country to the United States, all of which represents private arbitrage operations. The Exchange Account has also been supplying gold after fixing this week, though a substantial proportion of the selling in the afternoon business has been provided by the market itself.

* * *

M. Rist Accuses.—Every year M. Charles Rist, the eminent French economist, contributes a preface to the annual review of the economic situation of France, compiled by the *Revue d'Economie Politique*. These annual appreciations of the French position are always read with great interest, both for the authority and candour of the views which they express. The latest of these has just appeared, and as a sober, not to say sobering, summary of the French economic situation it is an admirable document. M. Rist, however, closes his review by an accusation against the gold policy of Great Britain which cannot be allowed to pass without comment. He relates it to the subject of his preface by pointing out that one great obstacle to economic recovery to-day, whether in France or the world as a whole, is to be found in the "continuation of a policy of gold hoarding by Great Britain—a policy which has happily been abandoned by the United States." After using the familiar argument of the coincidence of rising prices and economic prosperity with an expansion of gold production in the nineteenth century, M. Rist argues that the exceptionally large current production of gold is being prevented from affecting the level of prices, and therefore world economics, by hoarding and sterilisation of gold in the British Exchange Equalisation Account. This accumulation of gold, he adds, goes far beyond the limit that might be justified by the need to provide a cushion against movements of hot money. The accusation appears a little inappropriately after a period of six weeks during which the Exchange Equalisation Account must have disgorged well over £50 millions of gold—mainly to compatriots of M. Rist. There might be something in the accusation if there had been the slightest evidence over the past year of monetary stringency in this country, or if there were any grounds for believing that lack of credit facilities played any part in the economic recession which became evident in the latter half of 1937. There were, of course, none, and M. Rist's own review of conditions in France shows that it is quite unnecessary for anyone to tell him that factors of a wholly non-monetary character can become decisive in determining the trend of the economic cycle. But the whirligig of time is having an amusing revenge when Frenchmen advance, and Englishmen have to rebut, the argument that the sterlisation of gold is responsible for all their ills.

* * *

Clearing Bank Statements.—The clearing banks' average figures for July are in the main dominated by customary seasonal influences. The cash figure has declined somewhat following the turn of the half-year and to £241 millions is £2.2 millions lower than in June. As the banks have, on the whole, been prepared to work on a somewhat lower cash ratio, namely, 10.26 against 10.73 per cent., this reduction in bank cash has involved no reduction in total assets. Money at call and discounts are both higher by £5.3 millions and £12 millions respectively, which reflects the normal seasonal expansion in the issue of tender bills. Investments have risen by £3.5 millions, while loans and advances are down by £500,000. There is the customary reduction in items in transit, which, as usual, were swollen in the previous month with the approach of the end of the half-year.

(In £ millions)

	July, 1937	March, 1938	April, 1938	May, 1938	June, 1938	July, 1938
Capital and reserves	132·5	136·0	136·0	136·0	136·0	136·0
Acceptances, etc.	122·1	111·7	111·7	115·8	115·8	114·9
Deposits (including undivided profits, etc.)	2,255·6	2,216·7	2,229·8	2,225·0	2,262·2	2,272·1
Total liabilities ...	2,510·2	2,464·4	2,477·5	2,476·8	2,514·0	2,523·0
Cash	231·8	240·8	242·8	227·9	243·2	241·0
Cheques, balances and items in transit	63·7	63·4	63·3	66·0	71·3	63·2
Money at call	157·9	146·2	145·2	141·2	149·6	154·9
Discounts	280·7	237·0	247·0	278·1	287·9	299·9
Investments	631·7	619·7	623·4	616·3	615·3	618·8
Loans and advances	954·7	978·1	976·6	963·8	963·3	962·8
Investments in affiliated banks.....	23·5	23·9	23·9	23·9	23·9	23·9
Cover for acceptances, premises, etc.	166·2	155·3	155·3	159·6	159·5	158·5
Total assets	2,510·2	2,464·4	2,477·5	2,476·8	2,514·0	2,523·0

Irish Bank Note Issues.—The Irish Consolidated Bank Note Issue, which the Banking Commission recommends for abolition, was, in its present form, the creation of the Banking Commission of 1926. The position existing at the time the Free State was set up in 1922 was that five of the nine banks operating in its territory had note issues under the provisions of the Bankers (Ireland) Act of 1845. The Act of 1845 fixed a fiduciary issue of £6,354,494, and the banks could issue further notes against the deposit of gold or legal tender currency. The Free State Currency Act of 1927 withdrew the circulation of these sterling notes and set up the Consolidated Issue, in which all the banks, whether or not they had previous issues, share. The Chairman of the 1927 Commission was Professor Parker Willis, of New York, and the Consolidated Issue has several American characteristics. Thus the notes are uniform in appearance, irrespective of the issuer, and they are considered to be in issue when delivered by the Currency Commission to the issuing bank, even if they are held in the bank's till. They are also supposed to be specially secured upon liquid commercial paper. The total issue has been fixed at £6,000,000. But each bank has had to deduct from its share a sum equal to that proportion of its outstanding "old" (i.e. pre-Free State) notes, which is deemed to be attributable to the Free State. The result of this provision was that the average issue in the first quarter of 1938 was only £5,050,000, and not all of these were outside the banks. The Consolidated Bank Note Issue has thus been the inelastic smaller part of the total circulation of paper money in Eire, the Legal Tender Notes being in issue to almost twice the amount, in addition to an unknown amount of Bank of England notes. The restrictions on the issue, together with the tax of £2 10s. per cent. levied on the total issue (whether outside the banks or not), have limited the profitability of the notes to the banks. But no bank likes to lose its privilege of note-issue, and the Irish banks will be sorry to see their notes disappear.

* * *

MONEY MARKET NOTES

Foreign Exchanges

THE foreign exchange market has had another exceptionally busy week, with the main interest shifting rapidly from the dollar to the French franc and then to the belga. The dollar continued keenly bid until it reached the rate of $4.87\frac{1}{8}$ on Tuesday, but has since reacted to $4.88\frac{1}{2}$ owing to the combined influence of Control operations, arbitrage shipments to New York and some reconversion of dollars into sterling by interests who had made the reverse operation in recent weeks. On Thursday afternoon the dollar was appreciating again beyond 4.88. The French franc became suddenly offered on Tuesday, following the unexpected return of the French Prime Minister from holiday, and it needed considerable supporting operations by the French Control to hold the rate at 178.90, or as close as the rate can be allowed to approach to the published limit of depreciation, namely, 179 to the pound. Forward francs have weakened, the three months' rate going out to 5¼ frs., but Control operations, plus the exceptional narrowness of the forward market, have checked any appreciable expansion of speculative commitments in this direction. The rate has since recovered to 4⅞ frs. discount. Following the weakening of the franc on Tuesday, the belga had to withstand considerable selling pressure on Wednesday. For some time past this currency has benefited by the covering of bear positions and on Wednesday morning stood at its gold import point in relation to the dollar. At the close of the day it was very near gold export point. There have also been attempts to sell belgas forward and discounts have widened to 40c. for three months.

*

The Bank Return

THE customary post-holiday contraction in notes is shown in the latest Bank of England return, the circulation being down by £7,790,000. This is about £1,700,000 more than the contraction in the corresponding week of last year.

	Aug. 11, 1937 £ mill.	July 27, 1938 £ mill.	Aug. 3 1938 £ mill.	Aug. 10, 1938 £ mill.
Issue Dept.:				
Gold	326·4	326·4	326·4	326·4
Notes in circulation	497·9	493·3	497·8	490·0
Banking Dept.:				
Reserve	29·8	34·2	29·7	37·5
Public Deps. ...	19·0	11·2	9·5	19·3
Bankers' Deps.	93·6	116·4	113·4	106·1
Other Deps. ...	36·4	35·1	34·7	34·5
Govt. Secs.	111·1	115·8	114·7	109·7
Discounts & Advances	5·9	9·5	9·6	9·2
Other Secs.	20·3	21·3	21·8	21·5
Proportion.....	*19·9%*	*21·0%*	*18·8%*	*23·4%*

In the banking department there has been a reduction of £4,950,000 in Government securities, a movement which is to be read in conjunction with the seasonal return of notes from circulation. Public deposits show an increase of £9,805,000 over the week, a movement which may partly be connected with the seasonal income tax payments, but which must also be due in part to

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Investment

Markets, Gold and Politics.—The London market has been a spectator in the stands this week rather than a performer in the arena of events. It has made nothing of the legacy of slightly firmer equity prices which it took over from the end of the three-week account. Indeed, the "bears" having covered, there has been little immediate incentive for the professional operator in one direction or the other. Investors have noted with approval the favourable character of the July unemployment return, though they do not, as a whole, appear to have revised their calculations of the timing, and extent, of the recession. On some grounds, perhaps, it may be possible to reach conclusions of passive optimism regarding the immediate trade outlook, if only on the premise that the rapid deterioration which occurred during the earlier months of the year has been checked. But the average investor is scarcely disposed to enter into the technical argumentation which this hypothesis involves. He has one eye on the gold rush, but has not indulged in any large-scale business in the Kaffir market. And he has the other on the political scene, balancing his relief at the Russo-Japanese truce against the restlessness of the Czech situation. The net effect of this week's rather vague pointers is a slight fall in industrials, arising from a general want of adequate support, particularly in such groups as iron and steel shares; quiet and slightly irregular conditions in the Funds; and firm, rather than excited, dealings in Kaffir shares. And so far as Wall Street has played a part in London markets, its slacker activity and slightly easier prices have assisted this trend. There is, in fact, no sparkle in the markets. And of some sections it might almost be said that there is no market sufficient to test quotations.

Outlook for Gold Shares.—For several months the position of sound Kaffir shares has attracted quiet attention from the serious investor who seeks to minimise the present-day risks of political disturbance, inflation, and trade depression. That the gold rush of the past fortnight has not stimulated the market into a blaze of speculative activity may be explained by the fact that Mr Havenga's Budget statement contained the possibility—though it was not seriously canvassed in the market—of a change in mining taxation. With this possibility removed, somewhat greater interest may develop in the mining market. Mr Havenga anticipates a slight falling-off in receipts from gold-mining taxation, which reached £10 millions last year, compared with estimates of £9,456,000. For the current year the estimate has been reduced by £606,000. Some of the heaviest producers of revenue have now passed their peak earnings, while the new mines have not reached a sufficiently advanced stage of production to offset the decline. Mr Havenga made the claim, which the industry will acknowledge to be reasonable, that taxation policy had encouraged the companies to mine a higher tonnage of lower-grade ore, and thus to produce steady returns over a longer period, rather than bumper profits at present. The same reasoning in terms of current profits, may well apply to the recent rise in the price of gold, assuming that it proves to be permanent. Major changes in the price, ever since the devaluation of the pound, have been accompanied by suitable adjustments of mining policy, with the object of working the lowest payable grade. Established mines have undertaken considerable plant expansion in order to increase their milling capacity, and since the major changes in Rand taxation were introduced in 1936, the more

recent heavy sales of gold by the Exchange Equalisation Account. Bankers' deposits have therefore failed to derive any benefit from the contraction of the note circulation and are, in fact, down by £7,346,000 over the week.

*

The Money Market

JUDGED by the outside rate for bond money, which in these days is the only truly sensitive indicator of money market conditions, the position this week has eased slightly. Whereas last week ¼ per cent. was readily paid for such accommodation, the prevailing rate this week has ranged between ⅜ per cent. and ¼ per cent. The extremely quiet conditions experienced in the stock markets have probably been responsible for a diminution in the demand for credit from that quarter and account for the fractional easing of the rate. The short loan position has also been helped slightly by buying of hot treasury bills by special quarters. Conversely, the active buying of gold in the London market and the satisfaction of this demand by official sales of metal is leading to an accumulation of funds in public deposits. This may be redistributed in the form of a further reduction in the issues of Treasury bills to the market. Last week's £35 millions of Treasury bills were allotted at an average rate of 10s. 1.8d. per cent. The syndicate applied at £99 17s. 5d. and obtained 40 per cent. of its applications. The low average rate shows that substantial applications must have been put in at £99 17s. 6d. These were presumably applications of an official or semi-official character, and it looks as though we are once again running into a period when renewal of permanent holdings of Treasury bills in special hands will provide the discount market with considerable competition at the weekly tenders. The imminent final call on Defence 3's is not expected to cause any appreciable change in the money position. The special buying of bills apparent this week was probably connected with preparations made to neutralise the effects of that operation.

	Aug. 12, 1937	Aug. 4, 1938	Aug. 11, 1938
	%	%	%
Bank Rate	2	2	2
London Deposit Rate	½	½	½
Short Loan Rates:			
Clearing Banks	½–1*	½–1*	½–1*
Others	½–¾	¾	⅝–¾
Discount Rates:			
Treasury bills	½	½	½
Three months' bank bills	17/32–9/16	17/32	17/32

* Viz. ½ per cent. for loans against Treasury bills and other approved bills and British Government securities within six months of maturity. ¾ per cent. for loans against 1 per cent. Treasury bonds and other gilt-edged stocks within six months of maturity. 1 per cent. for loans against other collateral.

*

The Bullion Market

EXTREMELY active conditions have continued to prevail in the gold market and since Friday of last week the amounts dealt in at fixing exceed £9,500,000. Subsequent operations have been almost as heavy. This exceptional activity is dealt with in a Financial Note on page 330. The silver market has remained quiet and has completely ignored a threat by Mr Lewis, member of the Foreign Relations Committee of the U.S. Senate, that in view of the policy being pursued by the Mexican Government, the United States might be forced to suspend the present arrangements by which Mexican silver can still be bought. This remark was made on Friday of last week and had an immediate effect on the Bombay silver market, but recovery followed so quickly that the movement was not followed in London. The spot price of silver has thus tended to follow fairly closely movements in the dollar appreciating to 19 1/16d. which was reached on Wednesday, but giving way ⅛ to 19 7/16d. on Thursday. Bombay stocks are still at an abnormally low level and current Indian buying is approximately adequate to absorb the small offerings which appear on the market. During the week to last Thursday, silver coins, amounting to £280,183, were imported into this country from France. This probably represents some of the Spanish silver, which in recent months has been finding its way to Paris, and part of which is understood to be sold in this country.

Date	Gold: Price per fine oz.	Gold: Prem. or Discount *	Gold: Amt. dealt in †	Silver, price per oz. standard: Cash	Silver, price per oz. standard: Two Mths.
1938	s. d.	d.	£'000	d.	d.
Aug. 5 ...	142 0	1 pm	1,595	19 3/8	19 1/4
" 6 ...	142 1 1/2	⅛pm	746	19 7/16	19 5/16
" 8 ...	142 3	⅛pm	1,570	19 5/8	19 1/4
" 9 ...	142 7 1/2	⅛pm	2,356	19 1/2	19 3/8
" 10 ...	142 6	⅛pm	1,525	19 9/16	19 7/16
" 11 ...	142 4 1/2	⅛pm	1,760	19 7/16	19 5/16

* Above or below American shipping price.
† At fixing.
The New York price of silver remained at 43 cents per ounce ·999 fine during the week.

serious complaints regarding the incidence of taxation have been removed. The existing scales enable the industry to pass part of any fall in profits, arising from higher costs or a lower price, to the Union Government, by way of a reduced tax liability. It is not difficult, therefore, to make out a general case in favour of Kaffir shares, provided that the proper allowance for differences in life and grade as between various mines is observed.

* * *

Industrial Profits in July.—The 3.44 per cent. increase in industrial profits recorded last month was the lowest since the autumn of 1933. Some 181 reports were received, showing profits of £16,530,811, compared with £15,980,080 in the previous year. If the profits of rubber and tea companies are eliminated from the total, the improvement is reduced to 2.2 per cent. Although the breweries and distilleries group weights the month's results fairly heavily, owing to the inclusion of the Distillers Company's profits, the July reports provided a typical sample of industrial profits as a whole. Satisfactory features included a 13 per cent. advance in iron, coal and steel profits, but it is significant that eleven out of the twenty-three groups analysed showed a decline in net earnings. In the light of subsequent company results, the July figures may mark a turning point in industrial profits.

INDUSTRIAL PROFITS 1936–38.

Year and Month	No. of Cos.	Net Profits*	Inc. on prev. year	Year and Month	No. of Cos.	Net Profits*	Inc. on prev. year
1936		£	%	1937		£	%
July	228	14,337,131	15·69	Aug.	62	6,042,402	9·41
Aug.	47	5,562,452	14·21	Sept.	81	7,269,607	27·80
Sept.	107	9,074,987	12·32	Oct.	177	14,884,260	26·97
Oct.	146	8,104,438	18·09	Nov.	206	23,579,407	20·25
Nov.	177	15,591,516	13·49	Dec.	152	18,101,112	14·69
Dec.	175	18,438,723	15·49	1938			
1937				Jan.	107	13,832,382	19·90
Jan.	110	13,222,882	15·92	Feb.	202	29,792,378	5·52
Feb.	208	27,956,588	8·95	March	337	56,721,336	9·19
March	307	53,554,168	12·52	April	225	28,481,318	17·19
April	245	31,712,217	23·36	May	320	45,915,238	11·42
May	255	25,053,946	14·09	June	260	38,076,415	11·09
June	265	43,924,563	21·19	July	181	16,530,811	3·44
July	193	15,260,299	19·62				

* After debenture interest.

*

Building Society Expansion.—As a savings medium for the small investor, the building society movement is one of the most significant of our time. It was entrusted with some £656 millions by depositors and shareholders at the end of 1937, and stood second only to the Post Office and Trustee Savings Banks, whose deposits amounted to £727,635,000 at the end of June last. It may be noted also that Savings Certificates in issue amounted to £516,800,000 at that date. The technical and investment aspects of the 977 building societies which are now in operation in this country are discussed in customary expert detail in the Building Societies Year Book, the 1938 issue of which has just been published. This book is more than a work of reference on individual societies, for it contains invaluable statistics upon the movement as a whole and well-informed comment upon its recent growth and development. The survey of building societies in 1937-38 shows that at the end of last year total assets reached a new high level of over £710 millions, while the total of £136,800,000 advanced on mortgage was only £3,500,000 below the peak attained in the previous year. Since the movement has advanced, on the average, some £100 millions in each of the past ten years, mainly to house purchasers, and since total membership represents about one in ten of the population, the social and economic importance of the movement fully warrants the publication of this authoritative annual.

* * *

A New Building Shares Index.—The Building Industries National Council is to be commended for the compilation of a series of indices of building material shares, which is introduced in the latest issue of the Building Industries Survey. The index numbers, which are based on the average of mid-week quotations for 1935, cover bricks, cement, iron and steel, and paint, with a total index for all groups, each series being computed by means of a geometric average. In an accompanying article, the Survey points out that the course of equity share values provides a valuable and reliable indicator of business movements to follow, and the study of building share prices is intended to assist the task of divining future prospects in the building industry. Some interesting comparisons are presented between the movement of building materials shares and building plans, and a close degree of correlation is evident between brick shares and housing plans, and cement and iron and steel shares and industrial and non-residential plans. The value of the indices would perhaps be enhanced if the number of shares in each group were to be stated in future.

* * *

Railway Earnings Estimates.—To a series of thoroughly disappointing interim statements, the home rail stockholder must now add a batch of no less disappointing traffics for the first five weeks of the second half-year. In this period, the four companies have suffered gross losses amounting to £992,000, compared with £1,841,000 for the first 26 weeks of the year. L.M.S. shows a fall of £403,000 for the period, L. & N.E. one of £333,000, Great Western of £218,000, and Southern of £38,000. Analysed by classes, the traffics show that passengers have lost a further £37,000 in the past five weeks (despite the 5 per cent. increase in fares on holiday traffics this year) while general merchandise shows a fall of £761,000 and coal of £194,000. It is evident that, if this trend is maintained, the estimates given in our leading article of July 16th will prove too optimistic—as we pointed out at the time. And from the facts contained in the interim statements, somewhat better guidance can now be obtained regarding current working conditions. In the table on the following page, therefore, we have revised our earlier calculations.

* * *

To obtain a measure of the fall in traffic receipts during the current half-year we have applied the percentage fall recorded during the past five weeks to the third quarter traffics last year. For the fourth quarter, we have increased these percentage losses by 2½ per cent. to take account of the increase in charges from October last year. The estimated traffic losses recorded in the first column of the table, therefore, may be somewhat pessimistic if the railways are able to check the recent loss in traffics. For increased costs we have taken five-twelfths of the full year estimates for materials given in our earlier article, since certain items of cost are now falling. The item for wage increases is based, as far as possible, on the companies' official estimates and only applies for 1½ months of the period. The reduction in direct operating costs, due to the lower volume of traffic, is taken at a flat one-third of the estimated fall in gross traffics. This is a figure which bears some relation to the experience of the L.M.S. in the first half of the year, but it must necessarily be regarded as approximate. It is probable, however, that the companies will concentrate their attention on operating economies in coming months, although they may not achieve equal success in their task. The resultant of these figures, added to the net revenue losses for the first half of the year, gives an estimate of the total reduction for the full year, without any

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allowance for changes in ancillary revenues during the second half of the year. The table follows: —

(Amounts in £000's)

	Second half-year					
	Fall in traffics (estimated)	Increased Costs		Reduction in direct costs due to lower traffic volume	Reduction in net revenue first half-year	Total estimated reduction, full year
		Materials	Wages			
L.M.S.	2,400	500	240	800	1,496	3,836
L. & N.E.	2,050	300	120	680	1,780	3,570
G.W.R.	1,235	200	95	410	818	1,938
S.R.	285	135	55	95	574	954

For the L.M.S. our estimate would correspond to earnings of approximately 3½ per cent. on the 4 per cent. first preference stock, and 4.4 per cent. on the redeemable preference stock. The L. and N.E. second guaranteed stock might barely earn full payment, but the first preference dividend would be uncovered. No earnings would be indicated for Great Western ordinary stock, while Southern preferred would show approximately 3¼ per cent. It is, of course, impossible to claim more than approximate accuracy for such estimates as these. Many quantities in the railways' equation are little more than unknowns. But they should give some idea of the potential order of magnitude of railway earnings during the current year, unless traffics take a new turn.

* * *

Ranks-Greenwood Merger Questions.—At the end of last week, shareholders of John Greenwood Millers (1934) were notified that Ranks, Limited, had made an offer to purchase their holdings, at the rate of 6s. in cash for each 5s. ordinary share, or alternatively by exchange of one Ranks' 5s. share for every three John Greenwood Millers' ordinary. This offer followed promptly on the publication of the latter company's report, which showed that the consolidated operating profits of the group had fallen from £58,369 to £24,355. The parent company's ordinary dividend was reduced from 12 per cent. to 5 per cent. for the period to June 25th last, and even this payment was not fully covered. In the absence of any comment either on the reasons for the fall in earning power or on the imminence of the Ranks' offer, John Greenwood Millers' shareholders had no option but to await the chairman's explanation, firstly, of the nature of the group's difficulties last year and, secondly, whether they were expected to endure. At Tuesday's meeting, Mr Bingham declared that the fall in the company's profits arose from trading conditions beyond the directors' control and that the board saw no immediate prospect of a return to the earnings level of previous years. It was evident from his account that conditions in the wheat market last year were unfavourable for the company. But it may be thought that such difficulties, even if inescapable for one year, would not represent a permanent impairment of earning power. "Unreasonable and wasteful" competition in the North-Western area and a "stoppage which occurred in the Irish demand through the Free State tariff," however, have lowered profit margins, and the chairman appeared to indicate that competition had been of a retaliatory character.

* * *

Clearly, shareholders of John Greenwood Millers cannot ignore the board's view that some permanent deterioration in earning power has occurred, although they may not be able to follow the directors' reasoning at every point. Hitherto it has been the distinguishing feature of the milling industry that internal competition, although keen, has not been allowed to develop to excess. That some reduction occurred in milling profits during the past year was clear in the Spillers' report for the year to January, 1938, while Ranks (Ireland) showed a reduction in profits, after depreciation and taxation, from £102,731 in 1936 to £82,991 for 1937. These pointers may have some relevance to the position of Ranks, Limited, whose latest profit figures cover the year to July 3, 1937. Last year the final dividend was declared on August 20th, and the report issued on September 28th. The advisability of exercising the option to exchange into Ranks' shares is to some extent dependent on whether that concern has been similarly affected to any significant degree. And at the moment no information is available on this important point.

* * *

Isaac Holden Report.—The sad record of textile profits is further depressed by the latest results of Isaac Holden, the woolcombing concern. Total profits for 1937-38 have fallen to a quarter of the previous year's level, and though they are higher than for the worst years of the depression, they show a serious setback in relation to earnings in recent years. The 6 per cent. drop in total profits in 1936-37 was attributed almost entirely to increased costs, but the latest figures suggest only too clearly the headlong decline in woollen activity last year. The company works on a commission basis, and profits depend mainly on the volume of business. Moreover, this fall in turnover has raised the cost of combing on the small amount of work done. Trading has, in fact, resulted in a small loss after taxation, compared with a profit of £33,061 before tax in the previous year. The course of trading profits and total income for the past three years is shown below: —

	Years ended June 30		
	1936	1937	1938
	£	£	£
Profit after tax†	35,213	27,961	*Dr. 971*
Total income after tax†	49,840	41,312	11,917
Depreciation and fees	9,100	9,100	6,600
Preference dividend	8,360	8,224	8,020
Ordinary shares (tax free) :—			
Earned	*32,380*	*23,988*	*Dr. 2,703*
Paid	29,906	27,188	10,875
Earned %	*14·9*	*11·0*	*Nil*
Paid %	13¾	12½	5
Carry forward	16,876	13,676	*9,098

* After transferring £8,000 from taxation reserve. † Taxation charged, £9,500 in 1935–36 and £5,100 in 1936–37; not separately shown in 1937–38.

Investment income is approximately the same as in 1936-37, and although depreciation reserve receives £2,500 less at £5,000, the preference dividend is short-earned to the extent of £2,700. A 5 per cent. net ordinary dividend, however, has been declared, thanks to a transfer of £8,000 from taxation reserve no longer required, and a draft upon the carry forward. The balance sheet gives some indication of declining activity. Debtors and cash are £16,000 lower at £47,509, and the drop from £43,568 to £17,468 in creditors and taxation is much larger than the transfer from taxation reserve. While the latest results are disappointing, they may reasonably be explained in terms of trade conditions, and in the past profits have been sensitive to recovery. Reserves are substantial; the liquid position is as strong as in previous years; and dividends have been paid without interruption since the beginning of the century. At the current price of 31s. 6d., a yield of £4 7s. 6d. per cent. gross on the £1 shares demonstrates some confidence in the company's long-term prospects.

* * *

Associated British Picture Policy.—Many matters of controversy in the cinema industry are now seeking their solution before the Courts. In these circumstances Mr Maxwell's speech at the meeting of Associated British Picture Corporation this week was inevitably restrained.

For the greater part, indeed, it was a matter-of-fact review of the accounts, in the course of which the chairman was able to make the point that the group's position to-day owes much to its conservative financial practice in the past. For the current year, Mr Maxwell declared that the cinema results were already "well ahead" of the corresponding period of last year—a setback in February and March has apparently been made good since—and he forecast that record results might be shown for the year to March, 1939. Further consolidation, accompanied by saving on inter-group finance, has already been achieved. The board has formed the view, moreover, that its immediate objectives of policy have been reached. Further growth in the future is not ruled out. But, after the rapid progress of recent years, the time has come for the consolidation of the group, both in its operations and in its finances. The business, in the chairman's view, has become a large profit-making concern, well able to meet normal fluctuations in trade conditions. Shareholders will respect this statement of policy. All three departments of the group—film production, distribution, and exhibition—have made great strides in recent years. The group is the largest in the industry, and its finances may well be the soundest, although at present its liquid position appears to underline the desirability of a period of pause. For the investor, the important point is that this pause coincides with the earning—and continued promise—of record profits.

* * *

Rhodesian Copper Profits.—The issue of the June quarterly reports of Roan Antelope and Mufulira Copper Mines provides a complete picture of the Rhodesian copper companies' earnings during the year to June last. Roan Antelope's profits for the year, subject to taxation, amount to £1,574,000, compared with £1,790,308 for the year to June, 1937, while Mufulira Copper Mines' profits, on the same basis, amount to £968,000, compared with £649,998. These figures, together with those for Rhokana Corporation (set out in *The Economist* of July 30th, page 239) enable the investor to form a fairly close estimate of earnings, and potential dividends, for the companies. For convenience of working, all calculations which follow are expressed on a gross basis, although in their accounts certain companies provide for their full tax liability, and show ordinary share earnings and dividends on a net basis. The change, of course, does not affect the final results. In 1936-37 Roan Antelope set aside £200,000 to reserve from revenue, provided £20,000 for staff pensions, and increased its balance carried forward by approximately £115,000. If comparable reserve provisions were made in the current year, distributable earnings would represent approximately £1,240,000 gross, equivalent to nearly 25 per cent. on the increased capital. An interim dividend of 10 per cent. has already been declared.

* * *

A similar calculation for Mufulira suggests that, if a reserve provision of £250,000 is made—in the previous year some £226,750 was retained from profits—and the pensions reserve is maintained, distributable gross profits would amount to £706,000 approximately, of which £452,500 would be attributable to Rhodesian Selection Trust and £228,000 to Rhokana. Making a deduction of £12,500 for expenses, including directors' remuneration, the gross sum distributable on Rhodesian Selection Trust shares would amount to £440,000 on our assumptions, equivalent to 16.6 per cent. on the shares. Rhokana profits amount to £1,950,000, after provision for the mine provident fund, but without including any prospective dividend from Mufulira. If the estimate above is added to this sum, and £82,500 is deducted for preference dividend, it would appear that gross earnings for the ordinary capital would be in the neighbourhood of £2,095,500. If the directors decided to retain about £325,000 of available profits, as in 1936-37, distributable earnings would be equivalent to slightly over 70 per cent. on the ordinary capital. The shares received 62½ per cent. for 1936-37, and have received an interim dividend of 25 per cent. for the current year.

* * *

Canadian Eagle Position.—The report of Canadian Eagle Oil for 1937, delayed through the expropriation of the Mexican Eagle properties in March, is also out of date in a more important sense, for it gives no specific indication regarding the current trading position. So far as profits for 1937 have any relevance to the present position of the group, they were reasonably satisfactory. Total income from subsidiary and allied companies, less interest paid, amounted to £895,752, compared with £933,126 in 1936. After providing for oil trading and other expenses, and meeting the first preference dividend in full, a balance of £633,588 (compared with £667,067) is available to meet the participating preference and ordinary dividends. This sum, however, has been carried forward. The report explains that the appropriation of this balance has been deferred, for "the question of the obligations (if any) of the Canadian Company under its guarantee agreement is being referred to arbitration as provided by such agreement." The complicated provisions of these mutual guarantees, the first of which relates to sinking fund on each company's 7 per cent. first preference shares, and the second to participating preference dividends will, it is hoped, be clarified at the earliest possible moment. Shareholders may also hope that the chairman will give more explicit details regarding the present trading basis of the Canadian Eagle Company at the meeting next month. It is explained in the report that the present situation in Mexico has made it necessary for the Eagle Oil and Shipping Company—the principal trading subsidiary—to secure its supplies elsewhere," which it has done and is doing." This phrase suggests the possibility that the task of obtaining satisfactory substitute supplies has yet to be completed. Pending the publication of the arbitrator's report, the shares of each of the "Eagles" remain at the mercy of market rumour, such as that which obtained currency in mid-week that a settlement of the guarantees had been reached.

* * *

The Week's Company Profits. — The number of company reports received this week has shrunk to 18. These show that profits earned during the latest year amounted to £1,545,000, compared with £1,719,000 in the previous year, a decline of 10 per cent. Total profits for 1,678 companies whose reports have been published this year amount to £234,650,000, representing an increase of 11 per cent. over the preceding year's total of £211,377,000. The week's results are discussed in preceding Notes and under the heading "Shorter Comments" on page 337.

KANSALLIS - OSAKE - PANKKI

(NATIONAL JOINT STOCK BANK)
ESTABLISHED 1889

PAID-UP CAPITAL AND RESERVES - - - FMK 541,000,000

DEPOSITS AND CREDIT BALANCES December, 1937 4,129,000,000

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THE STOCK EXCHANGES

London

SETTLING DAYS

TICKET	ACCOUNT
AUGUST 23	AUGUST 25

THE volume of business in the London market has been poor this week, even judged by holiday standards. The new account opened with some show of firmness, assisted by Wall Street's strength at the week-end and by the improvement at the end of the old account. But slack trade was quickly apparent. For a time prices remained reasonably firm, but in mid-week nervousness regarding the outcome of the Russo-Japanese dispute combined with a further batch of depressing home rail traffics, easiness in Wall Street, and positive weakness in Berlin, produced a series of small losses in most sections of the market. On Thursday it was sentiment rather than the volume of business which improved—and then only at first—following the Russo-Japanese truce, although somewhat greater activity was evident in the Kaffir market.

Gilt-edged stocks improved at first, and minor improvements were common, following a quiet demand, in the first two days. Somewhat irregular conditions then ensued. Apart from initial dealings in the Luton loan, little interest was taken in corporation issues, and the Dominion list showed very few changes throughout the week.

Fluctuations in Japanese issues were the feature in the *foreign bond market*. The truce was followed by a moderate rally on Thursday, after a week of uncertainty in which the possibility of prolonged hostilities and fear of default depressed prices. Signs of improvement in the Brazilian coffee position encouraged a small demand for the bonds, and Paraguay issues rose on the report of the debt settlement.

★

Home rail stocks opened weak, preference and guaranteed stocks again being particularly depressed. A fairly smart recovery occurred on Tuesday, and was maintained at the opening on Wednesday. The publication of the holiday week traffics, however, undid these gains. Several of the marginal stocks, after opening a point higher, were a point lower on balance at the end of the day. Apart from some early interest in Cordoba issues, the Argentine rail market was almost idle.

More favourable unemployment figures had little effect upon *industrial shares*. Business remained small and prices moved irregularly downward, where they were changed. Continued lack of interest in steel shares caused small reactions of a few pence in prices. Coal shares remained dull, and but for an early rise in British Insulated Cables and Callender's Cable, electrical equipment shares showed no significant movements. In the aircraft share market dealings in Short Brothers "units" of five new preference and one new ordinary were the chief feature. The "units" opened at 13s., *nil* paid, and quickly rose to 16s. 6d. Motor shares were uncertain, Raleigh and Triplex being particularly weak, although the latter recovered slightly after the dividend announcement. Brewery shares staged a modest improvement at first, but failed to maintain their rise. Rayon shares were well supported, under the lead of Celanese of America and Canadian Celanese, and Courtaulds again improved on bear covering. Shipping shares remained dull, and the miscellaneous industrials were slightly easier.

★

Oil share prices were firm at first, but conditions remained quiet, and price changes throughout the week were of little significance. *Rubber shares* drew early encouragement from the behaviour of the commodity, but a small volume of selling quickly disclosed the absence of support, and prices turned fractionally lower.

Despite the continuance of the "gold rush" the *Kaffir market* attracted little increase in public support. Prices were firm at the opening and showed later improvement. But the Cape found little encouragement in Mr Havenga's budget, which provided only a modest stimulus to dealings. Marievale were active among the developing mines. Among the dividend-paying leaders, Rand Leases and the Geduld were active, while Crown Mines reached a new "high" of 17⅞. Diamond shares were easier, and the Rhodesian copper group recovered after a slight setback.

"FINANCIAL NEWS" INDICATORS

1938	Total Bargains‡	Corres. Day 1937	Security Indices: 30 ord. shares*	Security Indices: 20 fixed int.†
Aug. 5	5,850	*10,325*	85·9	129·2
Aug. 8	6,095	*9,800*	85·7	129·1
Aug. 9	5,560	*8,291*	85·6	129·1
Aug.10	5,690	*7,800*	85·2	129·1
Aug.11	5,325	*6,565*	85·6	129·2
1938 High...	...	...	*97·2 Jan. 12*	*131·0 Feb. 4*
Low...	...	...	*79·4 Mar. 16*	*126·9 Mar. 17*

‡ Approx. total recorded in S.E. List. * July 1, 1935 = 100. † 1928 = 100.

ACTUARIES' INVESTMENT INDEX

A further small fall is registered in the Actuaries' index of 151 industrial ordinary shares, which stood at 66·1 last Tuesday, compared with 66·5 a week earlier, and 67·9 a month earlier. The corresponding average yield calculations are 5·72 per cent. this week, 5·68 per cent. last week, and 5·72 per cent. a month ago. The following extracts from the component indices show that a further significant fall has occurred in brewery shares, while coal and home rail stocks are also easier.

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100): July 12, 1938	Aug. 2, 1938	Aug. 9, 1938	*Prices 1938 High*
Coal (9)	83·8	82·9	81·9	*106·7*
Iron and steel (17)	53·9	51·5	50·8	*66·4*
Motors (6)	36·9	36·2	35·6	*39·0*
Oil (4)	90·2	92·1	91·3	*92·1*
Home rails (4)	47·8	41·8	41·0	*71·0*
Stores & catering (18)	60·7	60·4	59·9	*66·4*
Brew. & Distill. (20)	128·8	125·5	124·4	*133·6*

Group	Yields (%): July 12, 1938	Aug. 2, 1938	Aug. 9, 1938	*Prices 1938 Low*
Coal	6·68	6·76	6·86	*77·9*
Iron and steel	9·01	7·87	8·04	*50·1*
Motors	6·45	6·59	6·72	*32·0*
Oil	6·61	6·52	6·63	*67·1*
Home rails	7·10	7·76	7·97	*39·3*
Stores & catering ...	5·29	5·33	5·40	*56·1*
Brew. and Distill.	5·19	5·33	5·36	*119·8*

New York

WALL STREET finished last week in excellent style, with a burst of activity in which 830,000 shares were traded in the short session and the Dow Jones industrial average reached its highest level for the year at 145.67. The market's behaviour this week has been much less determinate. Trading has been running consistently below the million mark. Early profit-taking depressed the averages slightly, and despite a strong closing rally on Tuesday, the market continued to lose ground. Even after the settlement of the Russo-Japanese incident, moreover, the market found no new rallying point. The week's business news is generally favourable. *Iron Age* reports that steel activity is still running at 40 per cent. of capacity, and anticipates improved business in the future. Department store sales in July showed a less than seasonal decline, while power output last week showed a much smaller fall compared with a year ago. These factors, coupled with more hopeful views regarding the railroad position (despite the wages deadlock) failed to encourage new buying, and rails shared the easier conditions with industrials. Bonds remain firm, and this week many industrial and utility issues have reached new high levels for the year.

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).

WEEKLY AVERAGES

	1938 Low Mar. 30	1938 High July 20	July 27, 1938	Aug. 3, 1938	Aug. 10, 1938
347 Ind'ls. ...	75·9	108·9†	106·9	107·7	108·9
32 Rails	19·0	31·4†	27·9	27·3	28·6
40 Utilities ...	57·7	78·8†	75·5	74·9	75·4
419 Stocks ...	63·7	90·7	88·9	89·2	90·3
Av. yield %*	8·35 High	3·96 Low	4·06	4·03	3·96

* 50 Common Stocks. † January 12th. ‡ August 10th.

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

Aug. 4	Aug. 5	Aug. 6	Aug. 8	Aug. 9	Aug. 10
123·0	125·8	127·4	126·6	125·7	124·1

1938 High: 127·4 August 6th. Low: 83·6 March 31st.

TOTAL DEALINGS IN NEW YORK

1938	Stock Exchange: Shares 000's	Stock Exchange: Bonds $000's	Curb Shares 000's
Aug. 4	610	5,590	108
„ 5	1,170	6,200	146
„ 6*	830	3,020	87
„ 8	910	5,390	141
„ 9	830	5,440	106
„ 10	810	5,180	130

* Two-Hour Session.

New York Prices

	Close Aug. 4, 1938	Latest Aug. 11, 1938
1. Rails and Transport		
Atchison	361/2	371/2
Balt. & Ohio...	83/4	85/8
B.M.T.....	113/8	107/8
Can. Pacific...	63/4	65/8
Ches. & Ohio	305/8	311/4
G.N. Ry. Pf...	217/8	217/8
Illinois Cent...	117/8	113/4
N.Y. Central..	19	19⅜
Northern Pac.	121/2	12⅝
Pennsylv. R...	207/8	21⅛
Southern Pac.	183/4	19
Southern Rly.	127/8	131/4
Union Pac. ...	82	88
Greyhound ...	163/4	163/4
2. Utilities and Communications		
Am. W'works	11	101/4
C'wlth. & S....	11/4	11/4
Con. Edison...	275/8	27
Col. Gas & El	71/4	7
El Bond & Sh.	8⅜	7⅝
Nat Pwr & Lt.	67/8	63/4
N. American..	211/8	20⅝
Pac. Gas & El	27	271/2
Pac. Lighting	391/2	38⅝
Pub Serv N.J.	291/2	30
Stan Gas & E.	41/8	4⅛
United Corp.	27/8	27/8
Un. Gas Imp.	101/2	10⅝
Amer. Tel. ...	141¼	142⅜
Internat. Tel.	87/8	9⅛
Westn. Union	31	30
Radio	63/4	7⅝
„ B. Pref.	56	58⅝
3. Extractive and Metal		
Am. Rol. Mill	20	19¾
Beth. Steel ...	581/2	577/8
Beth. Steel P.	98	99
Republic St.	18¾	18⅝
U.S. Steel ...	591/2	59⅝
U.S. Steel Pf.	1081/2	111¾
Alaska J'neau	11⅝	11¼
Am. Metal ...	351/4	34
Am. Smelting	491/4	48⅝
Anaconda ...	35⅝	35⅛
Bohn Alum ...	271/2	26
Cerro de Pas..	46¾	45¾
Int. Nickel ...	50⅛	49⅜
Kennecott ...	411/4	41¼
Patino Mines	121/4	111/2
Tex. Gulf. Sul.	34¾	36¾
U.S. Smelt....	66	65
Vanadium ...	191/4	19⅝
Atlantic Refg.	241/2	23⅝
Phillips Petr.	41⅝	41⅝
Shell Union...	171/4	16¾
Shell Un. Pf...	1035/8	1037/8
Socony Vac....	15	14⅞
Stan. Oil Cal.	321/8	32⅞
Stan. Oil N.J.	561/2	55⅝
Texas Corp.	461/2	46½
4. Manufacturing		
Briggs	325/8	333/4
Chrysler	705/8	721/4
Elec. Autolite	265/8	263/4
Gen. Motors..	431/8	463/8
Hudson Mtr.	9	9⅛
Nash Kelvntr	103/8	101/4
Packard Mtr..	5	51/4
Bendix Avtn.	201/4	221/2
Boeing Airpln	28	271/4
Douglas Air...	51	495/8
United Aircft.	285/8	28
Air Reduction	60	605/8
Allied Cheml.	180	177
Col. Carbon	901/8	92
Dupont	127	1281/2
Un. Carbide	831/2	805/8
U.S. Ind. Alc.	211/8	20
Allis Chalmer	50	50
Gen. Electric	411/8	411/4
West'hseElec.	102	1003/8
American Can	995/8	102
Addressogrph	255/8	281/2
Caterpillar ...	53¾	54
Cont. Can. ...	443/8	46
Ingersoll Rnd	941/2	96
Int. Harvester	621/4	581/4
Johns Manvle	941/4	943/4
Am. Radiator	151/4	153/8
Corn Prods....	69	69
J I Case & Co.	100	901/2
Glidden	23	23
G. Am. Trans	481/2	473/4
Allied Stores	101/2	10
Celanese of A.	201/2	241/8
Ind. Rayon ...	255/8	29
Colgate Palm.	121/4	125/8
Eastm'n Kdk.	177	175½
Gillette	81/2	101/4
Lambert Co.	137/8	141/4
Loews	485/8	491/4
20th Cen. Fox	243/4	241/2
5. Retail Trade, etc.		
Mont. Ward	461/2	473/8
J. C. Penney	821/2	74
Sears Roebck	725/8	723/8
United Drug	61/4	6
Walgreen ...	18	181/2
Woolworth ...	471/8	47
Borden	175/8	177/8
Gen. Foods...	345/8	357/8
Kroger Grcy.	171/4	171/4
Nat. Biscuit	233/8	237/8
Nat. Dairy ...	153/4	151/2
Stand. Brands	8	8⅛
Am. Tob. B.	89	87
Lig. Myers B.	103	1021/4
Lorillard	20	207/8
Reyn. Tob.B.	431/2	431/4
Nat. Distillers	257/8	248/8
Schenley Dis.	197/8	19
6. Finance		
Comcl. Credit	471/8	481/2
Atlas Corp....	85/8	8¼
Com Inv. Tr.	523/4	531/2

Capital Issues

CAPITAL ISSUE TOTALS

Week ending August 13	Nominal Capital £	Conversions £	New Money £
To the Public	Nil	...	Nil
To Shareholders ...	262,500	...	318,750
By S.E. Intro.	Nil	...	Nil
By Permis. to Deal	173,677	...	741,160
Sav. Certs., week ending Aug. 6 ...	*Dr. 200,000*	...	...

Year to date	Including Conversions £	Excluding Conversions £
1938 (New Basis)	232,671,188	212,780,225
1937 (New Basis).....	*405,065,188*	*354,942,667*
1938 (Old Basis)	170,812,859	151,871,991
1937 (Old Basis)	*252,617,398*	*207,015,982*

Destination (Excluding Conversions)

Year to date	U.K. £	Brit. Emp. ex U.K. £	Foreign Countries £
1938 (New Basis)	163,841,205	46,509,791	2,429,229
1937 (New Basis)	*301,792,829*	*49,891,479*	*3,258,359*
1938 (Old Basis)	129,437,726	20,035,141	2,399,124
1937 (Old Basis)	*189,602,046*	*15,921,436*	*1,492,500*

Nature of New Borrowing (Excluding Conversions)

Year to date	Deb. £	Pref. £	Ord. £
1938(NewBasis)	136,870,732	14,310,596	61,598,897
1937(New Basis)	*163,069,510*	*25,229,436*	*166,643,721*
1938(Old Basis)	126,111,813	8,450,246	17,309,932
1937(Old Basis)	*148,136,092*	*16,024,954*	*42,804,936*

NOTE.—"Old Basis" includes only public issues and issues to shareholders only; "New Basis" includes all new capital in which permission to deal has been granted.

ISSUES TO SHAREHOLDERS ONLY

Short Bros. (Rochester & Bedford). — Shareholders are offered 250,000 new redeemable cumulative £1 preference shares at par; also 50,000 5s. ordinary shares at 27s. 6d. Preference share allottees may subscribe for one ordinary for five preference allotted.

DIVIDEND ANNOUNCEMENTS

Rates are actual, unless stated per annum or shown in cash per share. Rate for previous year refers to total dividend, unless marked by asterisk to indicate interim dividend.

Company	*Int. or †Final	Total	Payable	Prev. Year
RAILWAYS	%	%		%
L.M.S. 4% Pf. 1923..	Nil*	...	...	2*
L.M.S. 4% Pref.	2*	...	Aug. 24	2*
BANKS				
Comml. Bkg., Sydney	3½†	7	...	6½
Ind. Bk. of Japan	...	6 p.a. *b*	...	6 p.a. *b*
INSURANCE				
Federated Employers	5*	...	...	5*
TEA & RUBBER				
Jabi Rubber	3½†	7	...	8½
MINING				
Taiping Consol.	2½*	...	Aug. 31	7½*
INDUSTRIALS				
Alliance & Dub. Gas	...	4*b*	...	4*b*
Alpha Cement	5**a*	...	Aug. 31	5
Batchelor's Peas	...	10	Sept.	10
Bath, etc., Stone	7*	...	...	7*
Brighton & Hove Stad.	15*	...	...	*d*
Brightside Foundry	...	25	...	...
Briggs (Henry)	6½†	10	...	10
Caledonian Trust ...	2½*	...	Sept. 1	2½*
Chinnor Cement	4*	...	Sept. 1	4*
Courtney Pope	...	10	Aug. 27	20
Clarkson's Old Bwy.	5†	10	...	10
Collier (S.)	7½†	10	...	10
Derby Gas, etc.	3*	...	...	3*
Dickins & Jones	5*	...	...	5*
Eburite Corrugated...	5*	...	Sept. 1	5*
Edinburgh Secs.	2*	...	...	2*
Evans (D. H.)	5*	...	...	5*
Fourth Conv. In. Tr.	2½**c*	...	...	...
France (Wm.) Fenwick	2*	...	...	2½*
Freedman (H.)	...	7½	...	10
Greengate etc. Rubber	4½*c	...	...	4½*g*
Groves & Whitnall ...	5*	...	...	5*
Harrods	5*	...	Sept. 16	5*
Hine Parker	2½*	...	Aug. 24	2½*
Houghton Main Coll.	7‡‡	12‡	...	12‡
Langham Hotel	4*	...	Aug. 20	4*
London Brick	5**c*	...	Sept. 1	5**c*
Martinez Gassiot.....	6¾†	10	Sept. 8	12½
Odhams Properties ...	3*ca*	...	Sept. 30	3*e*
Phillips Rubber Soles	3¾*	...	Aug. 31	5*
Scott. North Inv. ...	4*	...	Aug. 31	4*
Scott. West. Inv.....	5*	...	Sept. 1	5*
Sec. Conv. In. Tr.	2¾**c*	...	...	...
Sec. Scott. Amer. Tr.	6*	...	...	6*
Sheffield Gas	3¼*	...	...	3¼*
Smith (Stephen)	7½†	12½	Sept. 1	12½
Spratts Patent (Amer.)	5*	...	Aug. 27	5*
Sth.-East Gas	3*	...	...	3*
Sth. Met. Elec.	3*	...	Sept. 15	3*
Standeven and Co. ...	5*	...	Sept. 30	7½*
Tilling (Thos.)	5**a*	...	...	5*
Triplex Safety Glass	...	25	...	35
Tunnel Port. Cement	10**a*	...	Sept. 1	10*
Waxed Papers	3*	...	Sept. 1	3*

a Payable on larger capital. *b* For half-year. *c* Second interim. *d* Comparison not available. *e* Quarterly.

SHORTER COMMENTS

Company Results of the Week.—CABLES INVESTMENT TRUST net revenues have advanced from £229,349 to £240,841 during the year to June 30th. The ordinary dividend is maintained at 5 per cent. THIRD SCOTTISH AMERICAN TRUST net revenue, at £46,104, is but a few pounds different from the level of the preceding year, and the ordinary distribution is again paid at the rate of 19 per cent. ODHAMS' PROPERTIES net profits are slightly lower, but the ordinary dividend, payable to the parent company, has been raised to 12 per cent. ILLOVO SUGAR ESTATES have experienced a more favourable year; net profits amount to £31,778 compared with £20,912. MONTAGUE L. MEYER, the timber merchants, report a substantial setback in profits from the high level of the preceding year. Net profits for the year to March 31st amounted to £16,131, compared with £115,450 for 1936–37. Profits of HENRY HIGGS SON AND COMPANY, MECCANO, and NORTH CENTRAL WAGON have been well maintained.

MISCELLANEOUS

Broken Hill Proprietary Company.—Subject to audit, net profit (as cabled) for year to May 31, 1938, is £1,300,461, after £709,054 depreciation and £12,643 debenture interest.

Edmundsons Electricity Corporation, Ltd.—The results of the operations of the Edmundsons group of companies during June, 1938, as compared with June, 1937, show an increase of 6 per cent. of units sold. Results of operations of the group in July, 1938, as compared with July, 1937, show an increase of 8 per cent. of units sold.

Commercial Banking Company of Sydney.—For year to June 30, 1938, net profits were £365,975, against £342,041. Final dividend, 3½, making 7 per cent. for year, against 6½ per cent. To bank premises, £35,000 (£25,000). Forward, £118,476 (£119,232). Deposits at June 30th were £54,659,000 (£53,854,000); bills discounted and debtors £41,795,000 (£37,744,000).

Armstrong Whitworth Securities Company.—The directors have, on August 5th, repaid all the capital paid up on the 1,000,000 six per cent. first non-cumulative preference shares and the 1,100,000 four per cent. second non-cumulative preference shares, all of £1, in accordance with the special resolution and court confirmation.

Richard Thomas and Company.—The control committee have made the following appointments to the board: Mr J. E. James, chairman and managing director of Lancashire Steel Corporation; Colonel Sir W. Charles Wright, Bt., K.B.E., C.B., chairman of Baldwins, Ltd.; Mr S. R. Beale, chairman and managing director of Guest, Keen and Nettlefolds, and a director of John Lysaght, Ltd.; and Mr John Adamson, chartered accountant, a partner of McClelland, Ker and Company.

Chinese Imperial Government.—It is announced that coupons due September 1, 1938, on the 4½ per cent. gold loan of 1898 will be paid on that date by the Hongkong and Shanghai Banking Corporation.

John Ismay and Sons.—Discussing the year's results at the annual meeting held at Dagenham last Thursday, Mr John Ismay pointed out that production and raw material costs generally had risen, and that the prices of finished lamps had been reduced. Turnover, in fact, had risen and export sales had been nearly doubled.

Scottish and North Country Investment Fund.—Distribut on for half-year to August 5th, 4d. per unit, ax free, or £4 12s. gross per cent., against £4 9s. for previous half-year, p.a. on initial price of £1. The report shows the composition of the Fund; the largest groups are coal, iron and steel (14.5 per cent.); engineering (14.7 per cent.); and textiles (15.0 per cent.). The principal changes are described in the report.

International Nickel Company of Canada.—For second quarter of 1938, net profit was $6,618,486, or 42c. per common share (against $10,113,765 or 66c. for first quarter). For first 6 months of 1938, net profit is thus $16,732,251 or $1.08 per share, against $25,914,352 or $1.71 a year ago. Consolidated balance sheet as at June 30th shows current assets of $80,420,084 (including $41,605,955 cash) against $85,509,082 at the end of December.

Cables Investment Trust.—In year to June 30, 1938, income rose from £356,264 to £369,556. Tax and N.D.C., £11,310 against £7,537. Profit £240,841, or £11,492 more. Ordinary dividend, 5 per cent. (same); carry forward, £68,474 (£47,451).

Anglo-Alpha Cement.—For year to June 30, 1938, net revenue (after tax, depreciation, etc.) was £120,482 against £100,004. Fees, £2,923 (£3,000); debenture interest, £13,429 (£5,827). Dividend of 10 per cent., £104,130 (£91,177 or 5 per cent.). General reserve, £25,000 (£40,000). Forward, £24,819 (£30,784) after certain special credits and expenses.

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields of fixed interest stocks 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 increase or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1937 High-est	Prices, Year 1937 Low-est	Prices, Year 1938 Jan. 1 to Aug. 10, inclusive High-est	Low-est	Name of Security	Price, Aug. 10, 1938	Change since Aug. 3, 1938	Yield Aug. 10, 1938 £ s. d.
				British Funds			
84 13/16	73⅛	79¼	71	Consols 2½%	76¼	+¾	3 5 9
113	105¾	111¾	107	Do. 4% (aft. 1957)	110½	...	3 5 0n
101 5/16	94⅜	100¾	96	Conv. 2½% 1944–49	100⅝	+⅛	2 10 0
103 9/16	97⅜	103¼	99	Do. 3% 1948–53	101⅝	...	2 18 9
106 25/32	99	104⅝	98¼	Do. 3½% after 1961	103½	−¼	3 6 9n
108	105	105 3/64	104 3/16	Do. 4½% 1940–44	105	+⅛	2 2 3
117½	111¼	115⅝	112¼	Do. 5% 1944–64	114⅞	...	2 11 0
92½	89	91 11/16	87⅝	Fund. 2½% 1956–61	91½	...	3 1 0
96⅞	89⅞	97 13/16	94	Fund. 2¾% 1952–57	97¼	+¼	2 19 3
101⅝	92⅞	99 5/16	95⅛	Fund. 3% 1959–69	99	...	3 1 9
116⅜	109	114⅞	110½	Fund. 4% 1960–90	113¾	−¼	3 3 3
99 5/16	96	101⅝	97¾	Nat. D. 2½% 1944–48	101½	...	2 7 6
114¾	107⅛	112 13/16	107¾	Victory Bonds 4%	112½	...	3 12 0f
105 13/16	99⅝	103⅜	99½	War L. 3½% af. 1952	102⅞	...	3 5 9n
96⅞	84 3/16	90⅛	84⅛	Local Loans 3%	88½	...	3 8 0
102	99½	102	99½	Austria 3% 1933–53	101	...	2 18 9
72	62	68½	63¼	India 2½%	68	...	3 13 9
85¼	74¼	82¼	75	Do. 3%	81½	...	3 13 9
98¾	87	95⅝	88½	Do. 3½%	94½	...	3 14 6
119½	112¼	117	114¾	Do. 4½% 1958–68	116	...	3 8 6
				Dom. & Col. Govts.			
109⅞	105	108⅞	104¾	Austr. 5% 1945–75	106	...	4 1 3
105⅜	101	104 15/16	100¼	Canada 4% 1940–60	104	+1	2 0 9
118	114½	115	112⅞	Nigeria 5% 1950–60	114	+1	3 11 0
110	104¼	108	101¾	N. Zealand 5% 1946	104	...	4 9 3
107⅜	103¼	107 19/32	102	Queens. 5% 1940–60	104	...	3 12 0
114⅛	110½	112 13/16	109¾	S. Africa 5% 1945–75	110½	...	3 7 3
				Foreign Governments			
103	93	96½	87½	Arg. 4½% Stg. Bds.	88	...	5 3 9f
105½	97¾	102	24	Austria 1930 5%	49	...	10 5 9
91¾	84¼	89	48	Do. 4½% 1934–59	69	...	7 11 9
102⅛	95¼	99	95	Belg. 4% red. by 1970	98	...	4 3 0
33¼	24½	34½	31½	Bulgaria 7½%	35½	+1	7 3 0m
89¾	37	37½	16	Brazil 5% Fd. 1914	21½	+2	Nil
28	15	19⅝	16¼	Chile 6% (1929)	17½	...	4 8 9v
95¾	54½	60½	40½	China 5% (1912)	44½	−1	11 11 0f
101⅞	59	73½	43	Do. 5% (1913)	58½	−1	8 12 0f
108⅜	101½	105¾	58	Czechoslovakia 8%	73	...	11 6 0f
100	92½	99	94	Denmark 3%	97½	...	3 1 9
106½	100½	104	100¼	Egypt Unified 4%	101½	...	3 19 3
18½	11	13	9¼	French 4% (British)	10½	...	5 10 0e
66	52¾	60	43½	Ger. Dawes Ln. 5%	54	−½	9 9 6
49¼	35	46	32½	Do. Young Ln. 4½%	39½	−1½	11 11 0
40¾	30	34½	25	Greek 6% Stab. Ln.	32½	...	7 7 6w
62	47⅛	58½	30	Hungary 7½%	44½	...	8 10 0h
88¾	53	60	38	Japan. 5½% 1936–65	40	−1	13 18 0f
94¾	57½	64½	40	Do. 6% ('24) red. 1959	42	...	14 8 0f
121¾	110½	124	115	Norwegian 4% 1911	117½	...	3 8 9
61½	40¾	50	36	Peru 7½% 1922	47½	...	...
83	56	75½	54	Poland 7%	75½	...	7 8 3s
20½	13	15¾	11	Roum. 4% Con. 1922	13½	−1	14 9 0y
96⅜	88¼	92	78	U.K. & Arg. C. 3%	83	...	3 12 9
				Corporation Stocks			
118	111½	115¾	110½	Bir'ham 5% 1946–56	113	...	3 6 0
118¾	112¾	117	112	Bristol 5% 1948–58	115	...	3 8 0
95¼	82½	87½	83	L.C.C. 3%	86	...	3 9 9
101	93	97½	94	Liverpool 3% 1954–64	97	...	3 5 6
104⅜	100⅜	105¾	101½	Middx. 3½% 1957–62	105	...	3 4 3

Prices, Year 1938 Jan. 1 to Aug. 10, inclusive High-est	Low-est	Last two Dividends (a) (b) (c) %	%	Name of Security	Price, Aug. 10, 1938	Change since Aug. 3, 1938	Yield Aug. 10, 1938
				Public Boards			
115½	110½	2½	2½	C. Elec. 5% 1950–70	113	...	3 12 9
				Lon. Pass. Transport			
119½	112	2¼	2¼	4½% "A" 1985–2023	118½	...	3 13 9
129¾	125	2¾	2½	5% "A" 1985–2023	128½	...	3 14 3
122⅝	116½	2½	2½	5% "B" 1965–2023	119½	...	3 17 0
84	73¼	2¾ b	1½ a	"C" 1956 or after	74	...	5 14 9
92¼	85	1½	1½	Met. W.B. "B" 3%	91	...	3 6 0
118	114¼	2½	2½	P. of Lon. 5% 50–70	116	...	3 8 6
				British Railways			
65	37¾	3½ b	Nil a	G.W. Ord.	38	−1	9 4 0
4⅝	2⅛	Nil	Nil	L. & N.E.R. Def.	2½	...	Nil
8⅜	4	Nil	Nil	Do. 5% Pref. Ord.	4¼	...	Nil
97	48	3¾ b	Nil a	Do. 5% Pref. 1955	49½	−8	7 11 6f
27⅛	9¾	½ c	1¾ c	Do. 4% 2nd Pf.	10½	−½	16 13 0
68¼	25¾	3 b	Nil a	Do. 4% 1st Pf.	26½	−6	11 6 0
30⅛	12⅞	1¼ c	1½ c	L.M.S. Ord.	13½	−1	11 2 0
70¼	29	2 b	Nil a	4% Pf. 1923	30½	−4	6 11 0
82¼	55	2 b	2 a	4% Pf.	56½x	−3	7 1 6
21⅜	12¾	½ c	1½ c	Southern Def.	13¾	−¾	10 18 0
87	55	3 b	1 a	Do. 5% Pf. Ord.	56½x	−3	7 1 6
115½	98	2½ a	2½ b	Do. 5% Pf.	99½x	+½	5 0 6
				Dom. & Foreign Rys.			
14	7 7/16	Nil	Nil	Antofagasta Ord.	12½	−½	Nil
6½	3⅜	Nil	Nil	B.A. & Pac. Ord.	5	...	Nil
17	8¾	Nil	Nil	B.A. Gt. Sthn. Ord.	12½	...	Nil
12½	6⅛	Nil	Nil	B.A. West. Ord.	8½	...	Nil
13¼	6½	Nil	Nil	C. Arg. Ord.	8½	...	Nil
8 7/16	5	Nil	Nil	Can. Pac. Com. $25	7	...	Nil
28½	25¼	2 c	2 c	Costa Rica Ord.	25½	...	7 17 0
43/9	33/9	Nil	1 c	Nitrate Rlys. £10	40/-	...	5 0 0
66	35	†2 a	†2 b	San Paulo Ord.	40	...	10 0 0†
16/3	13/9	1 c	1 c	Taltal Rly. Ord. £5	15/-	...	6 13 4
				Banks and Discount			
75/6	59/-	10 b	7½ a	Alexanders £2, £1 pd.	66/3	...	5 5 6
35/-	32/6	5 a	5 b	Bk. of N. Zealand £1	32/6	...	4 18 6e
352½	330	6 a	6 b	Bk. of England	349½	...	3 8 9
76/7½	71/3	7 b	7 a	Barclay B. £1	76/-	+1/-	3 13 6
46/-	41/-	3¼ b	3 a	Barcl. (D.,&c.) A £1	45/-	+6d	2 15 6
8 9/16	7¼	3½ a	4½ b	Bk. of Aust. £5	8⅜	+¼	4 15 6
£44⅜	£39½	8 c	8 c	Bk. of Mont. $100	£43½x	+½	3 13 6e
26½	24	5¼ c	6 c	Bk. of N.S.W. £20	24½x	+½	3 18 6e
55/-	32/6	6 c	Nil c	Brit. Overseas A £5	47/6	...	Nil
12 19/32	11 5/16	7 a	7 b	Chtd. of India £5	12⅜	+¼	5 13 3
13/4½	12/-	3⅓ a	3¾ b	Com. Bk. of Aus. 10/-	13/1½	...	4 6 3e
53/9	50/-	5 b	5 a	District B. £1 fy pd.	52/6	...	3 16 3
90/-	74/6	3½ b	3½ a	En. S. & Aust. £5 £3p.	80/-	...	5 5 0
10⅜	9 15/16	10 b	8 a	Hambros £10, £2½ p.	10	...	4 10 0
£96¼	£82	£3 b	£2½ a	Hong. and S. $125.	£87½	...	6 5 9
64/6	56/9	6 b	6 a	Lloyds £5, £1 pd.	60/-	+6d	4 0 0
9¾	8⅜	9 b	7 a	Martins £20, £2½ pd.	8⅝	...	4 12 6
89/3	78/3¾	8 b	8 a	Midland £1, fy. pd.	85/6	...	3 15 0
6¼	5¾	5 a	5 b	Nat. Dis. £2½ fy. pd.	6¼	+¼	4 0 9
41	34	4 a	11 b	Nat. of Egypt £10	35	...	4 5 9
41¼	37½	9 a	9 b	N. of Ind. £25, £12½p	40	...	5 12 6
3⅞	3 7/16	7½ b	7½ a	N. Prov. £5, £1 pd.	74/-	+1/6	4 1 0
488	444	8½ a	8½ b	Roy. Bk. of Scotland	462	...	3 13 6
16 13/32	13⅞	5 a	10 b	St. of S.A. £20, £5 pd.	16⅜	+⅛	4 11 6
51/3	43/-	6¼ b	3¾ a	Union Dis. £1	46/3	−1/3	4 6 3
99/-	90/-	11 b	9 a	West. £4, £1 pd.	97/6	+6d	4 2 0
				Insurance			
28⅝	24½	40 a	50 b	Alliance £1, fully pd.	28	...	3 4 3
16¼	12¾	†3/6 a	†4/6 b	Atlas £5, £1¼ pd.	15¾	...	2 10 9†
10 3/16	9⅛	20 a	20 b	Com. Un. £1, fy. pd.	10	...	4 0 0
5½	4⅜	1/6 a	2/- b	Gen. Acc. £1, 5/- pd.	5	...	3 10 0
31	26⅛	25 a	25 b	Lon. & Lanc. £5, £2pd.	29½	...	3 7 9
11⅞	9½	3/2 a	3/1 b	N.Brit.&Mer. £1¼, f.p.	11¾	...	2 13 0
20⅝	18½	†30 b	†25 a	Pearl (£1), fy. pd.	20	...	2 15 0†
16	13¾	6/- a	6/- b	Phœnix £1, fy. pd.	15¾	...	3 16 3
35⅝	29½	†25 a	†72¼ b	Prudential £1 A	35½	...	2 15 0†
106/-	81/3	†50 c	†50 c	Do. £1, with 4s. pd.	98/9	...	2 1 0†
10 5/16	8¼	11 a	19 b	Royal Exchange £1	10	...	3 0 0
9 1/16	7½	3/3 a	3/3 b	Royal £1, 10/- pd.	8⅞	...	3 13 0
17	15¼	6/6 a	6/6 b	S.U.&Nl.A £20, £1pd.	16½	...	3 19 0
88/6	69/8¼	1/3 a	1/6 b	Sun In., £1 with 5/pd.	85/-	...	3 4 6
8 13/16	7¼	†10 a	†10 b	Sun. Lf. Ass., £1 fy.pd	8½	...	2 6 9†
				Investment Trusts			
267	230	4 a	8 b	Anglo-Amer. Deb.	240	...	5 0 0
65½	45½	3 c	3½ c	Anglo-Celtic Ord.	47½	...	7 7 6
11/3	7/6	7½ c	10 c	Brit. Assets Trust 5/-	11/3	...	4 9 0
233	208	6 b	4 a	Debenture Corp. Stk.	215	+1	4 13 0
75	55½	1½ a	3 b	For. Amer. &c., Def.	66½	...	6 15 3
137½	119½	4½ b	2½ a	Guardian Investment	120½	+1	5 16 0
254	201	4 a	8 b	Ind. and Gen. Ord.	243½	...	4 18 6
275½	223	5 a	8 b	Invest. Trust Def.	237½	...	5 9 6
17/-	14/9	2½ a	6½ b	Lake View Inv. 10/-	16/-	...	5 12 6
252½	233	8½ b	3½ a	Mercantile Inv.	242½	...	4 19 0
154	123	4½ b	3 a	Merchants Trust Ord.	123½x	+1	6 1 0
251½	223	7 b	5 a	Metropolitan Trust	229½	...	5 4 6
5/-	3/4½	2½ c	4 c	Scottish Inv. 5/-	5/-	...	4 0 0
218	178	3½ a	6 b	Scottish Mort., &c.	183½	...	5 3 6
221	190½	3 a	9 b	Trustees Corp. Ord.	205½	+2	4 17 6p
193	167	6 b	4 a	United States Deb.	177½	+3	5 12 9
				Financial Trusts, &c.			
11/9	6/3	2½ c	4 c	ArgentineLand,&c. 10/	9/4½	...	8 11 5
35/-	22/9	10 c	13⅓ c	Brit. S.Afr. 15/-fy. pd.	27/-	+3d	7 10 0
23/9	15/7½	10 c	10 c	Charterhouse Inv. £1	20/-	...	10 0 0
16/10½	13/10½	2 a	2 b	C. of Lond. R. Pty. £1	15/-	...	5 6 9
33/9	25/7½	†2½ a	†8¾ b	Daily Mail & Gen. £1	29/6	...	7 12 8
7	6 1/16	4¼ b	3 a	Dalgety £20 £5 pd.	6⅜	...	5 14 0
23/6	19/3	3 a	6 b	Forestal Land £1	21/-	...	8 11 0
25/10½	19/-	Nil c	z 4 (c)	Hudson's Bay Co. £1	23/-	−6d	3 9 7
20/-	13/9	2½ a	5 b	Java Invest. £1	17/6	...	8 11 6
5⅜	2¼	Nil	Nil	Peru. Corp. Pref.	3¼	...	Nil
10/6	7/-	3 c	3½ c	Primitiva Hold. £1	8/6	...	8 5 0
17/3	12/6	7½ c	7½ c	Staveley Trust £1	13/9	...	10 1 9
34/10½	23/9	10 c	12½ c	Sudan Plant. £1	31/9	+1/1½d.	7 17 4
				Breweries, &c.			
77/6	61/3	12½ b	5 a	Ansell's Brewery £1	71/-	...	4 19 0
32/-	21/9	5½ b	2½ a	Barclay Perkins £1	26/-	+6d	6 3 0
131/-	103/9	†20 b	†5 a	Bass Ratcliff Ord. £1	125/-	...	4 0 0†
67/-	51/-	3 a	12 b	Charrington & Co. £1	62/-	...	4 0 0
82/6	70/-	6 a	14 b	Courage Ord. £1	78/6	...	5 2 0
107/9	85/-	7½ a	15 b	Distillers Ord. £1	98/-	−6d	4 13 7
125/-	102/6	12 a	17 b	Guinness Ord. £1	109/-x	+2/6	5 1 9
113/6	91/-	20 b	7½ a	Ind. Coope & All. £1	103/-	+1/-	5 17 7
43/-	34/-	3½ a	7½ b	Meux's Ord. £1	38/6	...	5 14 0
93/-	76/3	15 b	8 a	Mitchells&Butlers £1	87/-	...	5 5 9
75/-	63/9	5 a	12½ b	Ohlsson's Cape £1	71/-	...	4 18 8
78/-	65/-	14 b	4 a	Simonds (H.&G.) £1	69/6	−6d	5 3 7
108/6	87/6	†5 a	†17½ b	S. African Bws. £1	107/6	...	4 12 0
42/-	30/-	4 a	6 b	Taylor Walker Ord. £1	37/-	...	5 8 0
26/3	19/4½	5½ b	2 a	Walker (P.)&R.Cain £1	21/6x	+3d	6 19 9
77/9	62/6	6 a	12 b	Watney CombeDef. £1	69/6x	+2/-	5 3 6
				Iron, Coal and Steel			
24/6	19/9	4 a	6 b	Allied Ironfound. £1	20/7½	...	9 14 3
44/-	37/3	4 a	6 b	Babcock Wilcox £1	38/9	...	5 3 0
9/4½	4/7½	10 c	10 c	Baldwins 4/-	5/3	...	7 12 0
46/3	37/3	4 a	10 b	Bolsover Col. Ord. £1	38/9	−7½d	7 4 6
32/3	24/9	†5 a	†12½ b	Brown (J.) Ord. 10/-	27/3	−1/-	6 8 4†
36/7½	26/3	†2 a	†6 b	Butterley Co. Ord. £1	26/3	−1/3	6 1 7†
11/3¾	6/9	5 c	8⅓ c	Cammell Laird 5/-	7/6	...	5 6 9
25/7½	19/9	3 a	5 b	Colvilles Ord. £1	21/3	−3d	7 10 6
11/10½	7/5¼	7½ c	10 c	Consett Iron Ord. 6/8	8/-	−6d	8 5 0
87/6	78/6	5 a	15 b	Cory, William, Ord. £1	85/-	...	4 14 0
34/3	19/9	6 c	10 c	Dorman Long Ord. £1	21/3	...	9 8 0
55/3	34/3	14 c	18 c	Do. Pref. Ord. £1	38/9	...	9 5 9
70/-	62/6	†6 a	†11½ b	Firth Brown £1	67/6	...	5 4 0†
31/11½	22/6	†3 a	†4½ b	GuestKeen&c. Ord. £1	23/9	−6d	6 6 4†
33/9	26/6	15 b	7½ a	Hadfields 10/-	29/4½x	+1½d	7 13 6
31/4½	21/6	6½ b	2½ a	Horder Collieries £1	23/9	−9d	7 11 7
29/-	25/-	5 c	9½ c	Lambert Bros. Ord. £1	26/10½	...	7 1 0
13/10½	7/7½	2 c	3½ c	OceanCoal&Wilson £1	9/3	...	7 10 0
12/3	8/10½	5 c	10 c	Pease and Partners 10/-	9/6	−3d	10 8 0
23/9	16/9	2 a	5½ b	Powell Duffryn £1	17/6	...	8 11 0
48/4½	36/2¼	†7½ b	†5 a	Sheepbridge C.&I. £1	38/1½	...	6 10 6†
35/4½	24/4½	3½ a	8½ b	Shipley Coll. Ord. £1	26/3	...	9 2 10
40/-	28/9	12 c	13 c	S. Durham Ord. £1	31/3	...	8 6 5
20/-	12/-	6 c	7 c	Steel & Iron BOrd £1	13/1½	...	10 14 0
47/-	38/4½	4 a	6 b	Stanton Iron. £1	40/-	+1/3	5 0 0
58/-	46/-	†9½ b	†3 a	Staveley Coal, etc. £1	47/6	...	5 5 0†
40/3	31/6	7½ c	12½ c	Stewarts & Lloyds £1	36/3	−7½d	6 18 0
28/9	23/3	4 a	6 b	Swan, Hunter £1	26/3x	...	7 12 3
10/10½	2/4½	15 c	5 c	Thomas(Rich.) 6/8	2/9	...	?

(a) Interim dividend. (b) Final dividend. (c) Dividends for full year. (d) Paid in £N.Z. (e) Allowing for exchange. (f) Flat yield. (h) Yield on 3¾% basis. (m) Based on payment of 2½%. (n) To redemption at par, in year shown. (v) Yield on 15/8% basis. (s) Yield worked on a 5½% basis. (w) Yield based on 40% of coupon. † Free of Income Tax. (y) Yield based on 47% of coupon. (p) Yield worked on a 10% basis. (t) Yield worked on a 14% basis. (z) 1% paid free of income tax.

Prices, Year 1938 Jan. 1 to Aug. 10, inclusive High-est	Low-est	Last two Dividends (a) (b) (c) %	%	Name of Security	Price, Aug. 10, 1938	Change since Aug. 3, 1938	Yield Aug. 10, 1938 £ s. d.
				Iron, Coal, &c.—cont.			
25/6	20/9	Nil	Nil	Thornycroft, John £1	25/-	...	Nil
$64	$38½	1 c	Nil c	U. States Steel $100	$61½	...	Nil
27/6	20/-	6 b	3 a	Un. Steel Cos. Ord. £1	22/3	−9d	8 2 0
26/10½	19/9	10 c	10 c	Vickers 10/-	20/6	−6d	4 17 6
29/6	21/-	10 c	3¾ a	Ward (Thos. W.) £1	25/-	...	8 0 0
36/6	33/1½	10 4/9 c	12⅖ c	Weardale S. etc. Df £1	35/-	...	7 4 0
5 15/16	4⅛	12½ a	22½ b	Whitehead I. & S. £1	4¼	...	8 4 0
51/3	40/7½	15 c	15 c	Yarrow & Co. £1	50/-	...	6 0 0
				Textiles			
5/9	2/9	Nil	Nil	Bleachers £1	3/4½	...	Nil
5/6	2/10½	Nil	Nil	Bradford Dyers £1	4/-	...	Nil
5/4½	2/3	Nil	Nil	Brit. Cel. Ord. 10/-	3/9	+1/-	Nil
7/6	4/-	Nil	Nil	Calico Printers £1	5/1½	...	Nil
41/9	32/6	10 c	10 c	Coates, J. & P. £1	38/3	+3d	5 4 9
48/1½	26/9	7⅔ b	1½ a	Courtaulds £1	31/-	+6d	5 18 3
39/9	26/9	2½ a	7½ b	English Swg. Ctn. £1	29/4½	−3½d	6 16 3
6/9	3/4½	Nil	Nil	Fine Cotton Spin. £1	4/1½	...	Nil
33/9	25/-	5½ b	3 a	Linen Thread Stk. £1	28/9x	...	5 18 3
49/4½	36/3	†12½ c	†10 c	Patons & Baldwins £1	46/3	...	4 6 6†
18/9	6/3	Nil a	Nil b	Whitworth & Mit. £1	6/3	−11d	Nil
				Electrical Manufactg.			
45/3	34/9	10 c	10 c	Associated Elec. £1	39/-	...	5 2 6
95/6	77/6	5 a	15 b	British Insulated £1	92/6	...	4 6 6
103/3	78/9	5 a	15 b	Callenders £1	100/-	−1/3	4 0 0
32/6	18/9	6½ b	6 a	Crompton Park. A 5/-	27/6	−2/6	2 5 6
31/9	24/4½	Nil c	10 c	English Electric £1	31/-	−6d	6 9 0
79/3	67/-	17½ c	20 c	General Electric £1	77/6	+6d	5 3 6
21/3	16/-	15 b	5 a	Henleys (W. T.) 5/-	21/3	...	4 14 0
41/3	34/-	5 a	7½ b	Johnson & Phillips £1	38/9	...	6 9 0
30/6	22/9	7½ c	7½ c	Siemens £1	25/-	...	6 0 0
				Electric Light, &c.			
$13 11/16	$7⅜	Nil	$1 c	Brazil Trac., no par	$12¾	−$½	7 16 6
68/-	62/6	9 b	6 a	Bournemouth & Ple.	66/3	...	4 12 3
39/3	24/6	2 a	5 b	British Pow. & Lt. £1	30/6	...	4 11 9
34/3	33/-	4 b	3½ a	City of London £1	33/6	...	4 11 6
42/-	33/6	3 a	5 b	Clyde Valley Elec. £1	38/-	...	4 4 3
51/-	45/3	3 a	7½ b	County of London £1	49/6	...	4 5 0
27/9	27/-	4 a	5 b	Edmundsons £1	27/6	...	4 7 0r
35/-	31/3	2½ a	5 b	Lancashire Elec. £1	32/-	...	4 12 6
32/4½	28/9	4 b	3 a	Lond. Ass. Elec. £1	30/-	...	4 13 3
50/9	43/6	9 b	3 a	Metro. Electric £1	50/-x	...	4 16 0
39/-	33/3	2½ a	5½ b	Midland Counties £1	38/-	...	4 5 0
33/10½	26/6	2½ a	4½ b	North-East. Elec. £1	33/-	...	4 4 0
49/-	44/6	6 b	4 a	North Metro. £1	48/9	...	4 2 0
38/9	34/-	2½ a	5½ b	Scottish Power £1	38/-	...	4 5 0
41/10½	37/6	5 b	3 a	Yorkshire Electric	41/-	...	3 18 0
				Gas			
25/-	21/6	5⅗ b	5⅗ a	Gas L. & C. £1	24/-x	...	4 13 6
138	117	4 a	6 b	Imp. Cont. Stk.	124½	...	8 0 3
23/9	21/6	2⅞ b	2½ a	Newc.-on-Tyne £1	23/6x	...	4 11 6
109¾	101¾	3 b	2½ a	S. Metropolitan Stk.	106½x	...	5 3 3
				Motors and Cycle			
51/3	36/3	15 c	12½ c	Albion Motors Ord. £1	40/-	...	6 5 0
39/4½	31/-	†7½ c	†2½ a	Assoc. Equip. Ord. £1	36/3	−1/3	4 2 9†
32/6	22/-	50 c	50 c	Austin 5/-	25/-	...	10 0 0
23/3	18/3	Nil	Nil	Birm. Sml. Arms £1	22/3	−3d	Nil
24/0¾	18/-	83⅓ b	33⅓ a	Dennis 1/-	22/6	...	5 4 0
23/1½	16/3	6 c	5 c	Ford Motors £1	18/1½	−7½d	5 11 0
57/6	48/-	12½ b	2½ a	Lucas, J. (£1)	56/3	...	5 6 9
89/4½	71/3	20 c	25 c	Leyland Motors £1	85/-	...	5 19 6
33/3	24/9	45 c	45 c	Morris Motors 5/- Od.	28/-	−6d	8 1 0
61/3	38/1½	20 b	5 a	Ral. Cycle Hold. £1	42/6	−1/3	11 15 0
104/3	81/3	6 a	16½ b	Rolls-Royce £1	102/6	+1/3	4 7 9
16/7½	9/9	25 c	40 c	Stand. Motor 5/-	14/6	...	6 18 0k
				Shipping			
7 5/16	3⅞	5 a	15 b	Clan Line Steam. £1	4¾	−¼	4 4 0
4/6	2/6	Nil	Nil	Cunard £1	3/-	...	Nil
24/6	15/7½	3 c	5 c	Furness, Withy £1	17/6	−6d	5 14 2
24/6	17/6	4 c	2½ a	P. & O. Def. £1	21/-	−1/-	4 6 0
23/7½	16/9	4½ c	5 c	Royal Mail Lines £1	19/6	...	5 2 0
22/3	13/6	Nil c	Nil c	Union Castle Ord. £1	15/6	...	Nil
				Tea and Rubber			
18/6	9/6	2½ c	5 c	Allied Sumatra £1	16/-	−6d	6 5 0
30/-	18/1½	4 a	5 b	Anglo-Dutch £1	29/-	−6d	6 4 0
29/4½	18/3	5 a	10 b	Bah Lias £1	28/1½	...	10 13 0
27/-	22/6	2 a	6 b	Jhanzie Tea £1	25/-	...	6 8 0
38/6	31/6	5 a	7½ b	Jorehaut Tea £1	36/3	−1/3	6 18 0
37/6	29/6	2½ a	10 b	Jokai (Assam) £1	36/3	−1/3	6 18 0
18/10½	10/-	5 c	5 c	Linggi Plant. £1	17/6	−7½d	5 14 3
3/10	2/0¾	5 a	7½ b	London Asiatic 2/-	3/7½	...	6 19 0
30/10½	17/6	4 a	6 b	Rubber Trust £1	30/-	−6d	6 13 4
3/8¼	2/-	5 a	10 b	United Serdang 2/-	3/4½	...	8 17 9
				Oil			
113/1½	67/-	5 a	20 b	Anglo-Iranian £1	109/4½	−3/1½	4 11 3
32/6	24/9	32½ a	12½ b	Apex (Trinidad) 5/-	30/-	−3d	7 10 0
45/-	25/-	Nil	Nil	Attock £1	42/6	−7½	Nil
6 1/16	4	5 a	25 b	Burmah Oil £1	4 23/32	−1/16	4 4 3k
12/10½	3/7½	10d ps c	11d ps c	Mexican Eagle M.$4	4/9	−1½	?
£42	£33⅞	6 a	11 b	Royal Dutch fl.100	£38¾	+5/16	4 17 6e
5 1/16	3½	†7½ a	†12½ b	Shell Transport £1	4 21/32	+1/32	4 5 9†
5⅜	4 1/16	20 b	10 a	Trinidad Lease. £1	5 5/16	...	5 13 0
				Miscellaneous			
20/6	17/3	5 c	5 c	Aerated Bread £1	20/-	...	5 0 0
25/-	20/-	9 c	8 c	Allied News. £1	20/9	−9d	7 14 0
25/9	18/-	7 c	7 c	Amal. Metal £1	23/1½	...	6 1 0
16/6	11/3	5 a	3 b	Amal. Press 10/-	14/-	...	5 14 0
15/-	11/-	10 a	10 b	Assoc. Brit. Pic. 5/-	12/9x	...	7 17 0
17/9	10/3	26⅔ c	25 c	Assoc. News. Df. 5/-	11/9	−3d	10 12 6
88/1½	67/6	7½ a	15 b	Assoc. P. Cement £1	81/3	...	5 9 9
72/6	56/10½	5 a	10 b	Barker (John) £1	60/-	−1/3	5 0 0
65/7½	41/3	60 c	85 c	Beechams Pills Df. 5/-	55/-	...	7 14 0
49/9	37/6	m 29 c	s32⅓ c	Boots Pure Drug 5/-	42/6	...	4 6 0
29/9	23/1½	7½ c	10 c	Borax Deferred £1	26/10½	...	7 9 0
17/9	12/6	9 c	Nil c	Bow. Paper Mills £1	13/-	...	Nil
57/10½	44/3	7½ a	17½ b	Bristol Aero. 10/-	55/-	...	4 14 0
53/1½	40/6	4 a	8½ b	Brit. Aluminium £1	49/4½	+7½d	5 1 6
36/3	31/-	2¾ a	5 b	British Match £1	33/-	...	4 14 0
5 7/16	4 13/32	†20 c	†21¼ c	Brit.-Amer. Tob. £1	5 5/16	−1/16	4 2 0†
84/4½	64/4½	7 a	10 b	British Oxygen £1	72/6	...	4 13 9
62/-	46/3	17½ b	7½ a	Brockhouse (J.) £1	52/6	...	9 10 6
68¾	45½	Nil c	4 c	Cable & Wir. Ord.	53	−½	7 11 0
7 11/16	6	20 b	15 a	Carreras A Ord. £1	7¾	+⅓	4 10 3
14/-	8/3	20 c	25 c	Crittal Mfg. Ord. 5/-	12/9	...	9 16 0
47/6	38/3	10 c	12½ c	De Havilland Air. £1	47/6	+2/6	5 5 3
33/-	25/3	9 c	9 c	Dunlop £1	27/9	+6d	6 10 0
38/6	35/-	10 b	5 a	Eastwoods Ord. £1	37/6	...	8 0 0
16/3	9/9	10 c	10 c	Elec. & Mus. Ind. 10/-	12/9	...	7 17 0
26/3	18/-	15 a	20 b	Ever Ready Co. 5/-	20/-	...	8 15 0
26/4½	17/-	10 c	†12½ c	Fairey Aviation 10/-	25/9	...	4 17 3
56/9	45/-	5 a	7½ b	Finlay (Jas.) & Co. £1	55/-	−1/9	4 11 0
6 21/32	5 5/16	7½ a	20 b	Gallaher Ltd. Ord. £1	6 5/16	...	4 6 0
7/-	3/9	Nil c	Nil c	Gaumont-Brit. 10/-	4/9	...	Nil
20/6	11/3	8 a	8 b	Gen. Refract's 10/-	13/3	...	12 1 6
35/3	23/-	22½ b	15 a	Gestetner (D) (5/-)	30/-	...	5 16 0v
90/7½	68/9	5 a	20 b	Harrisons&Cros.Df. £1	88/9	...	(d)
76/6	60/7½	13½ b	5 a	Harrods £1	64/4½	−1/10½	5 17 0
30/-	19/10½	27½ b	15 a	Hawker Siddeley (5/-)	27/9	−3d	7 13 3
28/3	21/-	8 c	9 c	Imp. Airways £1	27/6	..	6 11 0
35/3	27/6	3 a	5½ b	Imp. Chem. Ord. £1	31/9	...	5 7 3
13/7½	8/-	Nil c	5 c	Imp. Smelting £1	10/7½	−1/6	9 8 0
7¾	6	†17½ b	†7½ a	Imp. Tobacco £1	7⅛x	+1/6	3 10 3†
$53½	$38⅞	c$1·30	c$2·25	Inter. Nickel n.p.	$51½	...	3 17 9n
12/9	8/7½	5 a	5 b	International Tea 5/-	10/6	..	4 15 3
40/3	32/9	4 a	6 b	Lever & Unilever £1	38/9	...	5 3 3
60/-	43/9	22½ c	20 c	London Brick £1	55/-	−4½d	7 5 6
5 13/16	5	8⅓ a	14⅙ b	Lyons (J.) Ord. £1	5 11/16	−1/16	3 18 6
60/7½	42/6	15 a	27½ b	Marks & Spen. 'A' 5/-	58/1½	+7½d	3 13 0
4 11/16	3⅜	12½ b	7½ a	Murex £1 Ord.	4	+1/16	5 0 0
37/-	32/6	2½ a	9⅜ b	Phillips (Godfrey) £1	35/-	...	6 16 0
35/6	26/3	7½ a	10 b	Pinchin Johnson 10/-	32/-	−6d	5 9 3
42/9	26/3	12½ a	37½ b	Prices Trust Ord. 5/-	40/-	...	6 11 9
58/9	42/6	3⅛ a	11⅞ b	Radiation Ord. £1	53/9	...	5 10 9
5 15/32	4⅞	22½ c	22½ c	Reckitt & Sons Ord. £1	5⅜	...	4 4 0
14/3	11/-	†5 a	†8⅓ b	Sears (J.) Ord. 5/-	11/9	...	5 14 6†
14/6	8/9	2½ c	4 c	Smthfld.&Arg.Mt. £1	10/-	−3d	8 0 0
60/6	51/6	2½ a	12½ b	Spillers Ord. £1	55/6	+6d	5 8 0
26/10½	21/-	Nil	Nil	Swed. Match. B.kr.25	26/3	...	Nil
83/-	70/-	14 b	4¼ a	Tate and Lyle £1	78/9	...	4 12 0
48/3	36/6	5 b	5 a	Tilling, Thos. £1	45/6	−9d	4 10 0
68/4½	52/6	11 b	5 a	Tob. Secrts. Ord. £1	66/3	+1/3	4 16 6
53/-	30/7½	35 c	25 c	Triplex Safety G. 10/-	34/4½	−7½d	7 10 0
89/4½	74/4½	16¼ b	10 a	Tube Investments £1	83/9	−7½d	6 5 6
87/6	70/-	16¼ b	3¾ a	Turner & Newall £1	79/8	...	5 0 3
57/4½	46/3	7½ b	5 a	United Dairies £1	55/-	−1/3	4 11 0
27/7½	18/4½	15 b	7½ a	United Molasses 6/8	23/1½	−7½d	6 11 0
39/8¼	33/9	7½ b	5 a	W'llpapr Mfrs.Def. £1	35/7½	...	7 0 0
39/3	32/6	3 a	7 b	Wiggins,TeapeOrd. £1	36/9	...	5 9 0
70/-	60/6	15 a	45 b	Woolworth Ord. 5/-	65/-	...	4 12 3
				Mines			
70/7½	52/6	95 c	95 c	Ashanti Goldfields 4/-	68/9	+7½d	5 10 3
12/10½	8/0¾	p6 a	p4 b	Burma Corp. Rs. 9	9/10½x	−4½d	9 9 9r
3/6	1/6	Nil c	Nil	Commnwlth. Mng. 5/-	2/6	...	Nil
81/3	62/6	32½ c	6¼ a	Cons.Glds.of S. Af. £1	76/10½	+2/1½	5 4 3
17¼	14¾	95 b	95 a	Crown Mines 10/-	17	+⅜	5 12 0
13 5/16	6	30 a	Nil b	De Beers (Def.) £2½	8⅞	−¼	8 9 0
69/4½	50/7½	20 c	15 c	Jo'burg. Cons. £1	52/6	+1/6	5 14 3
48/3	30/10½	11¼ b	11¼ a	Randfontein £1	38/9	+1/3	11 12 3
12⅞	9⅛	37½ b	25 a	Rhokana Corp. £1	12¼	+⅛	5 2 0
19⅞	12¾	Nil	Nil	Rio Tinto £5	14½	...	Nil
21/7½	13/7½	80 c	10 a	Roan AntelopeCpr. 5/-	17/9	...	...
11⅝	9⅜	75 a	75 b	Sub Nigel 10/-	11½	+¼	6 10 6
9 5/32	7	2/6 a	6/- b	Union Cp. 12/6 fy pd.	9 5/16	+3/16	4 11 9
9 25/32	5 13/16	Nil	Nil	W. Witwatersrand 10/-	7 5/16	...	Nil
19/11½	5/2¼	10 c	Nil c	Wiluna Gold £1	15/-	−3d	Nil

NEW ISSUE PRICES

Issue	Issue price	Aug. 10, 1938	Change since Aug. 3	Issue	Issue price	Aug. 10, 1938	Change since Aug. 3
Afr. Expl. 4%	100	2½–3½ pm	+1	Cov.GP4%dbs	99	1¼–¾ dis	−¼
Do. 5½% pf.	21/-	2/4½–2/7½ pm	+7½d	Easterns 5%	100	par–1 pm	...
Am. Pr. 4% db.	99	3–2 dis	+½	Ipswich 3¼%	98½	¼ dis–par	−⅛
Bechm. 5% pf.	1	par–3d pm	...	Luton 3¼%	98½	¼ dis–par	...
Bootle 3¼%	98½	¼ dis–par	...	Nat Def. 3%	98	1 15/16–2 1/16 pm	...
Bnmth. 3¼%	98½	1 1/16–1 5/16 pm	...	Regis 5½% £1	1	⅞–1	...
Bwtr 4½% db.	98	4½–3½ dis	...	S.Met.Elec. 4% pf	20/6	1½d. dis–1½d. pm	+3d.
Brt. Ox. 5% pf	22/6	7½d–10½d pm	+1½d.	Do. 3½% db.	100	¾ dis–¼ pm	+¼
Brtn (M) 5% db	100	1–½ dis	...	Stoke 3¼%	98½	1–¾ dis	+⅛

UNIT TRUST PRICES

as supplied by managers and Unit Trusts Association
(Table does not include certain closed trusts)

Name and Group	August 10, 1938	Change since Aug. 3	Name and Group	August 10, 1938	Change since Aug. 3
Municipal & Gen.			Keystone	16/1½–17/1½	...
For. Govt. Bond	14/–15/-	...	Keystone 2nd	13/–14/-x	...
Limited Invest.	19/–19/9	...	Keystone Flex.	14/9–15/9	...
Mid. & Southern	19/–19/9	...	Key. Consol.	14/4½–15/4½	...
Scottish & Northn.	16/9–17/6x	...	**Allied**		
Bank-Insurance			Amer. Indsts.	18/–19/-	+6d
Bank & Insur.*	19/–20/-	+3d	Brit. Ind. 1st	17/6–18/6	...
Insurance*	20/9–21/9	...	Do. 2nd	15/–16/-	...
Bank*	17/9–18/9	...	Do. 3rd	15/–16/-	...
Invest. Trust*	13/9–14/6	+3d	Do. 4th	15/9–16/9x	−3d
Scot. B.I.I.T.*	14/10½–15/9 x	...	Elec. Inds.	16/3–17/3	...
Cornhill deb.*	21/–21/9	...	Metals & Min.	14/3–15/3	+3d
Cornhill def.*	13/9–14/9	...	**Other Groups**		
National			Brit. Emp. 1st Unit.	17/3–18/3	...
National C.	18/–19/-	...	Brit. Gen. "C"	15/3–16/3	...
National D.	16/6–17/6	...	Rubber & Tin	1/2½–1/4	...
Nat. Invest.	13/1½–14/1½ x	...	Brit. & Amer.	15/–16/-	...
Amalgamated	20/3–21/3	...	Producers	8/–8/6	...
Century	17/–18/-	...	Domestic	7/–7/6	...
Gilt-edged	17/6–18/-	−3d	Do. Priority	9/3–9/9	...
Scottish	17/–18/-	...	1st Prov. "A"	20/–21/-x	...
Universal	18/1½–19/1½	+1½d	Do. "B"	15/–16/-	+3d
"15 Moorgate"			Do. Reserves	15/6–16/6	...
Inv. Flexible	12/9–13/9	...	Selective "A"	15/9–16/9	−1½d
Inv. Gas & El.	13/–14/-	...	Selective "B"	15/6–16/6x	−1½d
Inv. General	16/6–17/6	...			
Inv. 2nd Gen.	13/9–14/9x	...	Brit. Trans.	12/3–13/3x	...
Inv. Gold	17/4½–18/4½	+3d	Bank, Ins. & Fin.	15/3–16/3x	...
Hundred	17/6–18/6	...	British Bank Shrs.	20/3–21/3	+3d
Provident	13/7½–14/7½	...	Do. Insur. Shrs.	16/9–17/9	...
Savings Unit	8/10½–9/6	...	Four Square	20/–21/-	...
Security First	13/9–14/9	−1½d	Brewery	14/3–15/3	...
			Protected 1st	19/–20/-	...
Keystone			Do. 2nd	16/6–17/6	...
Gold 2nd Ser.	18/9–19/9x	+6d	Do. 3rd	11/6–12/6	...
Gold 3rd Ser.	13/9–14/9x	+3d			

* Bid and offered prices are free of Commission and Stamp Duty. (a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (k) Yield on 20% basis. (m) Including bonus of 5% free of tax. (n) Yield worked on a $2 basis. (r) Calculated at 18½ annas per share of Rs. 9. (p) Annas per share. (s) 8⅓% paid free of income tax. † Free of Income Tax. (v) Yield worked on 35% basis. (y) Dividend before the 200% capital bonus 4s. per share. (d) 17½% cash dividend and 7½% in deferred ordinary stock. (t) Yield worked on 6% basis. (e) Allowing for rate of exchange.

Industry and Trade

Encouraging Employment Returns.—The employment returns for July confirm the slightly more confident tone of recent reports from industrial centres which gave rise to the belief that the recession in British business activity has been arrested, at least temporarily. As the table below shows, the number of insured persons aged sixteen to sixty-four in employment in Great Britain rose by 38,000 to 11,371,000 between June 13th and July 18th. Nor can this increase be attributed to seasonal influences, for *The Economist* index of employment, which is adjusted for seasonal variations, rose from 109 (1935 = 100) in June to 109½ in July. The increase in employment between June and July is reflected in a reduction of 29,796 to 1,773,116 in the number of insured and uninsured persons aged fourteen and over on the registers of employment exchanges in Great Britain. Compared with a year ago, however, employment shows an appreciable reduction, and unemployment a substantial rise. Thus, if allowance is made for the changes in the method of counting introduced last September, the numbers of insured persons employed, and of registered unemployed, in Great Britain last month were 300,000 smaller and 448,000 higher, respectively, than in July, 1937:—

EMPLOYMENT AND UNEMPLOYMENT IN GREAT BRITAIN

(In thousands)

	Registered unemployed aged 14 and over (incl. agriculture)		Percentage of insured persons (aged 16-64) unemployed (excl. agriculture)	Insured persons aged 16–64 employed (excl. agriculture)	
	Total	Of which wholly unemployed		Number	Index, adjusted for seasonal variations (1935 100)
1937—June 21st	*1,357*	*1,039*	*10·0*	*11,613*	111½
July 26th	*1,379*	*1,069*	*9·9*	*11,623*	112
August 23rd	*1,359*	*1,089*	*9·7*	*11,672*	112½
Sept. 13th*					
Old basis	*1,389*	*1,119*	*9·8*	*11,662*	112½
New basis	1,339	1,091	9·5	11,706	112½
Oct. 18th	1,390	1,160	9·9	11,659	112
Nov. 15th	1,499	1,228	10·7	11,573	111½
Dec. 13th	1,665	1,284	11·8	11,437	109½
1938—Jan. 17th	1,828	1,419	12·9	11,309	110½
Feb. 14th	1,810	1,405	12·8	11,324	110
March 14th	1,749	1,350	12·5	11,380	109½
April 4th	1,748	1,321	12·5	11,390	109
May 16th	1,779	1,314	12·7	11,375	109
June 13th	1,803	1,269	13·0	11,333	109
July 18th	1,773	1,244	...	11,371	109½

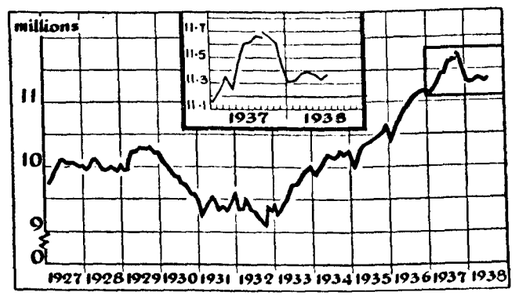
* Method of counting unemployed altered in September, 1937.

Last month's improvement, however, was not general. An analysis of changes in unemployment by districts shows reductions in London, South Eastern, South Western and North Western England, as well as in Wales, but increases in the Midlands, South Eastern and Northern England, and Scotland. The reduction in unemployment between June and July was most marked in the cotton and distributive trades, in agriculture, textile bleaching, printing and dyeing, and in the tinplate, wool textile and footwear industries. On the other hand, there was a substantial increase in unemployment in the coal-mining, building and public works contracting trades.

* * *

Employment Since 1927.—The trend of employment in Great Britain since 1927 is shown in the accompanying diagram, based on the Ministry of Labour's estimates of the number of insured persons aged 16 to 64 at work (including agriculture). Allowance is made in these estimates for persons out of work through sickness and trade disputes; the continuity of the estimates was broken last September, when the Ministry of Labour changed its method of counting unemployed persons. Despite the appreciable decline in employment since last autumn, the number at work is still considerably higher than in 1929. While it would be rash to assume that last

NUMBER EMPLOYED IN GREAT BRITAIN



month's improvement marks a change of trend, there are some indications that the forces making for recession have lost momentum. But there is as yet no conclusive evidence of a revival in the autumn.

* * *

Egyptian Yarn Price Agreement.—Spinners of Egyptian cotton yarns in Lancashire have decided to renew the price agreement, which has been in operation for eighteen months, for a further period of twelve months. This scheme is being supported by the owners of 86 per cent. of the spindles concerned. It is reported that four firms have withdrawn from the agreement, but it is hoped that before the end of this month these firms will decide to continue to adhere to the scheme. A few days ago the committee administering the scheme decided to offer a rebate of 5 per cent. from the gross price of yarns to all customers undertaking to confine their purchases to members of the agreement. It is hoped by this method to force some of the outside firms into the scheme. Apparently, the response from customers has so far been satisfactory.

* * *

Prices of Primary Products.—The hectic scramble for primary products during the winter of 1936-37, culminating in March last year, was followed by a headlong fall in prices which continued, almost without interruption, until the end of last May. Early last June, however, the downward movement suddenly gave way to a revival. As the table below shows, the prices of the principal primary products, with the notable exception of wheat, are now higher than at the beginning of June, but all of them remain substantially below those quoted at the end of March last year. Price changes, however, have been far from uniform:—

PRICES OF IMPORTANT COMMODITIES

		March 31, 1937			June 1, 1938			August 10, 1938		
		£	s.	d.	£	s.	d.	£	s.	d.
Copper, standard cash	per ton	72	17	6	32	18	9	41	3	9
Lead, soft pig	per ton	31	15	0	11	6	3	14	0	3
Spelter, G.O.B.	per ton	33	12	6	11	17	6	13	16	3
Tin, standard cash	per ton	294	0	0	163	0	0	194	0	0
Cotton, Am. mid.	per lb.	0	0	8·09	0	0	4·29	0	0	4·79
Wool, Queensland	per lb.	0	2	7	0	1	11	0	2	0
Rubber, smoked sheet	per lb.	0	1	1 3/8	0	0	5 5/16	0	0	7 13/16
Wheat, nearest future	per 100 lb.	0	10	1	0	5	9	0	5	5
Sugar, centrifugals	per cwt.	0	0	9	0	5	1 1/2	0	5	3 3/4

The immediate cause of the sudden upward movement of prices last June was the growing belief of impending

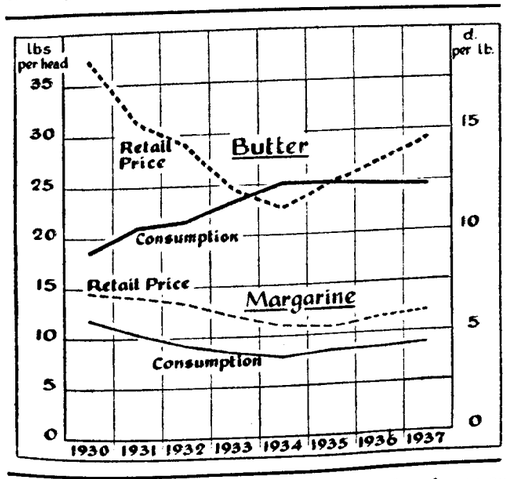
economic revival in the United States, which normally consumes a large proportion of the world's output of primary products. The improvement was facilitated by the reduction in consumers' stocks during the preceding period of falling prices. But, as the hesitancy of recent weeks showed, consumers are not yet prepared to begin a large-scale restocking movement. Indeed, the movement of prices may be erratic until there is more conclusive evidence of recovery in the United States.

* * *

Supplies of Dairy Produce.—The Imperial Economic Committee's annual report on dairy produce supplies in this country contains a valuable collection of statistics and information. The latest volume* covers the calendar year 1937, when the prices of most dairy products were rising. As a result, the total value of British imports of dairy produce, pig and poultry products, at £117 millions, was £9 millions higher than in 1936 and £17 millions higher than in 1935. Imports of butter were slightly smaller in volume, but imports of cheese, milk powder, eggs and bacon were all larger. Owing, however, to the fall in the home production of these commodities, total supplies were less; the *per capita* consumption of eggs in 1937 is estimated at 156, against 158 in 1937, and that of butter at 24·8 lb., compared with 25 lb. in 1936 and 25·2 lb. in 1934 and 1935.

* * *

Butter and Margarine.—This recent fall in butter consumption has been compensated by an increase in the use of margarine. As the accompanying diagram shows, sales of margarine have varied directly with the price of butter and have been little affected by the comparatively small changes in the price of margarine itself. The fall in the retail price of butter from about 1s. 6¾d. per lb. in 1930 to about 11¼d. per lb. in 1934 brought an increase of 6½ lb. in the consumption per head; during these years, in spite of a slight fall in margarine prices, the consumption of margarine also declined from about 11.8 lb. per head to



7.9 lb. From 1934 onwards, when butter prices began to rise, sales of margarine showed a steady increase to 8.9 lb. in 1937. Nevertheless, the period of low butter prices has resulted in an increase in its use, partly at the expense of margarine; the average price of butter in 1937 was nearly the same as in 1932, but consumption last year was more than 3 lb. per head greater, while that of margarine was slightly lower than in 1932. But a further rise in butter prices, or another trade depression accompanied by a reduction in the purchasing power of the working classes, would undoubtedly cause the demand for butter to fall off and increase still more the substitution of margarine.

* "Dairy Produce Supplies, 1937." H.M. Stationery Office. 2s. 6d. net.

Increased Cobalt Supplies.—World production of cobalt, which has more than doubled in the past three years, rose sharply in the first half of 1938. Figures from the various sources of supply, so far as available, suggest that the world output of the metal reached a total of about 3.5 million lbs. in the first six months of 1938, compared with less than 2.5 million lbs. in the corresponding period of last year. The Rhokana Corporation in Northern Rhodesia, at present the largest producer, reported an output of 1,428,000 lbs. between January and June, compared with 1,047,000 lbs. in the same period of last year, and the output of French Morocco has also increased. Some years ago such an expansion in production (if it had been allowed by the International Cobalt Association) would have seriously affected the price, since the bulk of the metal was used as a pigment in the china and glass industries, where demand is limited. Recently, however, greater use has been made of cobalt in steel alloys, and the rapid re-armament has enormously stimulated the demand for this metal. Consequently, the remarkable expansion of the output of cobalt has proceeded simultaneously with a rising price level; the average price for the first six months of 1938, at 8s. 6½d. per lb., was 1s. 6d. per lb. higher than that in the corresponding period of 1937.

* * *

British Stocks of Metals.—The possibility of a revival in the demand for metals in the autumn and the political uncertainty in Europe have increased public interest in domestic stocks of metals, on which business on the London Metal Exchange is largely based. It is reassuring from these aspects that stocks have risen considerably in the past twelve months. On July 31, 1938, total stocks of copper in the official warehouses of the London Metal Exchange aggregated 36,537 long tons, compared with 31,529 tons on December 31, 1937, and 18,989 tons on July 31, 1937. Tin stocks advanced from 2,062 tons at the end of July, 1937, to 2,438 tons at the end of December, 1937, and 7,228 tons at the end of last month. Stocks of spelter increased from 20,469 tons at the end of July, 1937, to 24,574 tons at the end of July, 1938, after having been down to 19,852 tons at the end of last year. Lead stocks rose from 6,215 tons at the end of July, 1937, to 7,004 tons at the end of the year, and 8,996 tons at the end of July. At present stocks of lead, spelter and copper are at a more or less normal level, while stocks of tin are well above normal. There is therefore no immediate scarcity of supplies, and as the production of all these metals, except tin, is maintained at a fairly high rate and can be raised at short notice, the level of stocks in the official warehouses appears to be large enough to meet any revival in industrial demand.

* * *

American Cotton Crop.—At the beginning of this week the United States Government published its first estimate of the cotton crop for 1938-39. The forecast, at 11,988,000 bales, was nearly 500,000 bales more than expected, and when business was resumed in New York and Liverpool, prices declined about ⅛d. per lb., but since then part of the fall has been recovered. Last season, as the table below shows, America produced a "miracle" crop of 18,946,000 bales, but this year the area under cultivation has been reduced by 23 per cent. and the yield per acre is estimated at 217.9 lb., against 223.3 lb. in August last year. The Department of Agriculture indicates that allowance has been made, as in the past, for the probable



COTTON PRODUCTION IN THE UNITED STATES

	Production (In thousands of 500 lb. bales)	Crop condition on August 1st per cent.	Yield per acre lb.
1933	13,049	74	212·7
1934	9,636	60	171·6
1935	10,638	74	184·2
1936	12,399	72	197·6
1937	18,946	81	266·9
Forecast 1938	11,988	78	217·9

ravages by the boll weevil, but reports suggest that loss from this source will be slightly below the average. Much, however, still depends on the weather in the cotton belt during the next two months. In view of these statistics, there is every indication that supplies this season will be far larger than consumption, and that the carry-over next July will be the largest ever known. A period of relatively low prices for cotton may therefore be expected, although any important decline in prices may be checked by the possibility of a loan from the United States Government to the farmers. The granting of such a loan is mandatory if the price in Southern markets falls below a level of about 8.30 cents, or if the crop at any time should be estimated by the Government to exceed 13,000,000 bales

INDUSTRIAL REPORTS

TRADE in most centres is still affected by local holidays. There is, however, a better tone in the Glasgow coal market. More inquiries are also recorded in this area for steel and output shows a slight improvement. The estimate of the United States cotton crop has been a bearish factor in Manchester, where there are fears of a further fall in cotton prices.

Coal

Newcastle-on-Tyne. — Northumberland steam collieries working under a system of curtailed production are in a slightly better position, but it will take considerably more trade to provide for full production and clear some of the stocks. The Durham section is very quiet, collieries being fortunate to work a full week. Local industrial trade shows no improvement and buyers abroad have no interest in the market. Patent oven coke has a steady outlet to the Scandinavian countries, but owing to the lack of home trade most makers are curtailing production.

★

Glasgow.—The rather brighter market which has developed since the pit holidays is well maintained. In the export branch new business has not materially expanded from its recent meagre volume, but contract supplies are being taken up more regularly, and increasing stocks are a less common feature. Washed nuts are moving fairly steadily all round, with pearls fully booked up for some time ahead. Apart from one or two prime brands, however, round coal is freely available. There are more indications of a stocking movement in house coal, and washed nuts are finding a better outlet to the public utility undertakings.

★

Cardiff.—The Greek Pelopenese Railways have invited prices for the supply of about 29,000 tons of large coals or patent fuel, while the Thessaly Railway have inquired for about 5,000 tons of coal. The Greek Navy have asked for prices for about 8,000 tons. In recent years, Germany has made big inroads into the Greek market and has secured the biggest portion of these orders. Apart from this, demand on the Cardiff market has been slow again this week and there seems little likelihood of any early expansion in the volume of business. As yet, however, there was no sign of any general easing in prices and only in very few instances have sellers made concessions. Shipments, foreign and coastwise, were severely curtailed last week on account of the holidays. They amounted to 184,000 tons compared with 366,700 tons in the previous week and 235,269 tons in the same period of last year. For the current year to date exports from the South Wales ports totalled 11,588,339 tons, against 12,051,927 tons a year ago.

Iron and Steel

London.—Holiday conditions continue to influence the iron and steel markets and will be much in evidence for the remainder of this month, according to the official report of the London Iron and Steel Exchange. In many districts consuming works will close down for the annual break and deliveries of steel will be suspended. Business in the pig iron section of the market has been on a restricted scale for some time and the majority of users are working on their stocks. As a result new orders are scarce; but it is reported that inroads are being made in the heavy accumulations which have weighed on the market since the beginning of the year. The demand for some of the special descriptions of pig iron which are largely used by the heavy engineering works is well maintained.

The situation in the semi-finished steel department is not likely to show any signs of improvement until later in the year when the autumn demand begins to make itself felt. Considerable stocks exist at consumers' works and although these are being gradually absorbed they are sufficient in the present state of the demand to check new purchases.

There is an irregular demand for finished steel; but recently business in some of the lighter descriptions has been more active. In the heavy steel branches of the industry, production continues at a good rate and the works have enough in hand to keep them employed for some months. Export orders of importance are scarce; but lately there has been some expansion in the volume of inquiry from overseas markets.

Middlesbrough.—Business on the iron and steel market is extremely quiet as is usual during August, and five more blast-furnaces have been or will be put out of operation during the next few days. Shipments of pig iron from the Tees for the first nine days of August amounted to 1,197 tons, against 670 tons during the same period in July, one parcel being shipped to Scotland. In the steel trade it is almost impossible to get re-rollers to accept deliveries of semi-manufactured steel There has been some improvement in demand for lighter steel, whilst producers of heavy finished steel continue well employed. Owing to the reduced number of blast-furnaces now operating there is little demand for blast-furnace coke, and importations of foreign ore are considerably reduced. There is no demand for iron and steel scrap. Next week is the local holiday week and steelworks and foundries will be closed.

★

Glasgow.—Holiday conditions still influence the markets in some directions, but generally in this district there has been more business placed and inquiries are more promising. Steelmakers are busy and have booked a fair tonnage during the week. Demand for black and galvanised sheets also shows some improvement. Bookings of light structural material have been particularly good and include some valuable contracts for Glasgow firms. In almost all branches business shows a slight improvement over recent weeks.

★

Cardiff.—The tinplate trade was slow to settle down after the interruptions of holiday week. Export demand was weak and again little business was concluded; steel sheets were in slow request. The statistical position of the tinplate and sheet industry is shown in the accompanying table.

Tinplate Industry Statistics

	Week ended July 24, 1937	Week ended July 16, 1938	Week ended July 23, 1938
Production—per cent. of capacity	78·32	46·48	48·95
	Week ended Aug. 3, 1937 Tons	Week ended July 28, 1938 Tons	Week ended Aug. 4, 1938 Tons
Shipments	6,206	5,942	5,151
Stocks (warehouse and in vans).....	1,442	5,173	1,439
	Thirty-one Weeks ended Aug. 3, 1937 Tons		Thirty-one Weeks ended Aug. 4, 1938 Tons
Shipments	257,764		151,349

Textiles

Cotton (Manchester). — The United States Government's crop estimate of 11,988,000 bales was about 500,000 bales more than expected. It is quite evident that the crop has made a good start. The fall in prices has not been important, selling of futures being checked by the probability of a Government loan to farmers. It has been another unsatisfactory week for spinners. Only hand-to-mouth buying has occurred in the American section, and curtailment of output tends, if anything, to increase. In the Egyptian branch considerable interest has been taken in the change in the price-fixing scheme. A special rebate of 5 per cent. from the gross price of yarns has been made to firms who will undertake to do all their business with mills in the agreement. This decision has caused some confusion. Cloth demand has continued very restricted, and the turnover has again consisted of retail lots to meet the urgent requirements of buyers. In all sections of the market there is a distinct fear of lower prices, owing to the enormous supplies of raw cotton.

★

Jute (Dundee).—Business in the jute trade continues slow and the accumulation of orders for yarns and cloth over the holiday period has been small. Prices are well maintained, but spinners and manufacturers are still unable to obtain the higher terms so necessary to meet the recent advance in prices for raw jute, which have been fluctuating to some extent. No further progress has been made in Calcutta with the expected agreement amongst the mills for a restriction of production. Only a very small proportion of the mills are refusing to sign the draft agreement, and it may be that the other mills, merchants, shippers and brokers will boycott them in order to force them to co-operate with the majority. The prolonged controversy continues, with no sign of any immediate settlement, and all the time stocks of goods in Calcutta are increasing; stocks of hessians are estimated at 433 million yards, compared with 186 million yards on January 1st of this year, while stocks of sackings have risen from 82 million yards to 188 million yards.

THE COMMODITY MARKETS

THE downward trend of the prices of primary products continued during the past week, an indication that consumers are not yet prepared to start a large-scale re-stocking movement. Nevertheless, current prices still remain above those quoted before the upward movement in June. In retrospect the sudden rise of prices in June appears to have been in the nature of a false start, though additional evidence of economic recovery in the United States might well initiate a further spurt. Moody's index of the prices of staple commodities in the United States (December 31, 1931 = 100) fell from 146.8 to 142.5 during the week ended last Wednesday. A month ago the index stood at 146.0 and a year ago at 206.8.

Metals

Copper.—As a result of the holiday influences and the more reserved advices from the United States, the copper market was much quieter. The turnover on the London Metal Exchange this week contracted considerably and the standard cash price, at £41 3s. 9d. per ton, closed with a net loss of 10s. Nevertheless, the undertone of the market has remained firm and operators are looking for an improvement in the autumn. Whether this optimism is justified depends primarily on the trade outlook in the United States, which is at present still as obscure as ever in the last three months.

★

Tin.—Tin has fluctuated within narrow limits this week and closed at £194 per ton, a loss of £1 5s. on last week's close. There has been again very little demand on consumers' account, and although recently an increase in the activity of the Welsh tinplate industry has taken place, current consumption of tin is still disappointingly low. The I.T.C. appointed last week Mr R. G. Mills, a director of various companies dealing with Brazilian produce, as manager of the buffer pool.

★

Lead and Spelter.—Both metals moved in sympathy with the copper and tin markets. Lead closed 6s. 3d. down at £14 6s. 3d. per ton, while spelter lost 1s. 3d., to close at £13 16s. 3d. per ton. Turnover of both products was very small this week. Stocks of zinc in the United States fell from 3,500 short tons in June to 146,200 short tons in July. This fall, the first decline since August, 1937, was due to the increase in deliveries from 29,250 short tons to 33,800 short tons, while production fell by 430 tons to 30,360 tons. Even at the higher level, however, deliveries remained still well below the level of July, 1937, when they amounted to 49,700 short tons. The level of metal stocks in this country is discussed in a note on page 341.

Grains

WHEAT prices sagged further last week, and are generally 1s. to 1s. 9d. per quarter lower, particularly in the forward positions. The latest estimates of the American winter wheat crop are about 25 million quarters lower than the previous ones, which was not unexpected. The Canadian Wheat Board has fixed a flat rate of 80 cents a bushel, on the basis of No. 1, Northern, Fort William, as the price to growers for the 1938 crop. As there is no differentiation over the season, it is expected that there will be heavy marketings directly after the harvest. Maize prices also weakened at the close of the week; buyers are waiting for more definite information on prospective crops of wheat and barley. Barley prices also declined, with a slow demand and selling pressure from Russia; at present prices, barley is highly competitive with maize as a feeding stuff, a relationship which may be expected to continue in view of the short Argentine maize crop.

Other Foods

Provisions.—The meat trade has been dull and prices have tended to sag. The bacon market has been steadier, but prices of Dominion butter, after being firmly held early in the week, declined later by about 1s. per cwt. Eggs were dearer and English (15-15½ lb.) were quoted at 17s. to 17s. 6d. per great hundred.

★

Colonial Produce.—Spot sugar prices were unchanged during the week, but forward rates were reduced by 1½d. per cwt. Cocoa, coffee and tea prices were firmly held, against a moderate demand.

★

Fruit and Vegetables.—There was a good demand for the moderate supplies of English potatoes and prices were generally higher than a week ago. After a dragging trade over the week-end, demand for fruit and other vegetables improved; lettuces sold well and prices of English tomatoes rose to 3s.-5s. per 12 lb.

Miscellaneous Commodities

Oils and Oilseeds. — Markets generally are quiet and affected by the trend in wheat prices; the expectation of good crops of linseed in the United States and Argentine also has a depressing effect. Little business was done in this product, or in Egyptian cottonseed. The price of linseed oil has again fallen to nearly the lowest quotation of this year. The demand for cotton oil is quiet and that for oil cakes has sharply fallen.

★

Rubber.—The market has been dull and prices steady; standard sheet on the spot closed at 7⅛d. per lb., a gain of ⅛d. per lb. on the week. The increase in stocks outside the regulated area in June amounted to 1,727 tons.

BRITISH WHOLESALE PRICES

	Aug. 3, 1938	Aug. 10, 1938
CEREALS AND MEAT		
GRAIN, etc.–		
Wheat—	s. d.	s. d.
No. 2, N. Man. 496 lb.	...	...
Eng. Gaz. av., per cwt.	8 0	8 1
Liv. Oct., per cental	5 7	5 5
Flour, per 280 lb.—		
Straights, d/d London	29 6	28 6
Manitoba, ex store	30 0	29 0
"	31 6	30 6
Barley, Eng. Gaz. av.	8 7	7 11
Oats, "	9 1	8 2
Maize, La Plata, landed, 480 lb.	31 6	31 0
Rice, No. 2 Burma, per cwt.	9 3	9 3
MEAT–		
Beef, per 8 lb.—		
English long sides	4 6	4 6
	5 4	5 4
Argentine chilled hinds	4 3	4 0
	4 6	4 4
Mutton, per 8 lb.—		
English wethers	4 0	4 0
	5 0	4 8
N.Z. frozen wethers	3 0	3 0
	4 2	3 8
Lamb, per 8 lb.—		
N.Z. frozen	4 10	4 8
	5 4	5 4
Pork, English, per 8 lb.	5 2	5 0
	5 6	5 6
BACON (per cwt.)—		
English	103 0	103 0
Danish	103 0	103 0
Dutch	101 0	101 0
Irish	99 0	99 0
	105 0	105 0
HAMS (per cwt.)—		
Canadian	106 0	106 0
	108 0	108 0
United States	100 0	100 0
	102 0	102 0
OTHER FOODS		
BUTTER (per cwt.)—		
Australian	120 0	119 0
	121 0	
New Zealand	122 0	121 0
	123 0	
Danish	125 0	125 0
	126 0	126 0
CHEESE (per cwt.)—		
Canadian	78 0	78 0
	80 0	80 0
New Zealand	69 0	70 6
	69 6	
English Cheddars	84 0	84 0
	86 0	86 0
Dutch	48 0	50 0
	56 0	56 0
COCOA (per cwt.)—		
Accra, g.f.	24 0	24 3
	24 3	25 0
Trinidad	36 0	36 0
	44 0	44 0
Grenada	35 0	35 0
	37 6	37 6
COFFEE (per cwt.)—		
Santos supr. c. & f.	30 6	30 6
Costa Rica, medium to good	44 0	44 0
	62 0	62 0
Kenya, medium	45 0	45 0
	70 0	70 0
EGGS (per 120)—		
English (15–15½ lb.)	15 6	17 0
	16 0	17 6
Danish (15½ lb.)	11 6	12 0
	12 0	12 3
FRUIT—		
Oranges, S. African ..... boxes	5 0	9 0
	12 6	12 3
" Brazilian ..... boxes	7 0	9 0
	9 9	10 3
Lemons, Malaga .....½ cases	18 9	18 9
	23 0	23 0
" Sicilian ..... boxes	13 0	14 0
	20 0	20 0
Apples, Amer. (var.) .....barrels	...	...
	...	...
" Virginian (Var.) Baskets	5 9	5 0
	9 6	9 0
Grapes, Almeria .....barrels	...	...
	...	...
Grapefruit, S. African	6 9	6 0
	13 0	14 0
LARD (per cwt.)—		
Irish, finest bladders	56 0	56 0
	62 0	62 0
U.S.	48 0	46 0
	51 0	48 6
PEPPER, per lb.—		
Black Lampong (in Bond)	0 2⅝	0 2⅝
" " (Duty paid)	0 3¼	0 3¼
White Muntock (in Bond)	0 3⅞	0 3⅞
	0 4	0 4
" " (Duty paid)	0 4½	0 4½
	0 4⅞	0 4⅞
POTATOES (per cwt.)—		
English King Edward	5 0	6 0
	6 6	7 0
SUGAR (per cwt.)—		
Centrifugals, 96°, prpt. shipm. c.i.f. U.K./Cont.	5 4½	5 3⅝
REFINED London—		
Yellow Crystals	18 9	18 9
Cubes	23 0	23 0
	23 6	23 6

* Week ended July 28th.

	Aug. 3, 1938	Aug. 10, 1938
SUGAR (per cwt.)—cont.	s. d.	s. d.
Crushed	21 3	21 3
Granulated	19 11½	19 11½
	20 0	20 0
Home Grown	19 0	19 0
	19 3	19 3
TEA* (Auction Average) (per lb.)—	d.	d.
N. India	13·18	...
S. India	13·04	...
Ceylon	14·62	...
Java	12·34	...
Sumatra	10·94	...
Africa	11·83	...
Total	13·89	...
TOBACCO (per lb.)—	s. d.	s. d.
Virginia stemmed and unstemmed, common to fine	0 8	0 8
	2 6	2 6
Rhodesian stemmed and unstemmed	0 9	0 9
	1 10	1 10
Nyasaland stemmed and unstemmed	0 7	0 7
	1 4	1 4
East Indian Stemmed	0 6	0 6
	2 0	2 0
East Indian Unstemmed	0 5	0 5
	1 6	1 6
TEXTILES		
COTTON (per lb.)—	d.	d.
Raw, Mid-American	4·89	4·79
" Sakellaridis, F.G.F.	7·90	7·77
" Giza, F.G.F.	7·55	7·42
Yarns, 32's Twist	9½	9⅝
" 40's Weft	10¼	10¼
" 60's Twist (Egyptian)	17½	17¼
Cloth, 32 in. Printers, 116 yds., 16×16, 32's & 50's	s. d. 17 0	s. d. 16 9
" 36 in. Shirtings, 75 yds., 19×19, 32's & 40's	23 3	23 0
" 38 in. ditto, 38 yds., 18×16, 10 lb.	9 10	9 9
" 39 in. ditto, 37½ yds., 16×15, 8¼ lb.	8 11	8 10
FLAX (per ton)—	£ s.	£ s.
Livonian ZK	64 0	65 0
	67 0	67 0
Pernau HD	66 0	66 0
	68 0	68 0
Slanetz Medium, 1st sort	89 0	89 0
	90 0	90 0
HEMP (per ton)—		
Italian PC	70 0	70 0
Manilla, Aug.–Oct. "J2"	21 0	21 0
JUTE (per ton)—		
Native 1st mks., c.i.f. H.A.R.B., Aug.–Sept.	19/5/0	19/5/0
Daisee 2/3 c.i.f. Dundee, Oct.–Nov.	19/0/0	18/12/6
SISAL, (per ton)—	£ s.	£ s.
African, Aug.–Oct.	15 15	15 10
	18 5	17 10
SILK (per lb.)—	s. d.	s. d.
Canton	7 3	7 3
Japan	7 0	7 0
	7 9	7 9
Italian, raw, fr. Milan	8 0	8 0
	7 3	7 3
WOOL (per lb.)—	d.	d.
English, Southdown, greasy	12½	12½
" Lincoln hog, washed	11	11
Queensland, scd. super combg.	24	24
N.S.W. greasy, super combg.	14	14
N.Z., greasy, half-bred 50–56	11	11
" Crossbred 40–44	10	10
Tops—		
Merinos 70's average	27½	27½
" 64's "	26	26
Crossbred 48's	16	16
" 46's	15½	15½
MINERALS		
COAL (per ton)—	s. d.	s. d.
Welsh, best Admiralty	19 6	19 6
	22 6	22 6
Durham, best gas, f.o.b. Tyne	19 4½	18 9
	20 0	19 0
Sheffield, best house, at pits	22 0	22 0
	24 0	24 0
IRON AND STEEL (per ton)—		
Pig Cleveland No. 3, d/d.	109 0	109 0
Bars, Middlesbrough	265 0	265 0
Steel rails, heavy	202 6	202 6
Tinplates per box	21 6	21 6
NON-FERROUS METALS (per ton)—		
Copper—		
Standard cash	41/13/9	41/3/9
	41/15/0	41/5/0
Three months	41/18/9	41/10/0
	42/0/0	41/11/3
Tin—		
Standard cash	195/5/0	194/0/0
	195/10/0	194/10/0
Three months	196/5/0	195/5/0
	196/10/0	195/10/0
Lead, soft foreign—		
Cash	14/12/6	14/6/3
	14/13/9	14/8/9
English, pig	16/10/0	16/10/0
Spelter, G.O.B.—		
Spot	13/17/6	13/16/3
	13/18/9	13/17/6
Aluminium, ingots and bars	94/0/0	94/0/0
" rolling billets	102/0/0	102/0/0
Nickel, home and export	180/0/0	180/0/0
	185/0/0	185/0/0
Antimony, Chinese	52/0/0	52/0/0
	s. d.	s. d.
Wolfram, Chinese per unit	53 0	56 0
	56 0	58 0
	£ s. d.	£ s. d.
Platinum, refined per oz.	7/5/0	7/5/0
Quicksilver per 76 lb.	13/18/0	13/18/0
	13/18/6	13/18/6

	Aug. 3, 1938	Aug. 10, 1938
	s. d.	s. d.
GOLD, per fine ounce	142 0½	142 6
SILVER (per ounce)—		
Cash	1 77/16	1 79/16
MISCELLANEOUS		
CEMENT, best Eng. Portland, d/d site, London area, in paper bags 20 to ton (free, non-returnable)—		
4-ton loads and upwards	42s. per ton	
CHEMICALS—	s. d.	s. d.
Acid, citric, per lb., less 5%	1 0	1 0
	1 0¼	1 0¼
" Nitric	0 2	0 3
	0 3	0 5
" Oxalic, net	0 5	0 6
	0 6	0 7
" Tartaric, English, less 5%	1 1	1 1
	1 1¼	1 1¼
Alcohol, Plain Ethyl	12 0	12 0
Ammonia, carb. ton	20 0/0	20/0/0
	21/0/0	21/0/0
" Sulphate	7/14/0	7/14/0
Arsenic, lump per ton	35 0/0	35/0/0
	s. d.	s. d.
Borax, gran. per cwt.	13 6	13 6
" powder	15 0	15 0
Nitrate of soda per cwt.	8 0	8 0
	0 4	0 4
Potash, Chlorate, net	0 4½	0 4½
" Sulphate per cwt.	10 0	10 0
Soda Bicarb. per cwt.	10 0	10 0
	11 0	11 0
Crystals per cwt.	5 0	5 0
	5 3	5 3
Sulphate of Copper per ton	18/5/0	18/10/0
COPRA (per ton)—		
S.D. Straits, c.i.f.	11/2/6	10/15/0
HIDES (per lb.)—	s. d.	s. d.
Wet salted, Australian	0 4	0 4
	0 4⅞	0 4⅞
West Indian	0 3	0 3
	0 3¼	0 3¼
Cape	0 4¾	0 4¾
	0 5	0 5
Dry and Drysalted Cape	0 6¾	0 6¾
	0 7⅜	0 7⅛
Market Hides, Manchester—		
Best heavy ox and heifer	0 4⅛	0 4⅛
	0 5⅜	0 5⅜
Best cow	0 4⅛	0 4⅛
	0 4½	0 4½
Best calf	0 4¾	0 4¾
	0 6¼	0 6¼
INDIGO (per lb.)—		
Bengal, gd. red.-vio. to fine	5 0	5 0
	6 0	6 0
LEATHER (per lb.)—		
Sole Bends, 8/14 lb.	1 0	1 0
	1 10	1 10
Bark Tanned Sole	2 0	2 0
	2 10	2 10
Shoulders from DS Hides	0 6	0 6
	0 8	0 8
" Eng. or WS do.	0 7½	0 7½
	1 3	1 3
Bellies from DS do.	0 4¾	0 4¾
	0 5¾	0 5¾
" Eng. or WS do.	0 6	0 6
	0 8	0 8
Dressing Hides	1 0	1 0
	1 8	1 8
Ro. Eng. Calf, 20/35 lb. per doz.	3 6	3 6
	4 6	4 6
PETROLEUM PRODUCTS (per gall.)—		
Motor Spirit No. 1, London	1 6	1 6
Petroleum, Amer. rfd. brl. Lond.	0 10	0 10
Fuel oil, in bulk, for contracts ex. instal. Thames—		
Furnace	0 3¾†	0 3¾†
Diesel	0 4½†	0 4½†
ROSIN (per ton)—		
American	14/0/0	14/5/0
	18/5/0	18/5/0
RUBBER (per lb.)—	s. d.	s. d.
St. ribbed smoked sheet	0 7¾	0 7 15/16
Fine hard Para	0 7½	0 7½
SHELLAC (per cwt.)—		
TN Orange	39 6	39 0
	42 6	42 0
TALLOW (per cwt.)—		
London town	17 9	17 9
TIMBER–		
Swedish u/s 3×8 per std.	21/10/0	21/10/0
" 2½×7 "	21/0/0	21/0/0
" 2×4 "	18/10/0	18/10/0
Canadian Spruce, Dis. "	22/10/0	22/10/0
Pitchpine per load	13/10/0	13/10/0
Rio Deals per std.	35/0/0	35/0/0
Teak per load	25/0/0	25/0/0
Honduras Mahogany logs c. ft.	0/12/0	0/12/0
English Oak Planks "	0/6/0	0/6/0
English Ash Planks "	0/7/0	0/7/0
VEGETABLE OILS (per ton net)—		
Linseed, naked	22/15/0	22/0/0
Rape, refined	33/0/0	33/0/0
Cotton-seed, crude	20/0/0	20/0/0
Coconut, crude	15/15/0	15/15/0
Palm	14/15/0	14/10/0
Oil Cakes, Linseed, Eng.	9/2/6	9/2/6
Oil Seeds, Linseed—		
La Plata, Aug.	11/8/9	11/2/6
Calcutta	12/6/3	12/1/3
	s. d.	s. d.
Turpentine per cwt.	32 9	32 9

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

COMMODITY STATISTICS

Coal

COAL OUTPUT ('000 tons)

District	Week ended July 23, 1938	Week ended July 30, 1938	Jan.–June 1937	Jan.–June 1938
Northumberld.	258·8	255·1	7,034·1	6,860·7
Durham	593·9	608·8	16,276·3	16,843·3
Yorkshire	759·7	721·2	23,121·7	21,889·1
Lancs, Cheshire and N. Wales	313·2	317·1	9,005·5	9,023·2
Derby, Notts & Leicester	524·5	472·5	17,369·4	17,387·5
Staffs, Worcs, Salop & Warwick	377·5	365·4	10,351·5	10,391·7
South Wales & Monmouth	779·7	680·6	18,633·2	19,133·3
Other English districts*	118·0	115·4	2,704·9	2,793·2
Scotland	115·0	541·0	16,378·2	15,860·3
Total	3,840·3	4,077·1	120875·8	121283·3

* Including Cumberland, Gloucester, Somerset, and Kent.

Cotton

RAW COTTON delivered to Spinners ('000 bales)

Variety	Week ended July 29, 1938	Week ended Aug. 5, 1938	Total Deliveries Aug. 1, 1936–July 31, 1937	Total Deliveries Aug. 1, 1937–July 31, 1938
American	19·1	17·0	1,212	1,216
Brazilian	2·7	2·5	387	276
Peruvian, etc.	1·3	1·5	146	116
Egyptian	7·1	2·6	404	346
Sudan Sakel	3·1	4·5	174	142
East Indian	8·7	16·7	600	372
Other countries	2·2	2·3	232	165
Total	44·2	47·1	3,155	2,633

Metals

SALES ON LONDON METAL EXCHANGE

	Week ending Aug. 3, 1938	Week ending Aug. 10, 1938	From Jan. 1 to Aug. 10, 1938
Copper	Tons 7,800	Tons 6,850	Tons 290,525
Tin	1,225	1,195	53,665
Lead	4,100	6,000	214,250
Spelter	3,775	3,250	186,250

U.K. STOCKS

	July 30, 1938	Aug. 6, 1938
Copper (Br. official w'houses)	Tons 5,728	Tons 5,812
Refined	31,007	30,726
Rough	7,218	7,189
Tin (London and Liverpool)		

Foods

WORLD SHIPMENTS OF WHEAT AND FLOUR ('000 quarters)

	Week ended July 30, 1938	Week ended Aug. 6, 1938	Season to Aug. 7, 1937	Season to Aug. 6, 1938
From—				
N. America	476	536	314	536
Argentina and Uruguay	140	140	111	140
Australia	198	326	226	326
Russia	163	348	23	348
Danube and dist.	25	42	86	42
India	120	112	85	112
Other Countries	...	...	35	...
Total	1,122	1,504	880	1,504
To—				
U.K.	240	387	240	387
"Orders"	343	467	190	467
France	15	8	9	8
Belgium	33	150	48	150
Holland	121	100	10	100
Italy	...	8	11	8
Greece	11	12	23	12
Scandinavia	23	25	41	25
Austria, etc.	31	44	18	44
Other European Countries	40	23	56	23
Ex-European Countries	265	280	234	280
Total	1,122	1,504	880	1,504

WORLD SHIPMENTS OF MAIZE AND MAIZE MEAL ('000 quarters)

From	Week ended July 30, 1938	Week ended Aug. 6, 1938	From Apr. 1 to Aug. 7, 1937	From Apr. 1 to Aug. 6, 1938
Argentina	376	401	15,864	3,608
Atlantic America	587	681	4	8,091
Danube Region	25	17	1,767	1,982
S. & E. Africa	8	86	908	268
Indo-China, etc.	40	46	88	542
Total	1,036	1,231	18,631	14,491

SALES OF BRITISH CEREALS

	Week ended July 30, 1938	Week ended Aug. 6, 1938	From Aug. 1 to Aug. 7, 1937	From Aug. 1 to Aug. 6, 1938
Wheat...cwt.	55,389	35,461	120,684	35,461
Barley...cwt.	394	206	1,476	206
Oats ...cwt.	7,754	10,334	12,205	10,334

OTHER FOODS

	Week ended July 30, 1938	Week ended Aug. 6, 1938
BACON:		
Arrivals in London (bales)		
Danish	14,891	13,543
Canadian	4,508	4,442
Dutch	2,274	2,356
Lithuanian	1,494	1,561
Polish	2,873	2,883
COCOA:		
Movements in Lond. (bags):		
Landed	20,176	20,946
D/d for home consumption	6,818	6,969
Exports	59	77
Stocks, end of week	135,054	148,954
COFFEE:		
Movements in Lond. (cwt.):		
Brazilian—Landed	76	3
D/d for home consn.	59	44
" Exports	...	12
" Stocks, end of week	2,422	2,369
Central and S. American: Landed	878	405

OTHER FOODS—(contd.)

	Week ended July 30, 1938	Week ended Aug. 6, 1938
COFFEE (contd.):		
D/d for home consumption	2,882	2,183
Exports	2,112	1,169
Stocks, end of week	132,421	129,474
Other kinds—Landed	245	446
" D/d for home consn.	3,419	2,412
" Exports	563	803
" Stocks end of week.	92,657	89,888
MEAT:		
Supplies at Smithfield (tons):		
Total	8,861	6,730
Beef and veal	4,648	3,446
Mutton and lamb	3,051	2,443
Pork and bacon	727	471
Poultry, etc.	435	370
PEPPER:		
Movements in Lond. (tons):		
Black—Landed	...	...
" Delivered	...	7
" Stocks, end of week.	1,924	1,917
White—Landed	...	28
" Delivered	4	19
" Stocks, end of week	9,269	9,278
SUGAR:		
Movements, London and Liverpool (tons):		
Imports	13,227	20,924
Deliveries	14,701	3,825
Stocks, end of week	231,030	246,129
TEA:*		
Sales on Garden A/c. (pkgs.):		
N. India	10,025	...
S. India	9,051	...
Ceylon	30,760	...
Java	1,199	...
Sumatra	406	...
Africa	1,893	...
Total	53,334	...

* Weeks ended July 28th and Aug. 4.

Miscellaneous Commodities

MOVEMENTS OF RUBBER IN LONDON AND LIVERPOOL

	Week ended July 30, 1938	Week ended Aug. 6, 1938
Landed tons	2,001	1,422
Delivered tons	1,238	552
Stocks, end of week tons	95,046	95,916

WORLD SHIPMENTS OF LINSEED ('000 tons)

	Week ended July 30, 1938	Week ended Aug. 6, 1938	From Jan. 1 to Aug. 7, 1937	From Jan. 1 to Aug. 6, 1938
Argentine to—				
U.K. and Orders	·8	9·3	351·1	193·5
Continent	7·1	10·7	362·9	410·1
U.S.A. and Canada	6·2	5·8	548·0	204·0
Australia, Brazil, etc.	·8	·4	17·6	13·2
Calcutta to—				
U.K. and Orders	3·1	9·2	81·3	61·9
Continent	...	...	·2	·9
Bombay to—				
U.K. and Orders	...	1·0	24·1	91·7
Continent	·1	...	8·9	3·5
Madras to U.K.	...	...	...	...
India to—				
Australia, etc.	·3	...	10·7	6·4
U.S.A.	...	...	...	...
Sundries	...	...	...	...
Total	18·4	36·4	1404·8	985·2

AMERICAN WHOLESALE PRICES

	Aug. 3, 1938 Cents	Aug. 10, 1938 Cents
GRAINS (per bushel)—		
Wheat, Chicago, Sept.	67⅜	64⅝
Winnipeg, Oct.	76⅜	72⅞
Maize, Chicago, Sept.	54¾	51¼
Oats, Chicago, Sept.	23½	23
Rye, Chicago, Sept.	45	42½
Barley, Winnipeg, Oct.	44⅛	40⅝
METALS (per lb.)—		
Copper, N.Y., Domestic spot	10·07½	9·97½
Producers' export	10·40	10·30
METALS (per lb.)—*cont.*		
Tin, N.Y., Straits spot	43·65	43·25
Lead, N.Y., spot	4·90	4·90
Spelter, East St. Louis, spot	4·75	4·75
MISCELLANEOUS (per lb.)—		
Cocoa, N.Y., Accra, Sept.	5·32	5·25
Coffee, N.Y., cash—		
Rio, No. 7	4⅞	4⅞
Santos, No. 4	7⅝	7¾
Cotton, N.Y., Am. mid., spot	8·56	8·46

	Aug. 3, 1938 Cents	Aug. 10, 1938 Cents
MISCELLANEOUS (per lb.)—*cont.*		
Cotton, Am. Mid., Aug.	8·42	8·32
Lard, Chicago, Sept.	8·60	8·30
Petroleum, Mid-cont. crude 33 deg. to 33·90, at well, per barrel	116	116
Rubber, N.Y., smkd. sheet spot	15¾	15 15/16
Do. do. Sept.	15 13/16	16
Sugar, N.Y., Cuban Cent., 96 deg., spot	2·75	2·75

COMPANY MEETINGS

WATNEY COMBE REID AND COMPANY, LIMITED

IMPROVEMENT OF LICENSED HOUSES

The annual general meeting of Watney Combe Reid and Company, Limited, was held, on the 11th instant, at The Windsor Castle Restaurant, Victoria, S.W.

Colonel O. P. Serocold, C.M.G. (chairman of the company), in the course of his speech, said: During the past twelve months active progress in the rebuilding and improvement of our licensed houses has been made, but we continue to be faced by problems arising out of the Town Planning and Ribbon Development Acts.

Rebuilding or improvement of houses almost always entails enlargement to meet modern requirements, and in future will have to be sanctioned not only by the Licensing Justices, but also by the Town Planning Authorities, which creates fresh complications. In many cases a further difficulty arises from the Restriction of Ribbon Development Act.

A new obstacle in the way of public house improvement has come to the fore recently when applications to magistrates for permission to alter licensed premises have been made. The Customs and Excise have urged that frequently alterations to existing licensed premises are really cases for new licences. In 1904 it was laid down that on the grant of a new on-licence the Justices must make it a condition that the applicants should pay to the State such sum as appeared to represent the difference between the licensed and unlicensed value of the premises. I think it is clear that monopoly value was intended to apply only to new on-licences. But the Customs and Excise are contending in many cases of alterations to licensed premises that a new licence must be applied for. The success of such a contention would be a grave blow at the policy of public house improvement. If a house requires additional space to bring it up to the standards set by modern requirements, and this can never be incorporated except by means of a new licence, brewers will not be able to improve their houses as they have done in the past.

ROAD ACCIDENTS

The teetotal propagandists have not lately been so active in many respects as they were in the past, but they are making as much capital as they can out of road accidents attributable to drunken drivers. They have been, and still are, doing all in their power to foster the idea that drink is one of the major causes of accidents, in spite of the fact that the official statistics give an entirely different picture. The Ministry of Transport's latest report on road accidents involving personal injury (fatal and non-fatal), for the year ended March 31, 1937, shows that those attributed to drivers under the influence of drink or drugs amounted to less than one per cent. of the total number of accidents.

In view of the movement in favour of holidays with pay now being taken up by the Government, it may interest you to know that throughout my long experience with this company and its predecessors this benefit has always been enjoyed by the company's servants.

The profit on trading account of £1,978,984 shows a decrease of £49,824 against last year. I am happy to say that this has not arisen from any falling-off in our sales, which have been maintained. It is mainly due to higher costs of materials.

A year ago I informed the stockholders that the price of barley had risen 4s. or 5s. per quarter above the year before. This rise had become 14s. or 15s. by October and was fully maintained throughout the rest of the year. All the same we faithfully maintained our obligation, entered into with the National Farmers' Union, as to buying our full quantity of English barley. The subsequent effect on the cost of malt has applied only to a few months of our company's financial year. The cost of other commodities in the manufacturing account also tends to rise.

In the report there is a proposal to take a smaller sum for the property improvement and contingency reserve. This does not mean that we hesitate in our policy of improving our public houses, but it does mean that prudence tells us that we cannot afford to go so fast as we have sometimes done. The resources of breweries are often spoken of as though they were unlimited. They are not.

The reduction in the bonus by one per cent. amounts to £32,000 less for the shareholders. The business itself will bear its share by a reduction of £25,000 in the amount allocated to property improvement reserve, and by a reduction of £11,000 in the carry-forward.

The report and accounts were unanimously adopted and a final dividend of 9 per cent. on the deferred ordinary stock (making 15 per cent. for the year) and a bonus dividend of 3 per cent. was approved.

ASSOCIATED BRITISH PICTURE CORPORATION, LIMITED

SATISFACTORY INCREASE IN PROFIT

The eleventh ordinary general meeting of this company was held, on the 9th instant, in London.

Mr John Maxwell (chairman and managing director) said that the most important change in the accounts was the increase in the share capital owing to the issue in January of this year of the remaining 1,500,000 ordinary shares of 5s. each at 14s. per share. The net proceeds of the issue had been used mainly in the repayment of floating debt within the group.

The trading profit for the year of £1,302,000 showed an increase of about £37,000 over the previous year and, having regard to a certain falling off of business during February and March of 1938, he regarded the result as very satisfactory. The directors recommended that £200,000 be reserved for depreciation, that £200,000 be added to general reserve—making that £2,625,000, which would represent a very solid buttress in the Corporation's financial structure—and the payment of a final dividend of 10 per cent. actual, less tax, on the ordinary shares, making 20 per cent. for the year.

Since the beginning of the business, 11 or 12 years ago, they had been constantly growing, and the rate of progress, particularly in the last three or four years, had been rapid. All three departments of the business—production, distribution and exhibition in cinemas—had expanded and had certainly kept pace with, if not outstripped, the rate of expansion in the trade generally. While he would not say that the Corporation could not go forward to any further progress, he did feel that it should be of interest to shareholders to know that the immediate objectives of himself and his colleagues had, to a large extent, been achieved, and their policy now would be directed mainly towards the consolidation of the present position.

With regard to the outlook, all three departments of the business were functioning successfully; the studios were extremely busy turning out an excellent quality of productions; the distribution business had had a better year than in the previous year. The results in the cinemas were already well ahead of last year and, unless some unusual happening should occur—and he did not anticipate that—the outcome for the year ending March next should again prove to be a record result.

The report was unanimously adopted.

JOHN ISMAY AND SONS, LIMITED

EXPANSION OF HOME AND EXPORT TRADE

ORDINARY DIVIDEND OF 45 PER CENT.

The fifth ordinary general meeting of John Ismay and Sons, Limited, was held at Sterling Works, High Road, Dagenham, on August 11th.

Mr John Ismay (chairman and managing director), who presided, said: Gentlemen, with your permission I will take the report and accounts as read. (Agreed.)

In considering the accounts, whilst I regret to point out that there is a small decrease in the net profit compared with the previous year—although we have maintained our dividend at the usual 45 per cent.—we would like to explain that this is caused through the cost of raw materials and production generally having gone up, and the fact that we have been able to reduce the prices of our finished lamps without in any way sacrificing the quality of the lamp. Actually the year's turnover has shown an increase on the previous year. Our sales of lamps have continued to expand both at home and abroad—our export trade having nearly doubled—and we have supplied more Dominion municipalities and supply companies. In the home trade we have also increased the number of supply company customers.

Our gas mantle sales continue to remain steady and were slightly in excess of those of the previous year.

We have finished our plans of extension and are now consolidating our business. During the year we have spent a considerable amount of money on development from which we hope to get the benefit in the future. I think we have every reason to expect at least as much net profits for the coming year as for this one.

I now move "That the report and accounts for the year ended March 31, 1938, be received and accepted and that a dividend of 45 per cent. on the ordinary shares be paid."

Mr T. S. Cornell seconded the resolution which, in the absence of questions or comments, was carried unanimously.

The retiring director, Mr H. C. Rawson, was re-elected and the appointment of Lieut.-Col. F. A. Cortez-Leigh, M.I.C.E., M.I.Mech.E., was confirmed. The auditors, Messrs James Worley & Sons, were reappointed, and the proceedings then terminated.

CURRENT STATISTICS

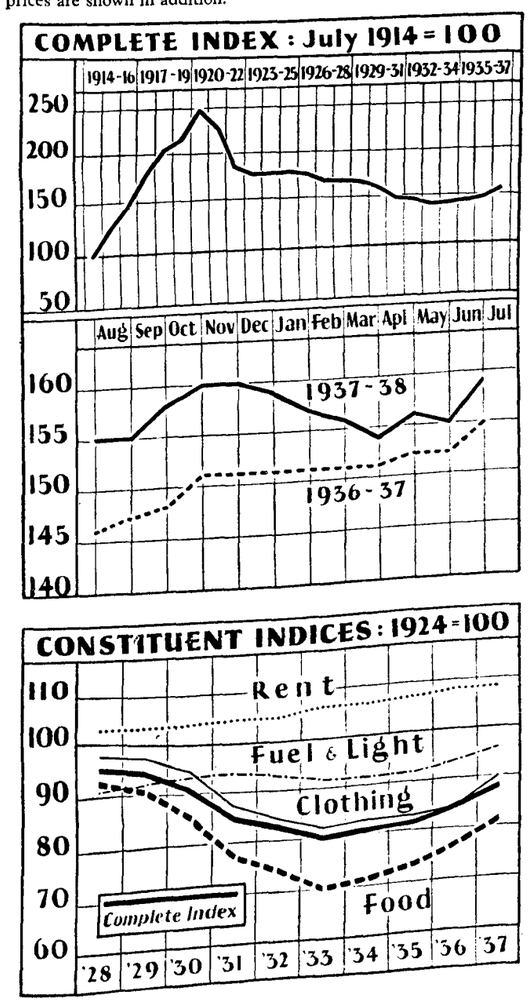
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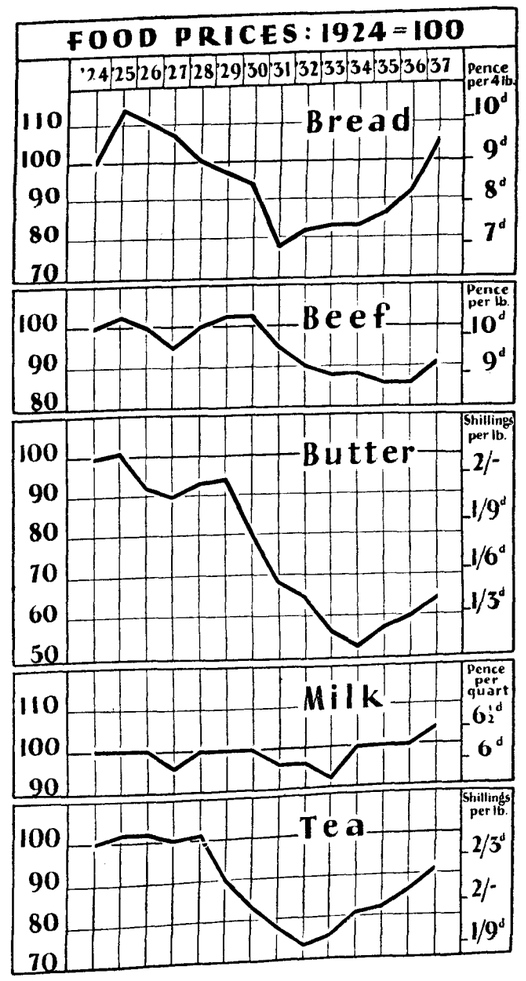
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All tables appear regularly except those whose titles are printed in italics, which are special to this issue.

The Cost of Living

In all probability next year will see the introduction of a new cost-of-living index based on family budgets recently collected by the Ministry of Labour. In the following charts we show the courses of the current index and certain of its constituent series and of the prices of several foodstuffs in general consumption. In the top chart on the left-hand side we have plotted annual averages of the complete index from 1914 to 1937 and below it we show monthly figures over the two years to July 1st last. In both these graphs the base date is the original one, July, 1914. In the bottom chart on the left-hand side we have plotted annual averages of the constituent indices from 1928 to 1937 and here we have used 1924 as base year. It will be seen that food prices with a weight of 60 per cent. have a preponderant influence on the course of the complete index. It is almost certain that in the new index the weight assigned to food prices will be considerably less. On the right-hand side we show the course of the prices of various foodstuffs. These are plotted as index numbers based on 1924, but the actual prices are shown in addition.





Finance

GOVERNMENT RETURNS

For the week ended August 6, 1938, total ordinary revenue was £17,433,000, against ordinary expenditure of £21,468,000. Thus, excluding sinking fund allocations, the deficit accrued since April 1st last is £127,544,000, against a deficit of £85,878,000 a year ago.

ORDINARY AND SELF-BALANCING REVENUE AND EXPENDITURE

Revenue	Receipts into the Exchequer (£ thousands) Estimate, 1938–39	April 1, 1937, to Aug. 7, 1937	April 1, 1938, to Aug. 6, 1938	Week ended Aug. 7, 1937	Week ended Aug. 6 1938
ORDINARY REVENUE					
Inc. Tax ...	‡341150	35,794	34,689	5,763	6,523
Sur-tax ...	62,000	5,950	7,240	170	170
Estate, etc., Duties	88,000	32,790	28,390	1,730	1,350
Stamps	24,000	6,160	6,650	260	110
N.D.C.	20,000	...	3,580	...	430
Other In. Rev. Duties	1,250	130	380	...	50
Total I. Rev.	536,400	80,824	80,929	7,923	8,633
Customs ...	227,950	77,442	76,573	3,583	3,917
Excise	116,150	36,900	36,900	700	600
Total Cust. and Excise	344,100	114,342	113,473	4,283	4,517
Motor Duties	36,000	8,123	7,989	1,574	1,501
P.O. (Net Receipt) ...	8,670	6,720	4,990	950	1,050
P.O. Fund	2,400	...	...	...	...
Crown Lds.	1,330	500	520	...	...
Rec. from Sun. Loans	5,250	2,961	3,219	1,220	1,698
Misc. Rec.	10,500	2,157	1,991	130	34
Total Ordinary Revenue	944,650	215,627	213,111	16,080	17,433
SELF - BAL. REVENUE					
Post Office and Broadcasting* ...	80,442	22,730	25,060	1,050	850
Total ...	1025092	238,357	238,171	17,130	18,283

Expenditure	Issues out of the Exchequer to meet payments (£ thousands) Estimate, 1938–39	April 1, 1937, to Aug. 7, 1937	April 1, 1938, to Aug. 6, 1938	Week ended Aug. 7, 1937	Week ended Aug. 6, 1938
ORDINARY EXPEND.					
Int. & Man. of Nat. Dt.	230,000	95,745	95,781	8,281	8,280
Payments to N. Ireland	8,900	2,448	2,568	257	277
Other Cons. Fund Serv.	5,239	1,482	1,198	49	...
Total.....	244,139	99,675	99,547	8,587	8,557
Supply Serv.	†702409	201,830	241,108	10,998	12,911
Total Ordy. Expend. ...	§946548	301,505	340,655	19,585	21,468
SELF - BAL. EXPEND.					
P.O. and Broadcasting Votes	80,442	22,730	25,060	1,050	850
Total.....	1026990	324,235	365,715	20,635	22,318

* Revenue required to meet expenditure.
† Excluding Post Office and Broadcasting and £112,900,000 under Defence Loans Act.
‡ After concessions of £100,000 made during passage of Finance Act.
§ After adding Navy and Air Supplementary Estimates, Consol. Fund increase under Eire Act and reduction by revised Civil Estimate (net increase, £2,150,000).

After reducing Exchequer balances by £541,220 to £2,508,283, the other operations for the week (as shown below) raised the gross National Debt by £3,495,000 to about £8,273 millions.

WEEK'S CHANGES IN DEBT

(£ thousands)

Net Increase in Debt		Net Repayments, etc.	
3% Nat. Def. Loan	400	Public Dept. Adv...	2,330
Treasury bills	6,014	Nat. Savings Certs.	200
Tithe Act	130	P.O. & Tel. (Mon.) Acts	500
Land Settlement ...	11	N. Atlantic Ship. ...	30
	6,555		3,060

AGGREGATE ISSUES AND RECEIPTS

The aggregate issues and receipts from April 1, 1938, to August 6, 1938, are shown below :—

(£ thousands)

Ordinary Exp. ...	340,655	Ordinary Rev. ...	213,111
Inc. in balances	144	Eire receipts* ...	3,000
		Gross borr.	126,919
		Less Sinkg. Fds.	2,231
		Net borrowing ...	124,688
	340,799		340,799

* Receipts under Sec. 2 (3) of Eire (Confirmation of Agreement) Act, 1938.

FLOATING DEBT

(£ millions)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt	Floating Assets
1937						
Mar. 31		674·6*	23·5	...	698·1	...*
Aug. 7	548·0	313·5	31·4	...	892·9	311·9
Dec. 31		889·7*	39·4	55·7	984·9	...*
1938						
May 7	560·0	281·6	35·9	8·0	885·4	317·5
„ 14	570·0	278·1	39·2	...	887·3	317·3
„ 21	570·0	276·0	41·8	...	887·8	317·8
„ 28	570·0	281·4	40·8	...	892·2	322·2
June 4	575·0	308·7	43·9	2·0	929·6	352·6
„ 11	580·0	310·7	41·6	...	932·3	352·3
„ 18	585·0	303·4	40·1	...	928·5	343·5
„ 25	583·0	305·7	44·7	...	933·4	350·4
„ 30		851·0*	42·4	41·5	934·9	...*
July 9	573·0	298·3	43·1	...	914·5	341·4
„ 16	568·0	302·3	40·7	...	911·1	343·0
„ 23	568·0	304·1	37·2	...	909·4	341·3
„ 30	565·0	309·1	46·6	...	920·7	355·7
Aug. 6	560·0	320·1	44·2	...	924·3	364·3

* Owing to inequalities between Treasury bill payments and maturities at the end of the quarter, it is impossible to separate tender and tap issues or to calculate floating assets.

TREASURY BILLS

(£ millions)

Date of Tender	Amount Offered	Amount Applied for	Amount Allotted	Average Rate %	Per Cent. Allotted at minimum Rate
1937				s. d.	
Aug. 6	45·0	97·0	45·0	10 4·80	28
Dec. 31	50·0	80·5	50·0	10 11·59	47
1938					
Apr. 29	45·0	80·3	45·0	10 1·99	60
May 6	45·0	87·8	40·0	10 0·69	29
„ 13	30·0	73·5	30·0	10 1·12	29
„ 20	35·0	74·3	35·0	10 1·11	35
„ 27	45·0	69·0	45·0	10 9·37	57
June 3	50·0	83·1	50·0	12 1·04	51
„ 10	50·0	86·0	50·0	12 9·19	58
„ 17	50·0	80·5	48·0	11 5·68	69
„ 24	45·0	66·7	45·0	10 9·18	57
July 1	45·0	84·8	45·0	10 5·33	40
„ 8	45·0	85·2	45·0	10 5·43	40
„ 15	45·0	90·7	45·0	10 5·21	37
„ 22	45·0	88·3	42·0	10 5·03	32
„ 29	40·0	82·4	40·0	10 1·90	58
Aug. 5	35·0	78·6	35·0	10 1·80	40

Bills are paid for during following week, on any working day at applicant's option. When normal length is 92 days, bills paid for Saturday are 91-day bills and there are no Monday maturities. When normal length is 90 days, bills paid for on Monday are 89-day bills. Bills paid for in February are 89-day bills, except those paid for each Tuesday, which are 88-day bills.

On August 5th, applications at £99 17s. 5d. per cent. for bills to be paid for on any day except Saturday of the following week were accepted as to about 40 per cent. of the amount applied for. Applications at higher prices were accepted in full. Applications for bills to be paid for on Saturday at £99 17s. 6d. per cent. and above were allotted in full. £30·0 millions of Treasury bills are being offered on August 12th.

NATIONAL SAVINGS CERTIFICATES

Sales in	Number	Purchase Price
		£
29 weeks to :—		
July 24, 1937† ...	18,860,439	14,145,329
July 23, 1938	18,945,454	14,209,096
Week to :—		
July 24, 1937	551,444	413,583
July 16, 1938	630,847	473,141
July 23, 1938* ...	591,307	443,480

* Net Exchequer receipts, week ended July 23, 1938, *Dr. £1,150,000.*
† After adjustments to June 19th.
N.B.—At the end of June, 1938, balances due to Post Office and Trustee Savings Banks depositors were £727,635,000, and the value of Savings Certificate holdings was £516,800,000.

BANK OF ENGLAND RETURNS

AUGUST 10, 1938

ISSUE DEPARTMENT

	£		£
Notes Issued :		Govt. Debt..	11,015,100
In circultn.	489,993,480	Other Govt. Securities..	188,154,231
In Bnkg. Department	36,118,270	Other Secs.	520,567
		Silver coin ..	10,102
		Amt. of Fid. Issue	200,000,000
		Gold Coin & Bullion ...	326,411,750
	526,111,750		526,411,750

BANKING DEPARTMENT

	£		£
Props' capital	14,553,000	Govt. Secs...	109,716,164
Rest	3,593,180	Other Secs. :	
Public Deps.*	19,315,370	*Disc., etc....*	*9,238,359*
		Securities ...	*21,543,607*
Other Deps. :			30,781,966
Bankers ...	*106,078,635*	Notes.....	36,418,270
*Other	*34,513,407*	Gold & Silv. Coin	1,137,192
	140,592,042		178,053,592
	178,053,592		

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

THE WEEK'S CHANGES

(£ thousands)

Both Departments	Amt. Aug. 10, 1938	Compared with Last Week	Compared with Last Year
COMBINED LIABILITIES			
Note circulation	489,994	– 7,790	– 7,874
Deposits : Public	19,315	+ 9,825	+ 279
Bankers'	106,079	– 7,336	+ 12,505
Others.....	34,513	– 227	– 1,849
Total outside liabilities	649,901	– 5,537	+ 3,061
Capital and rest	18,146	+ 14	– 18
COMBINED ASSETS			
Govt. debt and securities	309,186	– 5,474	– 83
Discounts and advances	9,238	– 368	+ 3,331
Other securities	22,064	+ 281	– 128
Silver coin in issue dept.	10	+ 2	+ 1
Gold coin and bullion....	327,549	+ 37	– 79
RESERVES			
Res. of notes & coin in banking department...	37,555	+ 7,827	+ 7,795
Proportion of reserve to outside liabilities—			
(*a*) Bnkg. dept. only (" proportion ")	23·4%	+ 4·6%	+ 3·4%
(*b*) Gold stocks to deposits and notes (" reserve ratio ")	57·8%	+ 7·8%	+ 7·2%

COMPARATIVE ANALYSIS

(£ millions)

	1937	1938			
	Aug. 11	July 20	July 27	Aug. 3	Aug. 10*
Issue Dept. :					
Notes in circ.	497·9	487·1	493·3	497·8	490·0
Notes in banking dept.....	28·5	39·3	33·1	28·6	36·4
Govt. debt and securities ...	198·1	199·5	199·9	200·0	199·5
Other secs. ...	1·9	0·5	0·0	0·0	0·5
Gold	326·4	326·4	326·4	326·4	326·4
Deposits :					
Public	19·0	22·5	11·2	9·5	19·3
Bankers'.....	93·6	107·3	116·4	113·4	106·1
Others	36·4	34·7	35·1	34·7	34·5
Total	149·0	164·5	162·6	157·6	159·9
Bkg. Dept. Secs.:					
Government ..	111·1	109·8	115·8	114·7	109·7
Discounts, etc.	5·9	9·3	9·5	9·6	9·2
Other	20·3	23·1	21·3	21·8	21·5
Total	137·4	142·2	146·5	146·1	140·5
Banking dept. reserve.....	29·8	40·3	34·2	29·7	37·6
"Proportion"	20·0	24·5	21·0	18·8	23·4
Reserve ratio†	50·6	50·3	49·9	50·0	57·8

† Gold stocks in both departments to deposits and notes in circulation. * At this date, Government debt was £11,015,100 ; silver coin in Issue Department £10,102; capital, £14,553,000; rest, £3,593,180.

OVERSEAS BANK RETURNS

NOTE.—A return of the Bank of Spain appeared in *The Economist* of May 28th last. The latest return of the Bank of Roumania appeared in The Economist of April 23rd ; Danzig, of July 23rd; Egypt, Greece, Lithuania, Norway and Poland of July 30th ; Belgium, Bulgaria, Finland, Hungary, Iran, Java, Jugoslavia, Netherlands and South Africa, of August 6th.

BANK FOR INTERNATIONAL SETTLEMENTS.—(Million Swiss gold francs of 0.29 grammes)

Assets	July 31, 1937	May 31, 1938	June 30, 1938	July 31, 1938
Gold in bars	9·8	32·3	29·3	27·4
Cash	28·6	21·0	41·1	34·9
Sight funds.....	34·6	16·5	15·3	16·5
Bills and acceptances :				
(*a*) Commercial bills	133·2	140·1	141·8	140·8
(*b*) Treasury bills ...	138·1	100·3	106·6	81·4
Time funds at interest	46·0	53·2	54·7	55·8
Sundry bills & invests.	303·2	282·8	257·9	258·6
Other assets	1·6	2·2	1·1	0·9
LIABILITIES				
Capital paid up	125·0	125·0	125·0	125·0
Reserves	23·2	24·3	24·3	24·3
Long-term commitments :				
(1) Annuity trust account deposits...	153·2	153·2	153·6	153·3
(2) Govt. deposits...	112·6	103·3	103·6	103·2
Short term and sight deposits :				
(1) Central banks : Own account	229·5	183·9	182·9	158·9
(2) Central banks : For acct. others ...	4·2	1·9	1·8	2·4
(3) Other deposits...	1·5	2·3	2·8	2·6
Sight deposits—gold...	8·8	9·8	9·8	9·2
Miscellaneous items ...	37·0	36·4	36·2	37·6
Profits (dist. July 1) ...	...	7·9	7·9	...

U.S. FEDERAL RESERVE BANKS

Million $'s

12 U.S.F.R. Banks	Aug. 12, 1937	July 14, 1938	Aug. 4, 1938	Aug. 11, 1938
RESOURCES				
Gold certifs. on hand & due from Treas.	8,832	10,635	10,633	10,633
Total reserves	9,150	11,046	11,039	11,036
Total cash reserves	307	401	397	394
Total bills discounted	17	9	6	7
Bills bt. in open mkt.	3	1	1	1
Total bills on hand ...	20	10	7	7
Industrial advances ...	21	16	16	16
Total U.S. Govt. secs.	2,526	2,564	2,564	2,564
Total bills and secs. ...	2,567	2,590	2,587	2,587
Total resources	12,415	14,396	14,291	14,250
LIABILITIES				
F.R. notes in actual circulation	4,228	4,134	4,139	4,136
Aggregate of excess mr. bank res. over reqts.	740	3,150	2,920	2,920
Deposits — Member-bank reserve account	6,681	8,273	8,074	8,046
Govt. deposits	253	628	775	839
Total deposits	7,261	9,273	9,241	9,249
Cap. paid in and surplus	306	309	309	309
Total liabilities	12,415	14,396	14,291	14,250
Ratio of total res. to deposit and F.R. note liabs. combined	79·6%	82·4%	82·5%	82·4%
U.S.F.R. BANKS AND TREASURY COMBINED RESOURCES				
Monetary gold stock...	12,497	12,979	13,025	13,033
Treasury and Nat. Bk. currency	2,573	2,716	2,721	2,723
LIABILITIES				
Money in circulation...	6,482	6,444	6,465	6,466
Treasury cash and deposits with F.R. Bks.	3,893	2,943	3,132	3,206

NEW YORK FEDERAL RESERVE BANK.—Million $'s

	Aug. 12, 1937	July 14, 1938	Aug. 4, 1938	Aug. 11, 1938
Total gold reserves ...	3344·6	4569·1	4647·5	4639·1
Total bills discounted	8·0	2·8	1·1	1·1
Bills bt. in open mkt.	1·1	0·2	0·2	0·2
Total U.S. Govt. secs.	725·0	780·1	780·1	780·0
Total bills and securts.	739·6	787·4	785·1	785·1
Deposits — Member-bank reserve account	2836·4	3921·6	3835·4	3798·1
Total res. to dep. and Fed. Res. note liabilities combined ...	83·7%	86·7%	86·9%	86·9%

FEDERAL RESERVE REPORTING MEMBER BANKS.—Million $'s

Assets	July 28, 1937	June 29, 1938	July 20, 1938	July 27, 1938
Loans, total	9,784	8,321	8,208	8,161
Investments	12,499	12,240	12,410	12,395
Reserve with Federal Reserve banks	5,231	6,574	6,709	6,675
Due from domestic bks.	1,753	2,415	2,428	2,423
Deposits : demand (adjusted).....	15,033	15,036	15,127	15,160
Time	5,268	5,239	5,208	5,200
U.S. Government ...	430	465	449	441
Inter-bank	5,621	6,100	6,346	6,153

BANK OF FRANCE.—Million francs

Assets	Aug. 5, 1937	July 7, 1938	July 28, 1938	Aug. 4, 1938
Gold	55,716	55,808	55,808	55,808
Advances on gold coin	1,099	...	...	...
Bills : Commercial ...	9,878	6,233	7,499	6,819
Bought abroad	881	744	744	726
Advances on securities	4,129	3,564	3,545	3,675
Thirty-day advances ...	1,100	529	623	826
Loans to State without interest : (*a*) general	3,200	3,200	3,200	3,200
(*b*) provisional	23,878	40,134	†40134	†40134
Negotiable bonds	5,641	5,574	5,574	5,574
Sinking Fund Dept.	4,272	4,194	3,939	4,111
Other assets				
LIABILITIES				
Notes in circulation ...	89,604	101504	101117	101351
Deposits : Public	2,339	3,226	3,135	3,172
Private ...	14,492	12,309	14,041	13,506
Other liabilities	3,360	2,940	2,774	2,841
Gold reserve to sight liabilities	52·3%	47·6%	47·1%	47·2%

† Of which fcs. 18,050 millions under Conventions whose permissible limit is Fcs. 30,000 millions.

REICHSBANK

Million Reichsmarks

Assets	Aug. 7, 1937	July 7, 1938	July 30, 1938	Aug. 6, 1938
Gold	69·1	70·8	70·8	70·8
Of which depstd. abroad	19·4	20·3	20·3	20·3
Res. in foreign currencs.	5·9	5·8	5·2	5·6
Bills of exchange and cheques	4991·2	5838·8	6264·2	6065·7
Silver and other coin...	159·2	169·1	135·7	141·6
Advances	25·2	43·1	48·5	38·7
Investments	403·4	846·2	847·1	847·2
Other assets	697·4	1123·6	1149·1	1167·4
LIABILITIES				
Reserves	493·0	514·4	514·4	514·4
Notes in circulation ...	4866·6	6195·8	6649·5	6429·4
Other daily maturing obligations	593·0	970·0	919·8	958·1
Other liabilities	248·8	267·1	286·8	285·0
Cover of note circulatn.	1·54%	1·23%	1·14%	1·19%

CENTRAL BANK OF ARGENTINA

Million paper pesos

Assets	July 15, 1937	June 15, 1938	June 30, 1938	July 15, 1938
Gold at home.....	1,224	1,313	1,224	1,224
Gold abroad & foreign exchange†	328	31	116	106
Non-int.-bearing Govt. bond	119	119	119	119
Treasury bonds.....	398	397	397	397
LIABILITIES				
Notes	1,168	1,085	1,086	1,085
Government deposits	129	138	118	129
Bank deposits.....	406	316	312	308
Certs. of participation in Treasury bonds...	358	312	334	317
Gold and for. exch. to note and sight liabs.	90·7%	87·2%	88·3%	87·3%

† On and from June 30, 1938, the items "gold at home, Extension of Exchange Fund" and "gold abroad and foreign exchange" are amalgamated under one figure.

AUSTRALIAN COMMONWEALTH BANK.—Million £'s

Assets	Aug. 9, 1937	July 11, 1938	Aug. 1, 1938	Aug. 8, 1938
Gold and English stg.	16·01	16·01	16·01	16·01
Other coin, bullion, &c.	5·35	5·56	5·26	5·52
Money at short call—London	33·34	22·11	24·23	23·62
Short-term loans	3·2	....	....	....
Secrts. and Treas. bills	76·59	89·74	89·28	89·62
Discounts and advances	10·67	14·01	14·30	14·02
LIABILITIES				
Notes issued	47·04	49·03	49·03	49·03
Res. pm. on gold sold	7·75	7·75	7·75	7·75
Deposits, etc.....	86·20	83·69	86·19	84·97

BANK OF CANADA

Million $'s

Assets	Aug. 4, 1937	July 6, 1938	July 27, 1938	Aug. 3, 1938
Reserve, of which	203·1	210·9	207·2	205·6
Gold coin and bullion	179·5	181·2	180·4	180·7
Securities	141·0	166·9	168·1	170·7
LIABILITIES				
Note circulation.....	141·4	156·5	155·7	155·3
Deposits : Dom. Govt.	21·5	22·1	15·9	14·6
Chartered banks ...	178·4	190·4	193·6	196·6
Reserves to notes and deposit liabilities ...	59·6%	56·8%	56·4%	55·2%

BANK OF ESTONIA

Million Estonian krones

Assets	July 31, 1937	June 30, 1938	July 23, 1938	July 31, 1938
Gold coin & gold bullion	34·20	34·25	34·25	34·26
Net foreign exchange	17·50	15·82	16·06	16·39
Home bills discounted	12·25	9·74	9·60	9·55
Loans and advances ...	12·04	12·84	10·14	12·51
LIABILITIES				
Notes in circulation ...	43·99	46·77	48·49	47·90
Sight dep. and current accounts, of which...	37·72	34·94	29·87	33·86
(*a*) Government...	25·61	16·78	14·41	14·77
(*b*) Bankers	9·38	15·49	13·11	16·70
Reserve to current liabilities	63·3%	61·3%	64·2%	62·0%

NATIONAL BANK OF CZECHOSLOVAKIA.—Million Cz. kr.

Assets	July 31, 1937	June 30, 1938	July 23, 1938	July 31, 1938
Gold	2,577	2,652	2,653	2,653
Balance abroad and foreign currencies ...	348	317	260	246
Discounts and advances	2,268	3,632	3,301	3,430
State notes debt.....	2,015	2,006	2,006	2,006
LIABILITIES				
Bank notes in circulatn.	6,037	7,947	7,069	7,641
Deposits	296	264	806	259

NATIONAL BANK OF DENMARK

Million kroner

Assets	July 31, 1937	May 31, 1938	June 30, 1938	July 31, 1938
Gold coin and bullion	117·9	117·7	117·7	117·7
Foreign bills & balances	8·3	80·7	88·5	95·2
Home bills, securities and loans	214·1	272·4	279·8	281·8
Emergency fund	114·3	82·2	82·1	79·7
Advances to Treasury	105·4	22·8	51·1	20·7
LIABILITIES				
Notes in circulation ...	385·7	408·5	413·9	403·3
Deposits	49·4	60·3	93·8	77·0
Foreign liabilities	22·3	2·4	1·9	2·8

BANK OF JAPAN.—Million yen

Assets	July 17, 1937	June 18, 1938	July 9, 1938	July 16, 1938
Coin & bullion : Gold	498·2	801·3	801·3	801·3
Other	57·3	50·2	47·3	47·3
Discounts and advances	790·1	488·0	490·4	484·9
Government bonds ...	730·4	1201·9	1089·7	1167·8
Agencies' accounts ...	100·8	100·7	113·3	120·0
LIABILITIES				
Notes issued	1415·2	1801·8	1871·0	1824·6
Deposits : Government	294·6	361·8	270·5	385·1
Other	65·5	121·3	113·4	130·1

BANK OF LATVIA

Million lats

Assets	Aug. 2, 1937	July 4, 1938	July 25, 1938	Aug. 1, 1938
Gold coin and bullion	77·47	77·59	77·60	77·60
Silver coin	15·29	13·89	14·02	13·95
Foreign currency	39·90	39·18	38·76	37·66
Treas. notes and change	8·85	9·66	9·59	8·96
Short-term bills.....	50·78	51·05	49·65	51·03
Loans against securities	67·49	79·76	76·17	77·71
LIABILITIES				
Notes in circulation ...	47·26	60·68	61·40	61·00
Deposits & currnt. accs.	140·58	137·66	140·38	142·31
Government accounts	60·85	65·26	57·06	55·69

RESERVE BANK OF NEW ZEALAND

Million £'s

Assets	Aug. 2, 1937	July 4, 1938	July 25, 1938	Aug. 1, 1938
Gold	2·80	2·80	2·80	2·80
Sterling exchange	20·88	15·94	15·10	15·32
Advances to State	4·51	4·40	6·07	6·54
Investments	2·91	2·73	2·73	2·73
LIABILITIES				
Bank notes	12·63	13·75	13·56	13·60
Demand liabs. : State	6·72	2·98	3·71	5·50
Banks and others ...	10·36	7·87	8·09	7·06
Reserves to sight liabs.	79·7%	76·2%	70·6%	69·2%

BANK OF PORTUGAL

Million escudos

Assets	June 23, 1937	May 25, 1938	June 15, 1938	June 22, 1938
Gold	915·2	917·4	917·5	917·5
Balances abroad.....	586·9	562·4	570·0	565·7
Discounts	313·2	347·3	355·6	353·9
Securities	124·4	120·6	120·6	120·6
Government loans.....	1042·9	1040·3	1040·3	1040·3
LIABILITIES				
Notes in circulation ...	2029·3	1982·4	2001·8	1989·6
Deposits : Government	396·9	551·1	491·5	513·5
Bankers' ...	674·3	650·4	648·7	633·3
Other	85·3	78·4	78·1	71·7
Foreign commitments	44·4	57·2	81·4	80·2

BANK OF SWEDEN.—Million kronor

Assets	Aug. 7, 1937	July 7, 1938	July 30, 1938	Aug. 6, 1938
Gold reserve	466·1	525·6	526·2	526·2
Govt. secs. : Swedish	2·0	45·9	56·0	56·0
Foreign	46·1	41·0	41·9	41·9
Gold abroad not in gold reserve	68·8	89·9	89·8	89·8
Balances with foreign banks	219·6	245·6	231·6	249·3
Bills payable in Sweden	12·4	12·2	12·1	11·7
Bills payable abroad ...	674·8	526·4	529·6	510·6
Advances	25·7	22·4	22·8	22·1
LIABILITIES				
Notes in circulation ...	829·5	898·1	950·1	911·8
Deposits : Government	135·6	340·4	269·0	274·9
Com. banks	716·4	492·3	510·2	541·3
Other	10·1	2·9	2·9	2·9

SWISS NATIONAL BANK

Million francs

Assets	Aug. 7, 1937	July 7, 1938	July 30, 1938	Aug. 6, 1938
Gold	2567·8	2801·7	2786·0	2794·2
Foreign exchange	135·7	390·0	384·5	387·5
Discounts, etc.	6·9	5·1	5·0	4·9
Advances	29·2	21·7	20·4	20·1
Securities	15·9	95·1	95·0	94·8
LIABILITIES				
Notes in circulation ...	1381·9	1511·0	1540·7	1511·9
Deposits	1343·5	1778·2	1723·1	1761·2

N.B.—Exchange Equalisation Fund and assets included in returns December 31, 1936, onwards at 538,583,653 frs.

CLEARING BANKS

LONDON

(£ thousands)

	Month of July			Week ended Wednesday		Aggregate from January 1 to	
	1937	1938	Change †	Aug. 11, 1937	Aug. 10, 1938	Aug. 11, 1937	Aug. 10, 1938
Number of wkg. days:	27	26	%	6	6	185	186
Town	3,360,627	2,976,141	− 8·0	682,988	649,888	23,360,653	20,724,029
Metropolitan	204,103	187,040	− 4·8	42,707	41,900	1,360,402	1,303,432
Country	341,599	318,322	− 3·2	89,987	82,657	2,356,298	2,292,173
Total	3,906,329	3,481,503	− 7·4	815,682	774,445	27,077,353	24,319,633

† Based on average working day.

PROVINCIAL

(£ thousands)

	Month of July			Week ended Saturday		Aggregate January 1 to	
	1937	1938	Change †	Aug. 7, 1937	Aug. 6, 1938	Aug. 7, 1937	Aug. 6, 1938
No. of working days:—	27	26	%	5	5	183	184
BIRMINGHAM	13,271	12,210	− 4·5	2,251	2,079	84,543	76,029
BRADFORD	4,613	3,380	− 23·9	1,125	902	33,686	25,280
BRISTOL	5,810	5,570	− 0·4	972	987	40,229	39,471
HULL	4,128	3,701	− 6·8	797	812	28,814	26,602
LEEDS	4,771	4,468	− 2·7	722	727	32,636	30,905
LEICESTER	3,650	3,494	− 0·6	540	551	23,987	22,300
LIVERPOOL	31,322	23,865	− 20·9	6,205	4,329	224,567	166,311
MANCHESTER	49,154	39,618	− 16·3	11,843	9,759	351,176	294,753
NEWCASTLE	6,878	6,333	− 4·4	1,551	1,492	45,942	48,060
NOTTINGHAM	2,502	2,327	− 3·4	506	521	16,647	15,963
SHEFFIELD	5,151	4,779	− 3·7	1,547	1,286	35,047	35,040
Total: 11 Towns	131,250	109,745	− 12·9	28,059	23,445	917,274	780,713
DUBLIN	...	...	...	4,539	4,557	184,882‡	199,497‡

† Based on average working day. ‡ 32 calendar weeks.

MONEY RATES

LONDON

	Aug. 4, 1938	Aug. 5, 1938	Aug. 6, 1938	Aug. 8, 1938	Aug. 9, 1938	Aug. 10, 1938	Aug. 11, 1938
Bank rate (changed from 2½% June 30, 1932)	% 2	% 2	% 2	% 2	% 2	% 2	% 2
Market rates of discount							
60 days' bnkrs.' drafts	17/32	17/32	17/32	17/32	17/32	17/32	17/32
3 months' do.	17/32	17/32	17/32	17/32	17/32	17/32	17/32
4 months' do.	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16
6 months' do.	9/16	9/16	9/16	9/16	9/16	9/16	9/16
Discount Treasury Bills							
2 months'	17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32
3 months'	17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32
Loans—Day-to-day	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1
Short	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1
Deposit allwnces.: Bk.	1/2	1/2	1/2	1/2	1/2	1/2	1/2
Discount houses at call	1/2	1/2	1/2	1/2	1/2	1/2	1/2
At notice	3/4	3/4	3/4	3/4	3/4	3/4	3/4

Comparison with previous weeks

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1938	%	%	%	%	%	%	%
July 14...	1/2–1	17/32–9/16	9/16	9/16–5/8	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 21...	1/2–1	17/32–9/16	9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 28...	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
Aug. 4...	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 11...	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3

NEW YORK

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

	Aug. 11, 1937	July 13, 1938	July 20, 1938	July 27, 1938	Aug. 3, 1938	Aug. 10, 1938
Call money	% 1 1/4	% 1	% 1	% 1	% 1	% 1
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:—	Selling Rates					
Members—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Non-mem.—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Commercial accept., 90 dys.	1	1	1	1	1	1

EXCHANGE RATES

LONDON—SPOT

(a) Active Exchanges

(Range of the day's business)

London on	Par of Exch. per £	Aug. 5, 1938	Aug. 6, 1938	Aug. 8, 1938	Aug. 9, 1938	Aug. 10, 1938	Aug. 11, 1938
New York, $	‡4·8623	4·89–	4·89 1/8– 4·90 1/4	4·88 11/32– 4·89 3/8	4·87 11/32– 4·88 3/8	4·87 11/32– 4·88 1/2	4·87 3/8– 4·88 1/4
Montreal, $	4·8623	4·91– 92 1/4	4·91– 91 1/2	4·90– 91 1/2	4·89–90	4·89– 90 1/4	4·89 1/2– 90 1/4
Paris, Fr.	124·21	178 1/4–1 1/2	178 1/4–1 1/2	178 3/16– 9/16	178 1/8– 15/16	178 3/8– 1 5/16	178 3/4– 5/16
Brussels, Bel.	35·00a	28·93–96	28·91–95	28 86–93	28·80–87	28·80– 29·02	28·90– 29·02
Milan, L.	92·46	92 7/8–93 1/4 93·03	92 7/8–93 1/4 93·03	92 5/8–93 1/8 93·00	92 1/2–7/8 92·80	92 3/8–7/8 92·70	92 5/8–15/16 92·80
Zurich, Fr.	25·22 1/2	21·39–43	21·38–41	21·33 1/2– 40	21·28 1/2– 33	21·29–34	21·29–35
Athens, Dr.	375	540–55	540–55	540–55	540–55	540–55	540–55
Amst'd'm, Fl.	12·107	8·95 1/2– 96 1/2	8·95 1/2– 96 1/2	8·94 1/2– 96	8 94 1/2– 95 1/2	8·95– 95 1/2	8·94 3/4– 95 1/8
Berlin, Mk. Registered Marks	20·43	12·18–21	12·19–21	12·17–21	12·14–18	12·15–18	12·15–19
Br. India Rup.	(c) †18d.	51 1/16–56 1/2 17 29/32– 31 1/2	51 1/16–56 1/2 17 29/32– 31 1/2	51 1/16–56 1/2 17 29/32– 31 1/2	51 1/16–56 1/2 17 29/32– 31 1/2	51 1/16–56 1/2 17 29/32– 31 1/2	52–57 17 29/32– 31 1/8
Hong Kong, $	† ...	1 4 7/8–1 5/8	1 4 7/8–1 5/8	1 4 7/8–1 5/8	1 4 7/8–1 5/8	1 4 7/8–1 5/8	1 4 7/8–1 5/8
Shanghai, $	...	7 1/16–8 1/4(l)	7 1/16–8 1/4(l)	7 1/16–8 1/4(l)	7 1/16–8 1/4(l)	7 1/16–8 1/4(l)	7 1/16–8 1/4(l)
Rio, Mil.	†5·8994d.	2 7/8*m	2 7/8*m	2 7/8*m	2 7/8*m	2 7/8*m	2 7/8*m
B. Aires, $	11·45	18·74– 85/8	18·70– 80/8	18·70– 78/8	18·68– 78/8	18·70– 80/8	18·70– 90/8
Valparaiso, $	40	16 12/16h	16 12/16h	16 12/16h	16 12/16h	16 12/16h	16 12/16h
Montevideo, $	†51d.	123e (l)	123e (l)	123e (l)	123e (l)	123 e(l)	123e (l)
Lima, Sol.	17·38	19 3/4–20 5/8	19 3/4–20 5/8	19 3/4–20 5/8	19 3/4–20 5/8	20–21	20–21
Mexico, Pes.	9·76	21–22 (l)	21–22 (l)	21–22 (l)	21–22 (l)	21–22(l)	21–22(l)
Manila, Pes.	†24·66d.	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd
Moscow, Rbls.	...	24 1/8–5/8	24 1/8–5/8	24 3/8– 1/2	24 1/4–5/8	24 1/4–5/8	24–24 5/8
		25·97– 97 5/16	25·92 3/8– 93 3/8	25·91 1/4– 92 5/8	25·83– 84 3/8	25·83 1/4– 85	25·89– 89 3/4

Usance: T.T., Rio de Janeiro, Lima, Valparaiso (90 days). * Sellers. † Pence per unit of local currency. ‡ Par 8·23 3/32 since dollar devaluation on February 1, 1934. (a) Prior to devaluation on April 2, 1935. (c) Per cent. discount. (e) Latest "export" rate. (g) Official rate is $15 sellers. (h) Average remittance rate for importers. (i) Rate for payments to the Bank of England, for account Controller of Anglo-Italian debts. (l) Nominal. (m) Official.

(b) Other Exchanges

London on	Par of Exch. per £	Aug. 5, 1938	Aug. 10, 1938	Aug. 11, 1938
Helsingfors, M.	193·23	226 1/2–227	226 1/2–227	226 1/2–227
Madrid, Pt.	25·22 1/2	100–200 (l) 77 1/2	100–200(l) 77 1/2	100–200(l) 77 1/2
Lisbon, Esc.	110	110–110 3/8	110–110 3/8	110–110 3/8
Budapest, Pen.	27·82	24 3/4–7/8	24 3/4–7/8	24 3/4–7/8
Prague, Kc.	§164 1/2§	141 1/2–142	141–141 1/2	141–141 3/4
Danzig, Gul.	25·00	25 1/2–26 1/4	25 1/2–26 1/4	25 3/4–26 1/4
Warsaw, Zl.	48·38	25 3/4–26 1/4	25 1/2–26 1/4	25 3/4–26 1/4
Riga, Lat.	25·22 1/2	24 3/4–25 3/4	24 3/4–25 3/4	24 3/4–25 3/4
Bucharest, Lei	813·8	655–675	650–670	650–670
Constantinople, Pst.	110	615* 617k	615* 617k	615* 617k
Belgrade, Din.	276·32	211–221	211–221	211–221
Kovno, Lit.	48·66	28 1/2–29 1/2	28 1/2–29 1/2	28 1/2–29 1/2
Sofia, Lev.	673·66	390–420	390–420	390–420
Tallinn, E. Kr.	18·159	17 3/4–18 3/4	17 3/4–18 3/4	17 3/4–18 3/4
Oslo, Kr.	18·159	19·85–95	19·85–95	19·85–95
Stockholm, Kr.	18·159	19·35–45	19·35–45	19·35–45
Copenhagen, Kr.	18·159	22·35–45	22·35–45	22·35–45
Alexandria, Pst.	97 1/2	97 3/8–5/8	97 3/8–5/8	97 3/8–5/8
Kobe, Yen	†24·58d.	13 15/16–14 1/16	13 15/16–14 1/16	13 15/16–14 1/16
Singapore, §	† 28d.	27 7/8–28 1/8	27 7/8–28 1/8	27 7/8–28 1/8
Batavia, F.	12·11	8·93–96	8·92–95	8·92–95
Bangkok, Baht	†21·82d.	22–22	22–22 1/4	22–22 1/4

Usance: T.T., except Alexandria (Sight). * Sellers. † Pence per unit of local currency. § Par, 197·10 5/16 since koruna devaluation on February 17, 1934. Rate for payments to the Bank of England: (j) Under Anglo-Spanish Agreement. (k) Under Anglo-Turkish Agreement. (l) Nominal.

LONDON—FORWARD

(Closing quotations)

London on		Aug. 5, 1938 Per £	Aug. 6, 1938 Per £	Aug. 8, 1938 Per £	Aug. 9, 1938 Per £	Aug. 10, 1938 Per £	Aug. 11, 1938 Per £
New York, cent.	1 Month	(p) 9 5/32–7/32	(p) 9 5/32–7/32	(p) 9 5/32–7/32	(p) 9 5/32–7/32	(p) 9 5/32–7/32	(p) 5/16–1/4
	2 „	1/2–5/8	1/2–5/8	1/2–5/8	1/2–5/8	1/2–5/8	1/2–5/8
	3 „	11/16–9/16	11/16–9/16	11/16–9/16	11/16–9/16	11/16–9/16	11/16–9/16
Paris, francs	1 Month	(d) 5/8–7/8	(d) 7/8–1 1/8	(d) 1 1/16–1 5/16	(d) 1 1/8–1 3/8	(d) 1 1/8–1 3/8	(d) 1 3/8–1 5/8
	2 „	1 5/8–1 7/8	2 1/8–2 3/8	2 3/8–2 5/8	3 1/8–3 3/8	2 7/8–3 1/8	3 1/4–3 1/2
	3 „	3 1/8–3 3/8	3 1/2–3 3/4	4 3/4–5	5–5 1/4	4 7/8–5 1/8	4 3/4–5
Amsterdam, cent.	1 Month	(p) 5/8–1/4	(p) 3/4–1/4	(p) 5/8–1/2	(p) 7/8–5/8	(p) 5/8–1/2	(p) 3/4–1/2
	2 „	1 1/4–5/4	1 1/4–3/4	1 1/2–1	1 1/2–1	1 1/2–1	1 1/2–1
	3 „	1 3/4–1 1/4	1 1/4–1 1/4	2–1 1/2	2–1 1/2	2–1 1/2	2–1 1/2
Brussels, cent.	1 Month	(d) 5–8	(d) 5–8	(d) 5–7	(d) 6–8	(d) 7–10	(d) 6–9
	2 „	16–20	17–21	18–22	20–23	24–28	24–27
	3 „	30–34	31–36	34–39	37–40	43–46	42–46
Geneva, cent.	1 Month	(p) 2–1	(p) 2–1	(p) 2–1	(p) 2–1	(p) 2–1	(p) 2–1
	2 „	3 3/4–2 3/4	3 3/4–2 3/4	3 1/2–2 1/2	3 3/4–2 3/4	3 1/2–2 1/2	3 1/2–2 1/2
	3 „	5 1/2–4 1/2	5 1/2–4 1/2	5 1/2–4 1/2	6–5	6–5	6–5

(p) Premium. (d) Discount.

EXCHANGE RATES—cont.

NEW YORK

New York on	Par of Exch. per cent.	Aug. 4, 1938	Aug. 5, 1938	Aug. 6, 1938	Aug. 8, 1938	Aug. 9, 1938	Aug. 10, 1938
London:—*	Old Par						
60 days	4·8666	4·89 1/32	4·89 3/32	4·88 31/32	4·87 29/32	4·87 31/32	4·87 31/32
Cables	New Par	4·90 1/16	4·89 5/8	4·89 1/2	4·88 15/16	4·87 15/16	4·88 1/16
Demand	8·2397	4·89 15/16	4·89 1/2	4·89 5/8	4·88 5/16	4·87 5/16	4·88 5/16
Paris, Fr.	6·63	2·74 7/8	2·74 7/16	2·74 1/2	2·73 3/8	2·72 5/8	2·73
Brussels, Bel.	23·53	16·92 1/2	16·92 3/4	16·92	16·92	16·91 1/2	16·85
Swiz'l'd. Fr.	32·67	22·88	22·88	22·88	22·88	22·88 1/2	22·90
Italy, Lira	8·91	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4
Berlin, Mk.	40·33	40·13 1/2	40·13	40·13	40·13	40·10	40·12
Vienna, Sch.	23·82	...	...	...	...	...	...
Madrid, Pt.	32·67	...	...	...	...	...	...
Amst'd'm Gldr	68·06	54·68 1/2	54·65 1/2	54·64	54·57	54·48	54·53
Cop'h'gn, Kr.	145·37	21·87 1/2	21·85	21·85	21·80	21·77	21·80
Oslo, Kr.		24·62 1/2	24·60	24·60	24·54	24·51	24·53 1/2
St'h'lm, Kr.		25·26 1/2	25·24	25·24	25·18	25·15	25·17 1/2
Athens, Dr.	1·29	0·89 7/8	0·89 7/8	0·89 7/8	0·89 7/8	0·89 1/2	0·89 1/2
M'treal, Can. $	169·31	99·590	99·625	99·690	99·635	99·625	99·635
Yo'hama, Yen	84·40	28·59	28·57	28·57	28·50	28·45	28·48
Shanghai, $	...	16·75	16·65	16·60	16·50	16·45	16·50
B. Aires, Peso	...	30·40	30·37	30·37	30·29	30·26	30·29
Rio, Mls. †	11·96	5·90	5·90	5·90	5·90	5·90	5·90

Usance: T.T. * Dollars per £1. † Official.

IMPORTS AND EXPORTS OF GOLD AND SILVER

Week ended August 11, 1938

Imports From	Bullion	Coin	Exports To	Bullion	Coin
GOLD	£	£	GOLD	£	£
British S. Africa	3,984,167	...	Finland	23,875	...
British E. Africa	32,775	...	Netherlands	250,360	776,233
British India	...	496,866	Belgium	298,885	...
Australia	31,280	...	France	14,045	500,179
Canada	...	354,159	Syria	...	51,258
Netherlands	12,751	59,207	Switzerland	588,706	75,745
France	56,197	754	United States	1,721,214	...
Total*	4,171,307	922,394	Total*	2,894,275	1,411,208
SILVER			SILVER		
Eire	...	3,500	Palestine	...	2,000
New Zealand	3,001	...	Kenya	...	2,200
Canada	4,090	...	Aden and Dep.	...	2,016
Germany	9,163	1	Sweden	3,424	...
Belgium	19,282	36	Denmark	2,675	...
France	506	280,183	Germany	14,240	...
Czechoslovakia	14,100	...	Arabia-Muscat	...	2,024
Total*	51,206	284,240	Total*	22,758	9,100

* Including other countries.

MONTHLY STATEMENT OF LONDON CLEARING BANKS

(000's omitted)

Average Weekly Balance July, 1938	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	44,281	1,909	8,101	3,280	48,233	9,732	53,358	3,178	31,927	36,395	3,777	244,171
Balances with and cheques in course of collection on other banks in Great Britain and Ireland	11,658	747	1,941	2,493	9,835	2,793	12,185	306	6,743	8,778	1,578	59,057
Items in transit	...	...	...	...	3,698	725	...	...	...	...	...	4,423
Money at call and short notice	26,830	2,848	8,072	7,158	26,186	8,938	22,760	3,902	21,361	24,304	6,473	158,832
Bills discounted	64,738	1,562	4,587	401	49,615	4,318	78,148	1,500	39,869	55,895	823	301,456
Investments	97,095	7,571	29,636	10,735	106,583	32,617	126,228	14,258	84,465	112,272	11,613	633,073
Advances to customers and other accounts	200,135	10,550	31,104	9,727	165,663	43,380	212,714	17,338	143,750	130,966	14,794	980,121
Liabilities of customers for acceptances, endorsements, etc.	14,190	747	6,478	3,038	37,151	7,547	17,175	202	8,174	18,580	1,790	115,072
Bank premises account	7,464	412	1,580	740	7,526	2,717	9,616	641	7,329	5,139	1,070	44,234
Investments in affiliated banks and subsidiary companies	6,989	...	...	...	3,525	...	7,874	...	2,514	2,993	...	23,895
	473,380	26,346	91,499	37,572	458,015	112,767	540,058	41,325	346,132	395,322	41,918	2,564,334
Ratio of cash to current, deposit and other accounts	10·24	8·09	10·25	10·05	12·19	9·98	10·77	8·56	9·98	10·16	10·08	10·57
LIABILITIES												
Capital paid up	15,858	1,000	2,976	1,060	15,810	4,160	15,159	1,500	9,479	9,320	1,875	78,197
Reserve fund	10,750	1,000	2,976	530	9,500	3,500	12,411	1,140	8,500	9,320	800	60,427
Current, deposit and other accounts	432,582	23,599	79,069	32,649	395,548	97,542	495,313	37,138	319,979	358,090	37,453	2,308,962
Acceptances, endorsements, etc.	14,190	747	6,478	3,038	37,151	7,547	17,175	202	8,174	18,580	1,790	115,072
Notes in circulation	...	...	...	...	6	18	...	1,345	...	12	...	1,381
Reduction of bank premises account	...	...	...	295	...	...	...	...	...	...	...	295
	473,380	26,346	91,499	37,572	458,015	112,767	540,058	41,325	346,132	395,322	41,918	2,564,334

OIL OUTPUTS

Attock Oil Company.—Production for July, 72,865 barrels, against 32,526 barrels for June. This increase is due to the new producer.

British Controlled Oilfields.—Production for week ended August 6, 12,336 barrels, of which western area, 9,793 barrels, and central area, 2,543 barrels. Production for July, 57,332, 47,088 and 10,244 barrels, respectively.

Dacia Romano Petroleum Syndicate.—Gross production for July: Dacia, 1,598 tons; Perimeter X, 3,244 tons; Starnaphta, 493 tons.

Kern Oil Company.—Total production during July was 195,187 barrels, or about 27,884 tons.

Trinidad Leaseholds.—During July, oil produced was 47,389 tons, and oil purchased, 69,525 tons.

Trinidad Consolidated Oilfields.—The output for July was 69,349 barrels.

Tampico Oil.—Total production from company's properties in Mexico during July was 6,098 barrels, in respect of which royalty due to the company was 457 barrels.

Trinidad Petroleum Development Company.—Production for week ended August 6, 54,251 barrels; for July, 259,624 barrels.

Venezuelan Oil Concessions.—Production for week ended August 6, 1938 was: Bolivar district, 1,033,691 barrels; Maracaibo district, 32,109 barrels.

Investment

TRANSPORT RECEIPTS

BRITISH RAILWAY TRAFFICS

	Gross Receipts, week ended Aug. 7 (£'000)					Aggregate Gross Receipts 31 weeks (£'000)				
	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts
L. M. & S.—										
1937	*812*	*360*	*157*	*517*	*1,329*	*16,182*	*15073*	*7,909*	*22,982*	*39,164*
1938	784	286	141	427	1,211	16,189	14069	7,723	21,792	37,981
L. & N. E. (*a*)—										
1937	*531*	*246*	*186*	*432*	*963*	*10,514*	*10404*	*7,607*	*18,011*	*28,525*
1938	544	229	155	384	928	10,408	9,814	7,332	17,146	27,554
Great Western—										
1937	*382*	*138*	*60*	*198*	*580*	*6,821*	*6,085*	*3,443*	*9,528*	*16,349*
1938	365	109	42	151	516	6,758	5,731	3,324	9,055	15,813
Southern—										
1937	*523*	*42*	*13*	*55*	*578*	*10,180*	*1,916*	*946*	*2,862*	*13,042*
1938	500	41	14	55	555	10,121	1,852	926	2,778	12,899
Total—										
1937	*2248*	*786*	*416*	*1202*	*3,450*	*43,697*	*33478*	*19,905*	*53,383*	*97,080*
1938	2193	665	352	1017	3,210	43,476	31466	19,305	50,771	94,247

(*a*) Week ended Aug. 6.

CUMULATIVE AND WEEKLY COMPARISONS

(000's omitted)

	L.M.S.	L.N.E.R.	Great Western	Southern
Cumulative Figures				
Gross increase, second half 1937, over second half 1936	+ 1,443	+ 1,099	+ 647	+ 372
Gross decrease, first half 1938, over first half 1937	− 780	− 638	− 318	− 105
Gross decrease, second half 1938, over second half 1937 :—				
5 weeks to Aug. 7, 1938	− 403	− 333	− 218	− 38
Weekly Figures				
Av. weekly decrease, 2nd half 1938	−80·60	−66·60	−43·60	− 7·60
Latest week compared with 1937	*− 118*	*− 35*	*− 64*	*− 23*
Latest week compared with average 1927–30	*− 625*	*− 333*	*− 264*	*− 110*

IRISH RAILWAY TRAFFICS

Company	Gross Receipts, week ended Aug. 5 (£'000)			Aggregate Gross Receipts 31 weeks (£'000)		
	Pass.	Goods	Total	Pass.	Goods	Total
Belfast & Co. Down—						
1937	*5·7*	*0·4*	*6·1*	*81·2*	*15·3*	*96·5*
1938	5·0	0·4	5·4	77·5	13·2	90·7
Great Northern—						
1937	*24·1*	*8·0*	*32·1*	*333·3*	*292·7*	*626·0*
1938	23·9	7·7	31·6	327·6	271·8	599·4
Great Southern—						
1937	*73·9*	*31·0*	*104·9*	*1088·0*	*1256·0*	*2344·0*
1938	74·4	32·0	106·4	1092·5	1201·6	2294·1

OVERSEAS WEEKLY TRAFFIC RECEIPTS

INDIAN

Name	Weeks	Ending	Gross Receipts for Week		Aggregate Gross Receipts	
			1938	+ or −	1938	+ or −
		1938	Rs.	Rs.	Rs.	Rs.
Bengal & N. Western	16	July 20	‡8,80,577	−1,50,768	1,24,43,030	− 6,21,610
Bengal-Nagpur	16	20	‡20,71,000	−3,53,845	2,91,34,230	− 5,83,470
Bombay, Bar. & C.I.	17	31	‡28,22,000	+1,43,000	4,03,34,000	− 8,26,000
Madras & S. Mah	16	20	‡19,37,000	+2,07,029	2,41,07,650	+13,27,016
S. Indian	16	20	‡15,26,271	+ 41,325	1,73,56,076	+ 1,42,582

‡ 10 days. † 11 days.

CANADIAN

		1938	$	$	$	$
Canadian National	31	Aug. 7	3,215,008	− 307,018	100,151,284	−15030041
Canadian Pacific	31	Aug. 7	2,555,000	− 27,000	74,933,000	−6,481,000

SOUTH & CENTRAL AMERICAN

		1938					
Antofagasta	31	Aug. 7	£9,580	− 4,190	482,990	− 34,900
Argentine N.E.	5	6	‡203,900	+ 34,400	1,008,000	+ 101,900
			*£12,649	+ 2,134	62,531	+ 6,321
B.A. and Pacific	5	6	‡1,225,000	− 97,000	6,300,000	− 909,000
			*£75,993	− 6,017	390,820	− 56,389
B.A. Central	4	July 23	$111,500	− 54,000	405,200	− 136,100
B.A. Gt. Southern	5	Aug. 6	‡1,976,000	− 34,000	10,688,000	+ 11,000
			*£122,581	− 2,109	663,028	+ 683
B.A. Western	5	6	‡571,000	− 92,000	3,255,000	− 657,000
			*£35,422	− 5,707	201,922	− 40,758
Central Argentine	5	6	‡1,660,250	− 377,850	8,862,000	−3,973,150
			*£102,993	− 23,440	549,771	− 246,472
Central Uruguayan	4	July 30	d138,067	− 5,153	625,889	+ 11,304
			e£16,092	− 20	72,941	+ 3,686
Leopoldina	31	Aug. 6	M2063000	+ 200,000	51,971,000	−3,230,000
			£23,896	− 1,022	593,723	− 115,700
Mexican Railway	30	July 31	f$380,200	− 81,600	1,198,900	− 93,200
Nitrate	30	31	a†£5,209	− 404	90,505	− 4,861
United of Havana	5	Aug. 6	£18,885	+ 848	86,214	− 15,799

* Converted at average official rate 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." *f* 10 days.

SUEZ CANAL RECEIPTS

		1938	£	£	£	£	£
Transit Receipts‡	30	July 31	282,600	− 22,900	5,628,100	− 941,50

‡ 11 days.

LONDON TRANSPORT BOARD

	Receipts	Compared with prev. Year
	£	£
Week ending Aug. 6, 1938, before pooling	563,000	− 600
Total, 6 weeks to date	3,418,300	+ 34,100
L.P.T.B. receipts 52 weeks to June 25, 1938	29,388,200	+ 657,100
L.P.T.B. receipts, 52 weeks to June 26, 1937	28,732,000	+ 255,000
L.P.T.B. receipts, year to June, 1937, after pooling	30,247,378	+ 522,655
London Transport Pool receipts, year to June 30, 1937	41,377,929	+ 771,590

THE WEEK'S COMPANY RESULTS

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. Amount	Ordinary Amount	Ordinary Rate				
Breweries		£	£	£	£	£	%	£	£	£	%
Clarksons Old Brewery	June 30	7,663	18,339	26,002	3,900	6,500	10	8,000	7,602	17,395	10
Empress Brewery Co.	June 30	...	32,711	32,711	6,000	26,711	26⅔	...	...	38,188	32½
Financial Land, etc.											
Odhams' Properties	Mar. 31	466	85,144	85,610	18,000	48,000	12	19,000	610	89,155	11½
Iron, Coal and Steel											
Briggs (Henry), Son and Co.	June 30	46,524	105,096	151,620	...	69,643	10‡	45,000	36,977	101,821	10
Oil											
Canadian Eagle	Dec. 31	108,062	770,949	879,011	137,361	...	...	...	741,650	819,035	11d ps
Dacia Romano Petrol Synd.	Dec. 31	*Dr.178103*	20,136	*Dr.157967*	...	...	...	37,096	*Dr195063*	4,938	...
Rubber											
Jabi Rubber Plantations	Mar. 31	4,064	8,174	12,238	...	4,658	7‡	238	7,342	7,741	8
Textiles											
Holden (Isaac)	June 30	13,676	18,317	31,993	8,020	10,875	5	5,000	8,098	39,713	12
Trusts											
Cables Invest. Trust	June 30	17,633	240,841	258,474	90,000	100,000	5	...	68,474	229,349	5
Third Scott. Amer. Tr.	July 1	14,598	46,104	60,702	9,000	28,325	19	10,000	13,377	46,081	19
Other Companies											
Armstrong Shock Absorbers	June 30	1,472	12,141	13,613	...	11,016	20	...	2,597	12,007	20
Belfast Ropework Co.	June 30	26,622	15,606	42,228	3,750	17,775	4	...	20,703	55,468	5
Collier (S.) and Co.	June 30	1,105	8,119	9,224	...	6,000	10	2,000	1,224	8,554	10
Illovo Sugar Estates	Mar. 31	4,350	31,778	36,128	...	16,500	5	9,764	9,864	20,912	5
Mason (Frank) and Co.	Mar. 31	2,788	17,950	20,738	11,063	...	...	5,000	4,675	16,344	...
Meccano	Feb. 28	63,560	51,395	114,955	5,294	30,000	15†	62,926	16,735	51,797	7†‡
Meyer (Montague L.)	Mar. 31	28,278	16,131	44,409	7,259	4,531	16⅔	2,877	29,742	115,450	50
N. Central Wagon	June 30	6,971	46,343	53,314	11,985	24,806	15	10,000	6,523	44,969	15
Total Profits, 1938, in £'000s :	*No. of Cos.*										
To August 6	*1,660*	*63,909*	*233,105*	*297,014*	*38,333*	*123,769*	...	*65,458*	*69,454*	*209,658*	...
To August 13	*1,678*	*64,079*	*234,650*	*298,729*	*38,645*	*124,174*	...	*65,675*	*70,235*	*211,377*	...

† Tax free. ‡ On larger capital.

THE ECONOMIST

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The New Joseph

ANYTHING that comes from the pen of Mr J. M. Keynes deserves and receives wide and respectful attention. But even his fertile invention has rarely opened a broader field for discussion than that laid invitingly before Section F of the British Association for the Advancement of Science in the paper presented (unfortunately *in absentia*) on Friday of this week. Since the days of Joseph, the subject of the storage of essential commodities has hardly received the attention it deserves. Of recent months, it is true, Sir Arthur Salter has succeeded in forcing into public prominence the immediate advisability of some storage of food and raw materials as a measure of defence against the risk of war. The Government have now formally adopted this policy and purchases of some essential commodities for storage have been made. Whether, as a result of these purchases, the sum total of stocks in this country has increased is doubtful. Indeed, the Government's storage policy can be criticised as both tardy and inadequate. But Mr Keynes is not concerned with storage merely as a measure of precaution against war, but as a permanent reform, looking to economic security in peacetime as much as to strategic security in wartime.

The private competitive system undoubtedly puts a discount on the accumulation of stocks of commodities. Holding charges are heavy—Mr Keynes estimates them at an average of 10 per cent. per annum—and in a competitive market the stocks that an individual producer could accumulate would be too small to have any effect upon the market. It is only when a market is monopolised that stocks are deliberately created and manipulated to equalise demand and supply and keep prices steady. But, as Mr Keynes justly remarks, such devices of price stabilisation are merely a part of the general policy of monopoly, and the presumption is that they are not conspicuously in the public interest. The extreme volatility of the markets for some of the basic raw materials and foodstuffs, however, is hardly a recommendation for free competition. There has only been one year in the last ten in which the highest recorded price of the year for rubber has been less than 70 per cent. above the lowest price of the year; the average has been 96 per cent. The fluctuations in cotton, wheat, lead and other commodities are not so extreme; but they are sufficient to lend considerable force to the accusation that "the price is always too high or too low and there are perpetual meaningless fluctuations in the plant and labour force employed."

It is Mr Keynes' contention that if larger stocks of these and other basic commodities were in existence the wide fluctuations of prices would be avoided. And since the community would unquestionably be the gainer by a greater measure of price stability, it should be worth the community's while itself to build up the reserve stocks. Now it is quite true, as Mr Keynes has no difficulty in showing, that the existence of reserve stocks of commodities would effectively prevent any arbitrary rises in price. But it is far less obvious that they would prevent unduly low prices. Indeed, the lesson of recent years is that prices tend to fluctuate inversely with the magnitude of stocks; and

even when they are held in the strong hands of Governments, with unlimited finance and the most compelling political motives for refraining from selling, the knowledge that these stocks exist has usually served to keep prices below the levels that would be sufficient to remunerate producers. The Canadian wheat farmer, for example, is grateful for the support to prices provided by his Government's purchases of wheat for stocks. But he would far rather there were no stocks at all.

The contention that a deliberate increase in the average volume of stocks of basic commodities would be of general benefit is, therefore, one that admits of considerable argument. Mr Keynes is on much less disputable ground when he claims that, given the volume of stocks in the world, it would be an advantage to us in Great Britain to have more of them physically located in this country. As a measure of defence against wartime blockade, the merits of the proposal are obvious. But even in peacetime much can be said, at least in theory, for the building up of stocks in British ownership, for our national interest is that of consumers, not of producers. To hold the world's stocks, or a substantial part of them, here and make England what she was—once more the world's warehouse—would mean buying when prices tend to be low and drawing on stocks when prices tend to be high. It would be the Joseph policy on a gigantic scale.

Joseph, however, had two enormous advantages in turning theory into practice. His business forecasting was perfect; and he operated in a totalitarian State. To suggest that some organ of the British Government, some bureaucrat sitting in Whitehall or in Thames House, should be equipped with the finance and the authority to become the world's supreme commodity jobber is to conjure up a prospect calculated to frighten even the most convinced believer in the excellences of the home Civil Service. Mr Keynes at least makes no such proposal. His suggestion is the less bold one that the British Government should offer storage to all Empire producers of specified raw materials, either free of warehouse charges and interest or for a nominal charge, provided they ship their surplus produce to approved warehouses in this country. The Government might further provide financing facilities at low rates of interest. But the ownership of the stocks would rest with the oversea producers, who would stand the risks and reap the profits of price fluctuations. As a defence measure this suggestion has considerable merit; it would be a relatively cheap way of encouraging the holding in this country of larger stocks than would normally be available. If Canadian wheat has to be held in store, there would be advantages, for which something might well be paid, in holding it in England near the market rather than in Canada near the prairie. Once again, however, the defence advantages are much clearer than the peacetime economic benefits. Mr Keynes is convinced that the existence of such arrangements would increase the aggregate volume of stocks, and he believes that higher stocks mean steadier prices; but neither proposition is self-evident.

The fundamental problem of raw material prices is one of adjusting supply and demand to each other. Supply fluctuates because of climatic changes or because of the time required to alter the volume of production of minerals. Demand moves with the trade cycle. Any proposal for lessening the fluctuation of prices must therefore be judged by the success it is likely to have in bringing supply and demand into closer adjustment. A policy of accumulating stocks is obviously useful in the short period when supply exceeds demand, since purchases for stock are themselves an addition to demand. But the weakness of all such proposals in the past has been that in the longer run they do not bring supply and demand closer together but drive them further apart. The support given to prices through the accumulation of stocks encourages the producer to postpone the necessary adjustment of his production to the volume of demand. The mere fact that stocks have been accumulated creates conditions in which they cannot be sold. Having originated as an attempt temporarily to increase demand, they remain as a permanent addition to supply. This, with depressing uniformity, has hitherto been the fate of virtually every project to stabilise prices by the public accumulation of stocks. The only exceptions that could be found would be cases in which the creation of stocks has been accompanied by the exertion of some positive control over production. This is, indeed, a necessary adjunct. The fact that restriction schemes have in the past been administered with the intention of creating a monopoly, with its corollary of monopoly profits, for the producers has rightly condemned them. But it should not be beyond human ingenuity to discover means of doing successfully in the general interest what has hitherto been done with indifferent success in one interest alone. And in any such system of commodity control, the public holding of stocks will play an essential part.

Danubia's Dilemma

POLITICAL and moral disarray has befallen all Europe beyond Germany ever since Herr Hitler threw his bristling mantle over Austria. That was only five months ago. Since then Italian pressure upon Jugoslavia has increased, in the hope not only of countering German penetration from what was once Austria, but also of reinforcing M. Stoyadinovitch's personal aversion from the Little Entente. Across the menaced body of Czechoslovakia, Polish and Hungarian authorities are discussing joint military action—once Czechoslovakia is assaulted—to secure and divide the reversion of Slovakia. Polish and Hungarian voices have long been urging on Roumania the desirability of a neutral no-man's-land between Germany and Russia, stretching from the Baltic to the Black Sea across Poland, Hungary and Roumania, and incorporating the Slovakian tail of Czechoslovakia once the head has disappeared in Germany's maw. Bulgaria, after well-nigh twenty years in subjection to the Treaty of Neuilly, has in the last few weeks, thanks to M. Stoyadinovitch's mediation, secured remission of that Treaty's penal terms, and is now in effect a freely re-arming member of the Balkan Entente. And finally, while the Little Entente States are about to reassemble to discuss separate overtures to Hungary, the Hungarian Regent, Admiral Horthy, accompanied by his Prime Minister, Dr Béla Imrédy, and Foreign Minister, M. de Kánya, are about to leave on an impressive State visit to Herr Hitler and his associates at Kiel.

These diplomatic storms centre round Czechoslovakia and Hungary. The two countries have been foes for twenty long years. Each has been during those years the centre of a system in Europe's diplomatic firmament: Czechoslovakia of the Little Entente, designed to resist Hungarian attempts at forcible revisionism; and Hungary of the revisionist *bloc*, which included first Italy, Bulgaria and Albania, and finally, with terrifying bulk and vigour, Nazi Germany.

The Czech problem is front-page news in all the Press of the world. The situation of Hungary, though perhaps equally critical, is less understood. Since the abolition of

Austria, Hungary and her people find themselves, after twenty years of unremitting struggle for treaty revision, in the position of the English King who began by exhorting the ranks behind him to charge, and ended by having to gallop like the devil towards the foe in order to escape the sabres of his own hussars. As the result of one dramatic act, the forces of Greater Germany—economic, political and military—are knocking at the door of Hungary. Germany promises stability to the Hungarian social and economic order, if it is articulated to the social and economic order of a vast and still-expanding Third Reich. She promises to shatter Trianon and the steel ring hemming in eight and a half million Magyars, as she shattered Versailles and St. Germain; to make the eight and a half millions into the twelve millions claimed by Hungary; to eradicate Jews and Jewry; to elevate the Magyar to pride of place—"the aristocrats of Central Europe"—in a Nazi system of confederate States. Berlin has already pressed the Hungarian Government to resign from the International Danube Commission, and promised to reconstruct it without French or British representation. Its agents dispense largesse and promises to Hungary's millions of landless peasants and their dependants. It holds, as a goad on the flank of the Hungarian Government, a domestic Nazi Party, recruited from visionaries and malcontents.

Dr Imrédy, by anti-Semitic laws, administrative and agrarian reform, an economic Five-Year Plan of re-armament and public works, removal of electoral abuses, introduction of the secret ballot for a reduced electorate, a capital levy, and the beginnings of a kind of Catholic Corporate State, has started with a flourish of dæmonic but paternalistic energy. The interest of his visit next week to Germany, together with the Regent and Foreign Minister, can be summarised in one question: Will he be treated to an interview, peremptory or polite, as was his unhappy Austrian colleague Dr Schuschnigg at Berchtesgaden a few weeks before the Austrian collapse?

Dr Imrédy is young but a realist. He is also an economist. M. de Kánya is an old and brilliant diplomat of the pre-war Ballhausplatz, an associate of Tisza and Berchtold. He lived through and learned the unhappy experience of Austria and Hungary before, during and after the war. Admiral Horthy is of M. de Kánya's generation, too. Before Herr Hitler was born he served Austria—an Austria which the Fuehrer has irretrievably buried. The visitors to Kiel next week cannot fail to be impressed by the evidences of Germany's might. But Admiral Horthy, if he nurses hopes of another Hungarian fleet as he christens the "Admiral Teggethoff," will assuredly recall the fate of Austria's army, of Vienna and of the remnants of the Imperial Service during the last five months. He may remember the existence of Italy, of the Mediterranean and so of Britain and France, when visions of a German-Hungarian Adriatic *imperium* are made to pass before his eyes. So, too, M. de Kánya may remember Aehrenthal's *coup* in Bosnia-Herzegovina in 1908, the growing ascendancy of Vienna over Budapest thereafter, because of Vienna's growing dependence, in turn, on Berlin; and what good came of it at last. And Dr Imrédy, one of the cleverest central bankers and finance ministers in Europe before he became Prime Minister, may cast a wary eye at the Berlin Bourse, at civil industry, and at that economic regimentation of life and labour in Germany which is the condition and counterpart of frenzied military activity. As a good Catholic he may ask himself whither it is leading Germany and whither it may lead her associates.

If Hungary can contrive to retain latitude for diplomatic manœuvre during the next few months she may not only see more clearly whither Germany is tending, but also what advantages for her can be secured in collaboration, like Bulgaria, with her immediate neighbours and in closer economic and political relations with Britain and France. Against this is the influence of Italy, evidenced by Signor Mussolini's pressure upon Dr Imrédy, a few weeks ago when he visited Rome, to link Hungary irretrievably to the Rome-Berlin axis. Accordingly, though a friend of both Germany and Italy, Dr Imrédy's Government finds itself almost as much "on the spot" as, say, that of Czechoslovakia or Spain. The hardened Magyar cynics over the age of 45 shrug their shoulders and say: "God save Hungary from another friendship like that of 1914!" But they also add: "We can only be sure of one thing: whoever rules Hungary, she is sure to be on the losing side if there is a war."

This pessimism is as misplaced as that which rules outside Hungary about her destiny. It may be as yet too much to hope that Magyars, Slovaks and Czechs will recognise the identity of their interests and destinies, as already the many and varied peoples (if not their Governments) have done in Jugoslavia, Bulgaria, Greece, Roumania and Turkey. But it is obvious that the three States of the Little Entente next week will have to consider the most reliable method of fashioning an agreement with Hungary which will release her from the servitudes of Trianon, as the Balkan Entente has released Bulgaria from those of Neuilly. Hungary, on the other hand, can only retain her highly prized national independence by drawing a line beyond which Nazi penetration must not go. There is thus, next week, both an opportunity and a danger. In the case of Hungary's dearest enemy, Czechoslovakia, the British and French Governments have, since May 20th, made it abundantly plain that they cannot be indifferent to forcible revisions of the European *status*. So far, they have tended to look on Hungarian independence as a lost cause. It is as risky an attitude as it is unwarranted. In default of moral, political and economic support by Britain and France, the strain of Germany's Danubian thrust may crush Italian, Polish and Hungarian hopes of a new Danubian edifice before the Czechoslovak structure is demolished to make way for it.

The Hungarian statesmen visiting Germany next week already appreciate the force of German stresses on their country's domestic political fabric. If landless Magyar peasants and unemployed workers believe in a Nazi Utopia along the Danube, shrewd and realistic Magyar leaders know that it spells helotry for the proudest, and most individualistic, people of Central Europe or the Balkan peninsula. But if this is to be avoided, they must be able to show the Hungarian people a still more excellent way to achieve national aspirations and well-being. Economically, Germany and Italy, who account for half of Hungary's foreign trade, are now unable to aid Hungary without exploiting her; and if they aid her to attain her national aspirations by military force, the price of helotry will assuredly be exacted.

When the graceful compliments have been paid next week, and the Hungarian statesmen return home, Britain and France, no less than the Little Entente States after their own conference, should immediately and actively canvass every possibility of developing that half of Hungary's foreign trade which still takes place beyond the ambit of the Axis Powers. That way, and that way only, can the new Danubia, already linked with the Balkan Powers, achieve peace and prosperity without becoming a closed Teutonic preserve. Finally, despite German suspicion of British and French intentions, such an outcome would best serve the real interests of Germany and Italy; for then the Danubian and Balkan peoples could be willing collaborators with Germany and Italy in the cause of welfare and peace. Among them, the Slavs—Czechs, Slovaks, Jugoslavs and Bulgars—fear the attainment of purely Teutonic aims. And the Germans threaten to become for the non-Slavs—Greeks, Roumanians and Hungarians—alien masters. Helots usually turn traitors, or nuisances.

Our Trade with the World

THE official returns of our overseas trade in recent months have not made pleasant reading. The accounts for July, analysed on page 384, furnish a reminder of the steady decline in Britain's commercial intercourse with the rest of the world. The value of imports last month was 13.5 per cent. lower than a year ago, but the value of domestic exports shows a fall of no less than 21.2 per cent. The only increase since last year is in the excess of imports over exports, which was 2.6 per cent. higher last month than in July, 1937.

Further light on the trend of events is thrown by the quarterly analysis of markets for our exports and sources of our imports, which is now available for the second three months of 1938. As the tables below show, our imports from, and our exports to, the majority of countries during the second quarter of this year were lower than a year ago, though the extent of the decline was by no means uniform. In addition to the usual statistics of our trade with individual countries, we have added percentages which indicate the magnitude of the change between the second quarters of 1937 and 1938. We have also added figures which show the relative importance of Europe, the Empire and other countries respectively in our foreign trade as a whole.

With one exception, this analysis of the distribution of our trade shows that the trend of recent years continued in the second quarter of this year. Since 1929—and more particularly since Ottawa and the abandonment of the gold standard—the Empire has taken an increasing proportion of our exports. In times not very far distant, Empire trade was far below that of our trade with Europe. To-day it is an easy first—the British countries together having taken just over 50 per cent. of our exports in the second quarter of this year. It is, however, of considerable interest that the proportion of our exports going to Europe has also shown some recovery. Indeed, the proportion is to-day the same as in 1929—whereas our sales to foreign countries outside Europe have fallen heavily. This latter group includes China, Japan and Mexico; but even the comparatively tranquil countries of South America have been disappointing, while our sales to the United States have slumped to a new low level.

TRADE WITH BRITISH COUNTRIES

April to June

(000's omitted)

From or to	Imports					British Exports				
	1929	1933	1937	1938	% change since 1937	1929	1933	1937	1938	% change since 1937
	£	£	£	£		£	£	£	£	
Eire	9,975	4,134	5,469	5,250	− 4·0	9,199	5,056	5,751	4,797	− 16·5
W. Africa	2,613	1,269	3,399	2,124	− 37·5	2,712	1,278	3,258	2,202	− 32·5
S. Africa..	5,157	3,051	4,293	2,998	− 26·0	8,088	5,261	10533	9,437	− 10·2
India and Ceylon..	16,172	9,052	17,116	15755	− 7·8	19821	8,257	10290	9,142	− 10·4
Straits Settlem'nts	2,811	909	1,815	1,819	+ 0·2	3,332	1,023	2,159	1,987	− 7·9
Australia..	16,921	13786	19,402	21002	+ 8·6	12753	4,952	8,952	9,154	+ 2·4
New Zealand	16,171	12278	17,678	15372	− 12·5	4,390	1,904	4,472	4,264	− 4·6
Canada ...	10,682	9,918	20,607	17882	− 13·3	8,592	4,171	7,575	5,980	− 21·0
West Indies	1,681	1,706	4,079	3,388	− 17·0	1,224	1,052	1,527	1,316	− 13·8
Other countries	9,718	6,279	13,589	11726	− 13·6	7,125	4,840	7,618	8,117	+ 6·5
TOTAL ...	91,906	62382	107447	97314	− 9·4	77236	37794	62135	56396	− 9·2
As % of total of all groups	30·8	38·9	42·1	43·3		43·4	44·0	47·0	50·2	

TRADE WITH EUROPEAN COUNTRIES

April to June

(000's omitted)

From or to	Imports					British Exports				
	1929	1933	1937	1938	% change since 1937	1929	1933	1937	1938	% change since 1937
	£	£	£	£		£	£	£	£	
U.S.S.R.	5,572	2,379	5,121	3,106	− 39·6	983	872	476	1,732	+ 262·9
Finland...	3,110	2,429	4,178	3,956	− 5·2	893	744	1,501	1,404	− 6·5
Latvia ...	1,602	649	1,425	880	− 38·2	364	221	413	411	− 0·5
Sweden...	6,240	3,531	5,811	5,705	− 1·8	2,912	1,565	3,305	2,877	− 12·9
Norway ...	3,451	1,538	2,629	2,564	− 2·5	2,521	1,253	2,293	1,672	− 27·0
Denmark	13,766	9,298	8,899	9,521	+ 7·0	2,594	2,808	4,328	3,515	− 18·8
Poland ...	1,937	1,604	2,636	2,543	− 1·8	1,174	620	1,575	1,431	− 9·2
Germany	17,654	6,824	8,645	7,061	− 18·4	9,322	3,353	5,639	4,668	− 17·2
Holland	10,503	4,671	8,265	7,234	− 12·4	5,575	2,945	4,209	3,104	− 26·3
Dep. ...	3,984	3,511	6,384	6,030	− 5·6	2,571	718	1,148	1,026	− 10·7
Belgium	10,977	2,965	5,019	3,813	− 24·2	4,961	2,079	2,929	2,097	− 28·4
Dep. ...	42	8	14	34	+ 142·9	214	89	125	106	− 15·2
France ...	14,860	4,308	6,352	4,932	− 25·6	7,629	4,473	5,582	3,987	− 29·7
Dep.	1,923	744	1,540	1,647	+ 7·0	1,775	901	1,110	801	− 27·9
Switzerland	3,255	1,271	1,750	1,655	− 5·4	1,601	925	1,213	823	− 32·2
Portugal	931	539	1,037	813	− 21·6	994	748	1,037	813	− 21·6
Dep. ...	278	110	119	83	− 30·3	1,116	500	552	544	− 1·5
Spain ...	5,006	3,083	2,550	1,473	− 42·2	2,768	1,041	2,550	1,473	− 42·2
Dep. ...	1,157	727	1,113	988	− 11·2	446	355	96	67	− 29·2
Italy	3,888	2,115	1,970	1,584	− 19·8	3,926	2,133	1,146	1,442	+ 25·8
Dep. ...	14	3	39	43	+ 10·5	30	17	9	4	− 55·6
Austria ...	600	292	589	441	− 25·2	613	197	490	374	− 23·7
Czecho-slovakia	1,714	605	1,845	1,886	+ 2·2	560	185	676	579	− 14·3
Greece ...	369	283	227	227	...	1,090	461	606	1,050	+ 73·5
Roumania	439	978	1,119	832	− 25·6	574	560	433	364	− 16·0
OtherEuro-peancoun-tries ...	1,532	1,190	2,802	2,752	− 1·8	1,300	663	1,285	1,246	− 3·6
TOTAL ...	114821	55706	82084	71803	− 12·5	58538	30451	42720	37610	− 12·0
As % of total of all groups	38·3	34·6	32·5	31·7		33·5	35·7	32·2	33·5	

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE

April to June

(000's omitted)

From or to	Imports					British Exports				
	1929	1933	1937	1938	% change since 1937	1929	1933	1937	1938	% change since 1937
	£	£	£	£		£	£	£	£	
Turkey ...	373	157	281	208	− 26·0	877	365	331	879	+ 165·4
Egypt ...	5,810	2,767	3,221	2,803	− 13·0	2,957	1,460	1,787	2,118	+ 18·5
Iraq	223	60	905	591	− 34·7	602	474	601	472	− 22·8
Iran	2,135	1,806	3,656	2,033	− 44·4	501	196	707	1,204	+ 70·4
China ...	2,080	862	1,591	1,150	− 27·7	3,359	1,574	1,933	957	− 50·5
Japan ...	1,982	1,340	2,510	2,069	− 17·6	3,213	1,031	1,094	525	− 52·0
Dep. ...	...	313	181	151	− 16·5	44	54	117	66	− 44·1
U.S.A. ...	42,467	16070	23381	26115	+ 11·7	11198	4,060	7,549	3,814	− 49·4
Dep. ...	587	237	560	256	− 54·2	296	191	189	305	+ 61·4
Cuba ...	2,128	1,040	1,408	1,226	− 13·6	588	154	298	168	− 33·6
Mexico ...	679	841	1,054	246	− 76·7	622	341	590	171	− 72·0
Colombia	733	392	21	65	+ 209·5	1,005	596	782	485	− 38·0
Peru	794	740	1,158	421	− 63·7	521	215	317	261	− 17·7
Chile ...	3,647	1,353	3,501	2,378	− 32·1	1,977	125	436	389	− 10·8
Brazil ...	1,710	1,571	2,710	2,437	− 13·2	3,261	1,528	1,743	1,215	− 30·3
Uruguay	1,537	645	1,039	1,023	− 1·5	868	384	560	518	− 7·4
Bolivia ...	1,949	504	944	928	− 1·8	196	89	68	43	− 36·8
Argentina	19,885	10061	14477	8,551	− 41·0	6,597	3,088	4,761	3,996	− 16·1
Other countries	3,356	2,277	2,173	3,611	+ 67·1	3,119	1,413	1,408	729	− 48·2
TOTAL...	92,076	43040	64771	56262	− 13·1	41193	17338	25271	18315	− 27·5
As % of total of all groups	30·9	26·5	25·4	25·0		23·1	20·3	20·8	16·3	

RE-EXPORTS

April to June

(000's omitted)

To	1929	1933	1937	1938	% change since 1937
	£	£	£	£	
U.S.S.R.	626	217	4,388	3,621	− 17·5
Germany.....	7,070	2,612	2,391	1,727	− 27·7
Netherlands	1,176	516	630	397	− 37·0
Dependencies	35	16	23	27	+ 17·4
Belgium	2,767	1,142	2,288	1,313	− 42·6
Dependencies	9	6	5	3	− 40·0
France	5,779	1,849	2,486	2,515	+ 1·1
Dependencies	39	28	44	17	− 61·3
United States	4,206	2,930	2,769	1,763	− 36·3
Dependencies	10	3	3	3	...
Other Foreign Countries	3,170	948	3,650	2,921	− 20·0
Eire.....	2,433	1,201	1,404	1,520	+ 8·4
Other British Countries	3,144	1,113	1,712	1,338	− 21·8
TOTAL	30,464	12,581	21,793	17,165	− 21·2

Speaking very broadly, imports show a similar trend—the grant of imperial preference having raised the percentage of our imports from British countries from 30.8 per cent. in 1929 to 43.3 per cent. this year. But as between European and "other" foreign sources of supply our imports have shown a slightly different trend to the change in exports; for, whereas our purchases from Europe have continued to fall, our purchases from other continents have—after a drop in the early years of depression—remained fairly steady. Note, for example, the recovery in our purchases from the United States compared with the sorry record of our sales to that country. The only bright spot in this "non-European" table is Egypt and the Middle East. With this group our trade balance is better by over £4½ millions. In trade with South America we have bought less and sold less.

Taking Europe as a whole, the continued fall in imports means that the adverse balance of our trade with the Continent is less than a year ago. But there are some interesting ups and downs. Trade with the Scandinavian countries—in effect the trade treaty group—has been fairly well maintained; though Denmark has sold us slightly more and bought slightly less than a year ago. Trade with Russia has moved, as is to be expected, in an independent way—in this case in our favour, for imports have fallen and exports risen substantially. Trade with Germany has been surprisingly well maintained in the face of payment problems. In view of political difficulties and Germany's much-advertised attempt at self-sufficiency it will be a surprise to many to discover that Germany is Britain's best customer outside the British Empire—her purchases in the present returns having exceeded those of the United States. True, they have fallen heavily since 1929; but the fall has not been as great as the reduction in imports, which are down by £10 millions. Hence this significant little table:—

	Second Quarter of 1929	Second Quarter of 1938
Imports from Germany ...	£17·7 millions	£7·1 millions
Exports to Germany	9·3 "	4·7 "
Surplus of Imports	8·4 "	2·4 "

This surplus is the source from which Germany must pay her debts and finance her purchases of material from the other countries of the Empire. Whether these figures are cause or effect of the facts that Germany neither pays her debts nor has the funds to buy the materials which the overseas world is so anxious to sell, the statistics do not reveal; but they serve as a reminder that certain things cannot happen in the world of trade if a country will not accept imports. The European table shows that there has been some slight recovery in sales to Italy from the low level reached in the Abyssinian War.

The tables as a whole give an epitome of the economic history of recent years from which much may be learned. For example, trade with Argentina is down substantially; but far more on the import than on the export side. Indeed, in 1929, Argentina was our second largest source of supplies; to-day it is eighth in the list. Canada, on the other hand—which like Argentina has sold us less this year—has become a far more important factor in our economy. Again, trade with India—once easily first in the returns—has changed its course. We are still large buyers; but our sales have fallen by more than half since 1929—thanks to protection and public opinion in India and to competition from Japan India can more easily pay her charges to Great Britain; but at Lancashire's expense. Thus, the figures above are a gross total comprising many contrary tendencies, which makes it difficult to generalise. Clearly there is a general downward trend—partly as the result of lower prices; and in particular the material-producing countries have less to spend. But this is not—except in certain special cases—the result of reduced buying by Great Britain. We are even doing our best to keep the American farmer out of depression. We must therefore look deeper for ultimate causes; and one of them is unquestionably the sudden fall in the buying power of the United States.

There are not, however, on the surface any grounds for acute alarm about the future of British trade. Europe is already depressed as a trading region; the present setback is mainly to be sought farther afield where the movement of prices is all-important. It is too soon to prognosticate whether the depression in the commodity markets is lasting, and if so whether it will yet have more far-reaching effects on British overseas trade.

Sales and Cinderellas

CAREFUL students of the daily Press may have noticed in the last two or three years a new fashion in pictorial advertising. Its distinguishing feature is a collection of balloon-like shapes issuing from the mouths of certain *dramatis personæ* engaged in a play of human emotion—starting in a mood of despair and emerging in a blaze of social or professional triumph. The first picture is always of the furrowed brow, the drooping head, the balloon charged with words of suicidal gloom. The next will be more cheerful. The third perhaps a consultation among friends as to who shall tell the hero or the heroine the true facts. The fourth may be a visit to some specialist, who recommends (with the air of producing a novelty) a prescription long familiarised by expensive advertising to the entire British nation but unheard of hitherto by the hero or the heroine of the balloon drama. And, finally, the break in the clouds, the dawning of a new day, the ascent to triumph with love recaptured, popularity achieved, larger salary announced, greater responsibility accorded. The authors of these plays are no believers in a finish of Shakespearean tragedy.

You may perhaps have wondered sometimes who devised this drama of physical exhaustion, unpleasant smells, half-white cottons, greasy plates? Where does it all come from? To these questions the answer has recently been given by that amusing paper *The New Yorker*, in an article describing how an American citizen amassed in a few years a fortune of $25 millions out of the sale of an old-fashioned proprietary medicine that was not selling well. A conference was called to decide what new talking point could be thought of. It was attended by an old chemist who had for years been in the service of the firm, and it went approximately along these lines.

"The old master," said the chemist, "used to say it was good for halitosis."

"Hali what was that?" said the sales chief.

"Halitosis," said the chemist. "Latin for bad breath."

"Eureka!" cried the sales chief, returning Latin for Latin.

Now the word halitosis was at that time little known to the majority of American citizens. It is still unknown to some editions of the New English Dictionary and was added to that generous work the Concise Oxford Dictionary only in 1929 as "abnormally foul breath." But for all that it did the trick. It brought in the fortune of $25 millions. The sales manager's sound instinct had seized on it and he went away and worked out the story of a girl called Ernestine who had on the surface everything to

recommend her. She was good-looking, witty and charming. But she was a social failure. And why? Because without knowing it she suffered from that horrid thing, halitosis. "Ernestine shall henceforth sell our antiseptic." And, with her progress from shame to glory, she did.

Hitherto the mixture had been advertised in the old-fashioned "recommended by the medical faculty" type of advertisement, and there was some difficulty in persuading other interested parties of the virtues of the new style; but once they had allowed Ernestine a trial run opposition melted and Ernestine reigned alone. Heil Halitosis.

This Ernestine has now a large and thriving family whose members all talk in balloons and one and all tread the same path that she herself took. The English branch alone is extensive and socially very various. One of her sons is engaged in a commercial firm. After great early promise he somehow lost his snap, added the figures in the ledger up all wrong and was within hailing distance of the sack, when a kind doctor told him about you know what and within a month that managership of the Bombay branch was his. A daughter of hers, like Ernestine in her young days, simply could not get off, and at the tennis club dance we see her eyed askance by the young men, pitied by the other girls, a burden to herself. Told by a kind friend about the unfortunate chemical condition for which the scientific formula in advertising circles is b.o., and hearing by chance of Thingamajig she became so popular that at the winter whist drive you could not get near her for the boys. That lady, too, is Ernestine's daughter, who had asked a couple of neighbours to supper with self and husband and is first seen in an agony of remorse as the guests sniff and stare in a meaning way at the plates on which the chicken soufflé (with so much trouble spent on it) has been served at her table. She is told confidentially of Whatisit and at the last she sits —the regnant hostess of her native suburb—with her guests exclaiming, as guests will, "But, darling, these plates are clean."

Luckiest of all is the dear old family physician. He has what may be called a mass-production practice with no troublesome variety. All his patients suffer from the same complaint. To each the diagnosis is offered in the same scientific language, which never changes by a comma from one visitor to the next. There he sits, the happy man, finger-tips pressed together, reeling off the same old prescription for the same old malady at three guineas a nob, and never yet has he failed to effect a triumphant cure.

The truth is that Ernestine's family is working the Cinderella complex. Most of us, as we slave away at our monotonous jobs and endure the snubs and setbacks of outrageous fortune, know in our heart of hearts that we are Cinderellas; that we are really much finer and much abler and much more charming than the people who outshine us; and some little thing—we do not know what—is preventing our pre-eminence from being recognised. If only the fairy godmother would come along and show us to the world as we truly are, then the prince would worship us, the slipper would fit our foot and we should immediately be raised to whatever particular glory it may be that we most desire. In business or in love or in social life we should enjoy a spectacular success, and the £2,000-a-year job, the murmur of adoration, the envy of rival hostesses would be ours at once. It is because Ernestine and her children come as the fairy godmother and tell us what the trifling obstacle has been that they make these $25 million fortunes for their own parents.

It would be nice to end this article, as the advertisements themselves end, on a note of triumph. But a depressing thought intrudes. To make a fortune of $25 millions you need to sell an incredibly large number of bottles of disinfectant, and it is difficult to believe that all the people who fell for Ernestine and bought her wares had their hopes realised. There are, after all, only a certain number of vacancies at £2,000 a year in branches at Bombay and only comparatively few young men who look like Valentino and make love as he could make it. And while we joyfully congratulate the young folk who get their heart's desire by cleansing their breath or freshening their persons or regaining their morning energy, let us spare a thought for those less happy ones for whom the fairy godmother in the bottle or the bar of soap or the tin of liquid food opened no doors, provided no princes, fitted no glass slippers. There must still be some here and there who after months of soaping and doping continue to repel the men and infuriate the boss. *Vae victis.* Greek for Poor Devils.

Topics of the Week

Science and Welfare.—The scientist has not infrequently been regarded as a fiend whose activities ought to be suppressed. Sometimes the charge is a general one, brought by people who yearn for the fancied simplicity of an earlier age and who never write the word progress without putting it in inverted commas. But more specifically he is often accused of devising vile instruments of destruction for use in modern warfare, and it was this charge which Lord Rayleigh so effectively answered in his presidential address at the Cambridge meeting of the British Association. In a troubled world much research has warlike bearings, and some necessarily has direct warlike intentions. But Lord Rayleigh had little difficulty in showing that the development of such things as explosives or poison gas merely represented the application of scientific knowledge already discovered by people who had no idea of its subsequent uses. Many of these discoveries had proved of great value in peaceful fields, so that it was obviously absurd to cut off the supply of information at its source. The proper course was to see that it was subsequently applied in ways that would be beneficial to mankind, and here Lord Rayleigh frankly (and rightly) admitted that scientists as such could do very little. If the general body of citizens so arrange their affairs that preparation for war becomes a major industry, then they, and not the scientists, must bear the responsibility for the fact that scientific knowledge is applied to warlike ends. The British Association has, however, done what it can by setting up a special division to study the social and international relations of science. Such a body naturally receives our good wishes, but it is more likely to be successful in dealing with civilian questions than in humanising warfare. The supreme political problem of removing violence from international life cannot be solved by the scientific backdoor.

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The Dominions and Foreign Policy.—So many vague generalities are spoken about the value of "Imperial co-operation" and "the mutual exchange of ideas" that the casual reader seldom gets further than the headlines when a speech on these topics is reported. Yet it is undoubtedly a subject of great importance, particularly in the field of foreign policy, and one which admits of no easy solution. Mr Menzies, the Australian Attorney-General, made this clear in his farewell statement to the Press. If he had stopped at that point his contribution might reasonably have been dismissed as "the usual high-sounding phrases which get you nowhere." But he advanced the matter one step further by setting out his view of the rôles of the various partners in rather more detail. Since London is, in fact, the centre, Dominion pride should in no way be offended by an arrangement whereby the Government of Great Britain in effect spoke for the whole Empire in large matters of international policy, but only after, as far as possible, inviting Dominion criticism and paying due heed to Dominion views; while the Government in each Dominion recognised that they should make an effective contribution to Empire policy and Empire security. Few people will wish to quarrel with this statement of policy, but it is still only a general policy, which has next to be translated into practice. The inevitable difficulties in the way of effective consultation are only too obvious. This fact makes the frequent overhaul of the machinery all the more necessary, and if Mr Hughes, the Commonwealth Minister for External Affairs, can substantiate his charges against the Dominions Office, then the matter should be put right immediately. He has, however, received little support from his colleagues in the Australian Cabinet. But difficulties will remain, even if television and wireless telephony should enable the Ministers in all parts of the Empire to join in a round-world conference. There is always the danger of excessive delay, particularly as some Dominions regard the Ministry of Foreign Affairs as a relatively unimportant post and would expect its occupant to consult the Cabinet at frequent intervals. But even if the machinery of consultation could be ideally perfected, that would not by itself, as is sometimes implied, create a common foreign policy. Even within the Commonwealth, the various Governments may be quite unable to agree on a common policy either because the interests of their countries are divergent or because they differ in political views. Clearly, the problems of reconciling independent sovereignty with common allegiance have not yet been solved. And they will not be solved by ignoring their difficulty, or pretending that they arise solely out of imperfect communications.

* * *

Manœuvres or Mobilisation?—The unwontedly lavish dissemination in Germany of official details about the calling-up of reservists, hasty fortification of frontier areas, manning of Rhineland and Czechoslovak frontier defences, and autumn manœuvres, neither reduces their ominous import, nor mitigates the unwisdom of operations which, in Europe to-day, look suspiciously like "rocking the boat." But it does, at least, demonstrate the Nazi leaders' desire to cow the London and Paris Cabinets into acquiescent submissiveness to German claims and designs in Central Europe—in Hungary as well as in Czechoslovakia. Moreover, the Nazis are no doubt trying to exert a little indirect influence upon the London-Paris axis, in favour of Signor Mussolini, with the aim of keeping the Pyrenean frontier "voluntarily" closed by France, to meet British requests, rather than "enlarge the risk of a spread of the conflict." (This time-honoured Italo-German process has long been known in America as "pulling a fast one" over the British.) Thirdly, the more extreme Nazi leaders are said this week to have been so alarmed, out of concern for power and Party as much as for patriotism, by the substantial and rapid slump on the Bourse and the dislocation of civil (and even certain sections of the re-armament) industry, that they urged upon the more responsible figureheads and the General Staff the need of "another Austria" as pabulum for popular perturbation. The prestige of the "first Austria" has only lasted this regime five months; and the only other available Austrias are now well outside all frontiers which, by the wildest stretch of imagination, can be said to be unfair to Germany proper. Since Herr Hitler abandoned in Rome, in favour of Signor Mussolini, all claim to the South Tyrol, there are "rats and mice and such small deer" like Danzig, (already Nazified), Eupen, Malmédy, North Schleswig and Memel; and there are, of course, Czechoslovakia and Hungary. Both the latter are now in the forefront of the German picture, Czechoslovakia in the current dispute, and Hungary in the State visit to Kiel next week. Perhaps surprises are, after all, despite professions by the official Anglo-French newspapers to view German manœuvres with equanimity, afoot. As Lord Palmerston said of Napoleon's tactics, the secret of Herr Hitler's successes is that he roars for a long time about what he will do next, then does it; and everyone gets so used to expecting it that, when it happens, they look upon it as an inevitable conclusion to a historical syllogism. They are therefore neither shocked nor surprised when it happens, but only relieved. Now that Germany is fortifying and levying semi-mobilisation in the Rhineland and Austria, what would not those, who hailed the military occupation of the Rhineland and of Austria as the removal of "obstacles to peace," now give to regain a tithe of the relief they then prematurely felt?

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The Week in Czechoslovakia.—The extent and duration of the so-called normal German military manœuvres round the Czech frontier have confirmed the Czechoslovaks' belief that the Nazis aim thereby at overawing not only Prague, but also Paris and London, into granting such concessions to the Henlein Party as would in effect deliver the republic into the hands of the Third Reich. So far the German manœuvres have not shaken the well-tried nerves of the Czechoslovaks, already hardened to such demonstrations before May 20th; but they have, apparently, either as cause or accompaniment, served to stiffen the attitude of those lieutenants of Herr Henlein who have long been charged with the duty of negotiating with the Czechoslovak Coalition Cabinet—and therefore with Lord Runciman. These representatives of the Sudeten German Party on Wednesday threw back on the Coalition and Political Committee of the Cabinet the combined terms of the proposed Nationalities Statute, amended Language Law and Administrative Reform Bill, and stood pat on the "minimum" demands outlined in Herr Henlein's Carlsbad speech of April 24th and in the Party's memorandum to the Prime Minister, Dr Hodza, of June 7th. Thus, once again, utter deadlock—the position just before Lord Runciman's nomination—is reached between the concern of the Government to safeguard the State's integrity and the claims of the Sudeten Party, which, in a covering memorandum on Wednesday, went so far as demanding complete equality of *powers*, as well as of *rights*, between Sudeten Germans and Czechoslovaks. The first entry of Herr Henlein into the negotiations on Thursday, when he saw Lord Runciman, may help to resolve the deadlock. But it is hard to see what Dr Hodza, or Lord Runciman, or the combined British and French Governments, can do to meet all demands, short of urging Czechoslovakia to enter the Third Reich lock,

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stock and barrel. The Sudeten claims are pushed higher, parallel with the assembling of forces on Czechoslovak frontiers. It is, therefore, clearly no longer an internal Czechoslovak, but an international European question.

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In the political confusion, the economic factor is of growing importance, especially as civil industry is slowly running down in Germany compared with re-armament, and as the Sudeten's industries are wholly civil in nature. Their markets have been cut away by the German forced economic drive to the south-east, in which they have been unable to compete with heavy Reich subsidies. This, rather than any Czech discrimination, is the cause of their persistent unemployment; but other causes are the disturbing psychological effects on the Sudeten workers of unwanted Party drill and discipline, effects of Party-fostered fears, and the foreign boycott of the region's predominantly exportable products. The experience of Austrian industry should by now have shown the Sudeten employers and employees that a Third Reich which now contains and has to run Austria will have—especially in view of recent economic evidences in Germany—little left over to run the Sudetenland industries or to pay Utopian subsidies. Clearly, the Czechoslovak Cabinet has the right to take Sudeten protestations of loyalty at their face value and to ask how the Sudetens propose to run the area economically without depending either on German or Czech subsidies. This is a problem on which, we hope, the views of Lord Runciman and of his economic experts will be canvassed.

* * *

Aerial Deeds and Disasters.—Last week-end brought news of the first completed round flight direct between Berlin and New York. It was completed in fine style by the Focke-Wulf "Condor," a four-engined monoplane of conventional and familiar design; but the achievement was to fly an ordinary commercial machine, to which extra petrol tanks alone had been added, from Berlin non-stop to New York on Wednesday of last week at an average speed of 161 m.p.h. in just under 25 hours, and to fly back non-stop on Saturday at 207 m.p.h. in under 20 hours, thus beating the late Wiley Post's record. The same week-end provided, however, news of a train of aerial disasters. A Czechoslovak air liner on the way to Strasburg and Paris crashed in low mist on the hills of Baden just before reaching France, and in all 17 lives were lost. On Sunday it was reported that a Mexican air liner, missing since Friday of last week, on the stretch from Yucatán to Vera Cruz and Mexico City, had been found with all 11 occupants killed on the side of a mountain in the State of Vera Cruz on the isthmus between the Mexique Bay and the Caribbean. Here thickly wooded mountains rise among giant rain clouds, blown to and fro across the isthmus between the two seas; and, though flown by skilled Mexican pilots, the passage in fine weather is always bumpy. This air liner, caught in a tropical rainstorm, came to grief in almost precisely the same way as the Czechoslovak machine thousands of miles away in Europe. It is becoming obvious that, while machines and men have been developed to the pitch of perfection and the risks of commercial flight have by now been reduced to negligible dimensions, weather and atmospheric conditions are the last remaining obstacle to be overcome. For this, as both British and American official commissions of inquiry have recommended, continuous communication with the navigator throughout all weather and the whole passage, serving him with all information, is the next logical development. That, however, is a matter of capital investment on the ground. Not till it is done will the air be really safe.

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The National Archives.—The establishment, on August 14, 1838, of the Public Record Office marked the tardy reform of one of the major scandals of British public administration one hundred years ago. Lurid details revealing the neglect in which the national archives were being allowed to moulder and decay had been disclosed by the inquiries of a Select Committee of the House of Commons of 1836. The dilapidating forces of nature, which included rats and other vermin as well as rain, hail and flood, were on occasion aided rather than checked by those into whose custody the records were committed. Soldiers and labourers found that useful supplements to their meagre pay could be had by supplying old parchments to glue makers, and their crimes were only exceeded by those of the State itself in selling Exchequer records to fishmongers for a few pounds a ton. The Record Commission established in 1800 cost the country vast sums of money and yielded in return merely a few printed volumes of very varying value. Nothing had been done to preserve the originals or to make them easier of access. So vexatious were the fees exacted by their custodians that historical research necessarily remained a privilege for the very rich and the very leisured. To this state of affairs the Act of August 14, 1838, for keeping safely the public records, brought a salutary reform. It led to the foundation of the present Record Office and so laid the foundation of our modern archive administration.

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The Public Record Office took over and safeguarded the miscellaneous accumulations of past centuries, and has provided also for the continuing accumulations thrown up by the machinery of State. Its efficient discharge of these tasks makes it a much-frequented public department. Beyond the care and arrangement of the enormous and annually growing material in its charge, the Public Record Office has from the first pursued a publication policy to make thousands of documents available to scholars unable to visit Chancery Lane. The present policy of confining the publications of the Office to transcripts and summaries of important classes of State papers (Acts of the Privy Council, Patent Rolls, Close Rolls, Treasury Books, Domestic and Foreign State Papers, etc., and Lists and Indexes of other classes) was begun by Sir Henry Maxwell-Lyte, who became Deputy Keeper, under the Master of the Rolls, in 1886. His predecessors had issued, in the Rolls Series, a magnificent collection of mediæval chronicles and other documents which were not strictly State papers. The cumulative result of such work, a by-product of the national duty of maintaining the public records, has endowed historical research in Great Britain with a degree of State assistance afforded to no other branch of humanistic study. The Public Record Office, at its centenary, has an impressive achievement to its credit. To extend its utility by enlarging its existing facilities for research and by accelerating its relatively inexpensive and now severely rationed series of publications are two additional improvements now amply justified by one hundred years of good stewardship.

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The Air Ministry in Mayfair.—The expansion of the Royal Air Force has swollen the Air Ministry to such gargantuan size that it has taken a whole new vast office-building in Berkeley Square merely to house its overflow. The Ministry's staff numbered 3,496 in the financial year 1937-38, and the current Estimates provide for a total of 4,406. The old accommodation at Adastral House has long been too small, and various branches have been widely scattered; the multiplicity of these offices alone was enough to produce some inefficiency. In September a number of these scattered sections will be concentrated under the new roof, notably the equipment staff and the supply staff. Headquarters will remain in Kingsway, but there will henceforth only be two main centres. The change has two main features of public interest. The first is the ominous evidence it provides of the rapid growth of the defence departments. Offices in Berkeley Square are by no means the same thing as huts in the parks, but they are alike in being symptoms of that painful public disease, elephantiasis of the bureaucracy. Secondly, the Air Ministry's new acquisition illustrates the strong trend towards the development of Mayfair as a commercial district. Distance from the previously accepted centres of commercial life is ceasing to be a drawback. The two centres of the Air Ministry, for example, will be two miles apart. The telephone will presumably bridge the gap. Indeed, the whole development of Mayfair can be said to be a delayed reaction to the invention of Mr Alexander Graham Bell.

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Social Security in New Zealand.—The long awaited Social Security Bill of the New Zealand Government was introduced into Parliament on August 12th. The main proposals follow closely the preliminary description given by the Prime Minister as long ago as February 26th. Their comprehensiveness may be judged by the fact that the cabled summaries merely included provision for unemployment among "other proposed benefits." Indeed, apart from education, the Bill covers virtually the whole field of the social services, even to pensions for veterans of the Maori War (which are raised to 30s. a week). In some fields it is little more than a consolidating measure, but in others it introduces far-reaching developments. The feature which has attracted most attention is the granting of a weekly pension of 30s. to every man or woman who can pass a test as to residence and means. The qualifying period is ten years for those who were resident on March 15, 1938, and twenty years for subsequent arrivals. The means test provides for a deduction to prevent the total weekly income exceeding 50s. in the case of a single person or 80s. for a married couple. In 1940 a step is to be taken towards universal superannuation at 65 by the provision of a pension of £10 per annum *without* a means test; the annual payment is thereafter to be raised by 50s. each year until £78 is reached. The scheme also establishes a national health service under which everybody, irrespective of means, will be entitled to the services of a general practitioner; the patient may select his doctor in the same way as under the British panel system, and the range of services is also similar. Special sections provide for free maternity services, including 14 days in a maternity hospital, free hospital treatment, free medicines or drugs, and assistance towards the cost of specialist treatment. Other provisions include widows', orphans' and invalid pensions on a scale broadly similar to those for people over 60. Unemployment benefit is at the rate of £1 a week for an adult, with an extra 15s. for a wife and 5s. for each child under 16 years old.

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The scheme has aroused determined opposition from the doctors, who do not approve of the proposal whereby the services of a general practitioner are to be made available to everyone. A ballot conducted by the New Zealand branch of the B.M.A. showed less than 5 per cent. of the profession in favour. One may perhaps recall the hostile attitude of the profession to Mr Lloyd George's Bill, and assume that some arrangement will be reached before April, 1939, when the scheme is to come into operation. A more general criticism is to the effect that the country cannot afford so imposing an array of services on such a generous scale. The finance of the scheme was discussed in detail in a leading article on page 174 of *The Economist* for July 23rd and in a Note on page 236 of the next week's issue. The total cost (not all of which, however, represents new expenditure) is estimated at about £16 millions in the first year. It is to be met partly by a special "social security contribution" to be levied on all incomes received by people over 16 at the flat rate of 1s. in the £. There is also to be a registration fee of 5s. a year for women and people under 20 and 5s. a quarter for others. These are expected to yield some £8 millions, but they replace a similar unemployment tax of 8d. in the £. The net charge to consolidated revenue is a subject of considerable dispute, but the exact figure for the first year is of less importance than the future possibilities. Unemployment is now at such a low level that the cost of this provision seems hardly to be mentioned by the disputants; but this will not always be so. And the present age composition of the population is highly abnormal, so that the £6 millions allowed as the immediate cost of the pensions is hopelessly misleading as a guide to what will be required in future.

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The Colonial Secretary on Palestine.—On August 11th Mr MacDonald reported to the Prime Minister on his conference in Palestine with the High Commissioner and with the General Officer in command there, and on the same evening he made a broadcast statement to the public on the Palestinian problem. There was a ring of sincerity and good intentions in his words which must command sympathy from all parties. Yet his statement leaves us with some misgivings. True, he expressed a belief in that urgency for immediate action which was emphasised, more than a year ago, in the report of the Royal Commission. He told us that the work of the Technical Commission ought to be completed within a few weeks, and that, "after that, decisions must be reached with the least possible delay." He rather reluctantly agreed that the attempt to restore and maintain order is, and must remain, an impossible task until a definite policy has been decided upon and been put into effect. But what is the Government's policy to-day? It was on this capital question that Mr MacDonald faltered most disconcertingly in his speech. "The Government," he reminded his hearers, "have accepted, as the best and most hopeful solution," the partition plan which the Royal Commission urgently recommended more than a year ago now. "But," Mr MacDonald went on to say, "final decisions cannot be taken" until the Technical Commission has reported too. Does this mean that the Government have not yet decided, even in principle, on either the partition policy of the Royal Commission or any other of the diverse competing policies that have now been lying on the table for months and even years past? If, several weeks hence, the Government are really going to start from scratch in their treasure hunt in search of a Palestinian policy, then "the least possible delay" which must elapse before the reaching of any "decisions" can hardly fail to take a ghastly toll of lives at the present weekly rate of outrages. On the very day on which Mr MacDonald in London was rendering his account to the Prime Minister and public of the United Kingdom, there were four fights in Palestine between the Government forces and their adversaries, and in one of these military engagements three Arab peasant women "who came into the line of fire" were seriously wounded. Last Saturday the garrison engineer of Jerusalem, Captain J. S. Howe, was ambushed and killed in his car on the road from Jerusalem to Bethlehem. On the same day, a Jew and his wife were ambushed and killed while out

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bicycling and their child of seven seriously injured. The Government must know what to do, and do it quickly. Procrastination will spell disaster for Palestine.

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Poland and the League.—In Warsaw it has been announced that the Polish Government propose to withdraw the permanent delegate whom they have hitherto accredited to the secretariat of the League of Nations at Geneva. It is rumoured at the same time that Poland may refrain from again putting forward the candidature for the "semi-permanent" seat on the League Council, which she has held ever since the admission of Germany to the League, with a permanent seat on the Council, in 1926. The Poles will no doubt pat themselves on the back for their "realism" in getting off a sinking ship before she takes her final plunge. To get off a ship at any moment is always easy; but before we endorse the disembarking passenger's pretension to be a "realist," we must know whether the plank along which he is stepping ends in an unsinkable lifeboat or in a sheer drop into the ocean. If the group of Polish statesmen who at present hold their country's destinies in their hands believe that the League of Nations, with all that it stands for, is doomed, we wonder what exactly may be the alternative regime in Europe to which they are looking forward with such an air of complacency. Are they expecting that military hegemony of Germany, to which the Swiss Federal Council seem to be looking forward with profound apprehension? If this is the alternative to the League which the Poles, as well as the Swiss, see looming up over the international horizon, surely Poland, so far from being able to afford to smile, has far more reason than Switzerland to feel gloomy. The traditional neutrality of Switzerland might just conceivably be respected by an all-powerful Germany. But the post-war independence of Poland? Polish Corridor and all? If Poland escaped a fifth partition in a Europe in which Germany had established her mastery, that would only be because the Third Reich had a big enough appetite, and a sufficiently capacious maw, to swallow Poland whole instead of taking two bites at the cherry. For our part—and we fancy that this is the prevalent Anglo-French view—we do not believe that, if fresh disaster is brought upon Europe, a German military domination over the rest of us will be the outcome of it. If a unification of Europe under a German yoke is not practical politics—and, for this, the Poles may thank their stars—then the only alternative is the League in a more effective form than the present.

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Hope Deferred in Spain.—Some hearts are sick with deferred hopes in Spain; others—among which are those of the British Cabinet—are only being searched. To the former category belong those of General Franco, Signor Mussolini, and—of the French. The insurgents and their Italian allies by air, sea and land seem as far as ever from that victory, crushing and complete, which will finally place the palm upon the tired brows of Signor Mussolini's "volunteer" warriors. Either that, or an armistice that gives victory to no side, must occur. Then, alone, can the "volunteers" quit Spanish territory. Then, alone, can they be repatriated without fear of leavening the Italian people's loaf with discontent and disillusion. Realisation of this has prevented General Franco from accepting the Non-intervention Committee's (British) Plan for the withdrawal of "volunteers" as speedily as the Spanish Government accepted it in principle nearly six weeks ago. On Tuesday his reply was received in London; and it is said to take strong exception to many vital features of the plan. This means that the committee will have to be convoked again to discuss both the contestants' replies. That will take more time; and then, we may be reasonably sure, dissentient sympathies will divide the committee and delay action. Meanwhile what has been making French hearts sick—and, surely, as many British as do not belong to men of stone—is that the Pyrenean frontier is still "voluntarily" bolted and barred by the French Government to the Spanish Government, though everyone has now been told from Paris that this was, and is, still being done at the express request of the British Government in another desperate endeavour to get General Franco and Signor Mussolini to let their "volunteers" go before winning a victory. If General Franco's reply is calculated merely to gain more time for that victory, it will be nothing short of monstrous favouritism of General Franco's cause if His Majesty's Government continue to press the French to discriminate against the Spanish Government. Indeed, if the British Government try to keep it up, they may provoke a first-class upheaval in France herself, at our very doors, and at a time when European tension would bid us beware. For the French workers, through the voices of MM. Blum and Jouhaux, have been declaring themselves restive about adoption of British policies to no purpose and to France's manifest peril.

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The War in Spain.—All the time the conflict goes on. The insurgents creep forward on the Estremadura front; they are halted on the Teruel-Sagunto line; and they are trying to roll the Government forces back across the Ebro again. The Balearic bombers, now openly claimed as Italian by the Italian press, still rain death on the towns along the Spanish Government's Mediterranean littoral; and this week again they have killed a British wireless operator and wounded another British N.I.C. observer and sailors in attacks on British shipping. In this context a pretty passage-at-arms has been going on between the Foreign Office and the committee of shipowners trading to Spain. The questions were whether General Franco had undertaken to pay compensation for the results of attacks found by the new inquiry commission to be deliberately made by his aircraft; and whether the Foreign Office itself had presented to the shipowners terms for regulating future incidents of a final "take-it-or-leave-it" kind or only for discussion and amendment. The shipowners refused to treat with General Franco or the Foreign Office on the basis originally presented to them; and the Foreign Office announced last Saturday that the basis was only provisional and would be further amended, if necessary. This week, too, the Spanish Government under Dr Negrin resigned and was reconstructed with two new members in place of those who had opposed decrees assimilating the status of workers in armament and ancillary industries to that of soldiers. More hopeful, perhaps, than any other news of the week about Spain is the announcement of the agreement of both contestants to the despatch of a commission of three British officers headed by Sir Philip Chetwode to Spain to arrange for exchanges of prisoners and other persons detained by either side. But from this commission, the commission of observers to report on deliberate bombings of British property by the insurgents' aircraft, and the commission in France which is held ready to report on indiscriminate bombings of the civil population, to a truce in Spain is still a long step.

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The Far Eastern Tangle.—The peace at Changkufeng has been signed and, despite Russian and Japanese rumours and mutterings to the contrary, kept for a week. It will probably be kept now for some time; the reason seems to be the unwonted sobriety with which the Japanese on this occasion have viewed all the contingencies. At the week-end there were reports of an ugly incident on the border which cuts Russian territory in the north of the island of Sakhalin from Japanese in the south; a Japanese Minseito M.P. and his companions are said to have been fired on by Russian guards. But Japan has now closed this frontier altogether. Meanwhile, while boundary commissions set to work in the Korean-Manchukuoan-Russian triangle near Changkufeng, the Japanese military authorities last week-end once more declared in Tokyo that their swords will not sleep in their hands until they have

built a Japanese Jerusalem in China's pleasant land, and hounded Marshal Chiang-kai-shek from power. China will be harried with redoubled Japanese fury to accomplish that end; and, indeed, this week thousands of people have been killed and wounded in the resumed Japanese air raids on Canton, Hankow, and other cities. The offensive up both banks of the Yangtse to Hankow has been halted until October, when the rains will have subsided and deprived the Chinese, so the Japanese account runs, of the opportunity to flood the low-lying terrain of approach; but skirmishing over a vast area is being kept up in Chinese guerrillas. Meanwhile the Japanese Finance Minister, Mr Ikeda, in a statement last Saturday, referred to Japan's desire to collaborate "with other Powers" in the economic rehabilitation of China after the war was over; and on Tuesday the Cabinet, in passing measures to prosecute the war with greater intensity, referred in their *communiqué* to the situation as it would emerge after the war and admitted that no plans could yet be made. At the same time, the Japanese have expressed a desire to carry the conversations begun with the British Ambassador for better relations a stage further; and the Japanese Minister in Paris has declared that Japan wants to improve her relations with France. Reading this with the record of events on the Russian border, are we to presume that Japan is beginning to repair her diplomatic bridges to the Western democracies? It is at least a hopeful sign.

* * *

The End of the McKenna Duties.—The McKenna duties come to an end on Saturday of this week. Originally imposed in September, 1915, and taking their name from the Chancellor of the Exchequer of the day, they are the oldest of our major protective duties. They were levied at a uniform rate of 33⅓ per cent. (with an Imperial Preference of one-third) on cinematograph films, clocks and watches, musical instruments and, pre-eminently, motor cars. The McKenna duties have not had a continuous existence, since Mr Philip Snowden removed them in 1924, but they were re-imposed by his successor in 1925. Nobody should imagine that the passing of these duties means a reduction in the imposts to be charged on films, clocks, organs and cars on coming into the country, for Treasury Orders have been issued under the Import Duties Act of 1932 and the Finance Act of 1938 imposing, from Sunday, exactly the same rates of duty as have hitherto been charged under the McKenna ægis. Indeed, the whole purpose of the change is to open the way for an increase in some at least of the duties, for the significant difference between McKenna duties and Import Duties Act tariffs is that in the latter case it is open to the industry to apply to the Import Duties Advisory Council for an increase of duty. Application will be made immediately by the Society of Motor Manufacturers and Traders, who are greatly perturbed at the increase in imports of Opel cars from Germany. It is highly probable that an increase in the duty on these small cars will be granted, on the charge that the German exports are assisted by subsidies and exchange manipulations. But we trust the charge will first be proved. The British motor industry would also undoubtedly like to have increased protection against high-powered American cars. This is an entirely different matter, since there is no question of unfair competition, and the existing protection of 33⅓ per cent. is not only high in itself but is in practice substantially increased by the rules in force for the valuation of imported vehicles. Fortunately, the imminence of the Anglo-American Trade Agreement probably provides a complete assurance that the demise of the McKenna duties is not to be made the occasion of an increase in the duties levied on one of the most important items in the list of American exports to Great Britain.

Overseas Correspondence

From Our Special Correspondents

United States

Recovery: Opinions and Facts

New York, August 8.—Opinion now seems to be unanimous that a decisive cyclical turn in our economy occurred in June. The most conspicuous evidence of this opinion has been the rise in common stocks. In the last two months the indices show a gain of over 30 per cent.; but among the lower-priced shares, advances of between 50 and 100 per cent. are almost general.

Supporting this opinion is the fact that Moody's index of the prices of primary commodities has advanced about 10 per cent., mainly owing to a rise in industrial materials; the markets for food grains have been weak, owing to the pressure of current supplies. This advance in raw material prices is attributed chiefly to a desire to replenish inventories depleted during the period of the buyer's market, which ran approximately from September, 1937, to the end of May, 1938.

The second principal factor supporting the opinion of the cyclical turn is the index of steel operations. The following table gives the estimates of the Iron and Steel Institute:

STEEL OPERATIONS
(Percentage of Estimated Capacity)

Month		Week ended	
July, 1937	78	June, 6, 1938	26
Aug. ,,	84	,, 13, ,,	26
Sept. ,,	76	,, 20, ,,	27
Oct. ,,	58	,, 27, ,,	28
Nov. ,,	38	July 4, ,,	29
Dec. ,,	25	,, 11, ,,	22*
Jan., 1938	29	,, 18, ,,	32
Feb. ,,	32	,, 25, ,,	36
Mar. ,,	34	Aug. 1, ,,	37
Apr. ,,	33	,, 8, ,,	40
May ,,	30	,, 15, ,,	39

* Includes July 4th holiday.

The average rate for the eight months, November, 1937-June, 1938, was approximately 30 per cent. of capacity, which was under half the average of the eight months preceding. The rise in the past month from 30 to 40 per cent. has all the appearance of a decisive change of direction. It is reported, however, that this rate is in excess of current consumers' demand, and represents to some extent a building up of stocks by producers who expect larger orders in future. In other words, the index of steel operations is the counterpart of the index of sensitive commodity prices; and in this instance both seem to reflect a change in anticipations as much as, or more than, a change in actualities.

In the industries which are closer to the individual consumer, reports of increased business are still more marked. July rayon shipments were double the June total; activity in cotton and shoe-making is higher, and the sale of motor cars, especially used cars, is said to be remarkably good.

Economics of the Motor Car

Except for the weekly index of steel production, no data are so closely scrutinised as those affecting the motor industry. While the secular trend in this industry has not been strongly marked in the last decade, the table shows that cyclical fluctuations have been very wide.

PASSENGER MOTOR CARS IN THE U.S. (Thousands)

Year	Home Sales* of New Cars	Total Registrations (December 31)
1923	*3,439*	*13,291*
1929	4,138	23,273
1930	2,538	23,233
1931	1,840	22,538
1932	1,064	21,066
1933	1,476	20,830
1934	1,995	21,744
1935	3,043	22,801
1936	3,459	24,246
1937	3,643	25,459

* Production less exports.

As early as 1923, production exceeded 3,400,000 cars, and that year's output has been materially surpassed only in 1929 and 1937. However, while there were some poor years before 1929, the recessions were short and comparatively small, whereas the decline in production between 1929 and 1932 was catastrophic. On the other hand, it will be noticed that this great decline in production did not cause a corresponding shrinkage of the number of cars in use. Similarly, the output for the calendar year 1938 may be estimated at about half that of 1937, but it is most unlikely that the number in use at the end of the year will be materially reduced.

In 1923 the number of cars produced was about 25 per cent. of the number in use at the end of the year; in 1937 it was about 14 per cent.; in 1938 the ratio will presumably be considerably under 10 per cent. The importance of replacement demand is clearly growing relatively to that for expansion.

The passenger car is essentially a consumer good, but fluctuations in its output are greater than in most consumption industries. For while the public shows great tenacity in clinging to its cars under the most adverse conditions, its capacity to defer purchase is almost equally great. Conversely, in prosperous times, its desire and capacity to acquire new cars is highly elastic.

The life of a motor car was formerly assumed to be seven years, but it seems likely that between a third and one-half of the cars on the road are beyond that age. The question of the demand for new cars in any given year is therefore only slightly related to the number of cars theoretically "worn out" in the previous year; it is rather determined by the prosperity of those persons who already have relatively new cars, and who have the means and desire to possess an absolutely new one. Because of the magnitude of the industry, this sensitivity of the demand to economic conditions makes good years better and bad years worse; and data on current conditions or expectations in the motor industry are therefore correctly regarded as highly important indices of general trends.

Negative Rates of Interest

A rather curious situation has arisen in the money market. While banks pay no interest on demand deposits, they are assessed one-twelfth of one per cent. on them for Federal deposit insurance. Since the gold desterilisation programme of April, no offer of Treasury Bills has brought a rate as high as that, and the banks are actually out of pocket in carrying Treasury paper of short maturity. This correspondence has previously mentioned instances of negative interest in the New York market, and it is clearly becoming a phenomenon of some significance, though of uncertain implications.

Although Congress is not in session, reports of proposals for the usual annual changes in Federal taxation are beginning to appear in the Press. Suggestions were made during the last session for ending the practice of tax-exemption on future issues of Government and local securities, as well as on the salaries of officials. The magnitude of the sums involved may be judged from these figures: about $60,000 millions of public securities (two-thirds Federal, one-third local) are wholly or partially exempt from income taxation; some 2½ million local government officials are exempt from Federal income taxation, and about a million Federal officials are exempt from State income taxation. It is not proposed that outstanding tax-exempt securities become taxable, but that future issues should be. According to dispatches from Washington, a comprehensive revision of Federal taxation is to be presented to the next session of Congress.

France

Renewed Pressure on the Franc

PARIS, August 18.—The pound has been weak against the dollar, and the franc has been weak in sympathy. Its weakness has, indeed, been greater, so that the sterling-franc rate has been very near to the official limit of 179 to the pound.

The reasons are not difficult to find. The French convalescence is uncertain and comparatively recent; rumours of a general currency realignment or of exchange restrictions receive a ready hearing in a country which in the last two years has proceeded from devaluation to devaluation; and fears of war find an equally ready acceptance. There is no panic, comparatively little nervousness, but the exchanges reveal a pressure, a small but persistent leakage, which is always dangerous in a market which has not the reserves of the City.

Social Difficulties

Meanwhile the internal industrial revival proceeds only slowly. The fundamental measures of recovery, such as the revision of the too famous forty-hour week, encounter stubborn resistance when applied, as in the case of the dock strike at Marseilles.

The Government seems to aim at avoiding social disturbances while Germany is menacing the frontier, but it may have to face an economic crisis, the political and social consequences of which might be even worse. For the time being, however, the Ministers declare that there is no need for Parliament to reassemble, as they have no intention of introducing exchange control.

Slight Rise in Production

The Statistique Générale has now published its monthly statistics of industrial production:—

(1928 = 100)

	June, 1937	April, 1938	May, 1938	June, 1938
General index	*88*	...	...	...
Mines	84	95	91	93
Chemical industries	106	98	98	...
Paper	192	142	153	...
Textiles	86	78	...	...
Leather	70	...	...	...
Iron and steel	85	68	65	64
Engineering	90	78	78	...
Automobile	78	67	88	91
Building	60	59	59	59
Gas and electricity	128	...	...	...
Miscellaneous	104	...	...	...

In the motor industry 18,690 vehicles were put on the road in June, against 18,595 in May and 12,922 in April. Both branches of the cotton industry report rather higher stocks than last year, but there is little change on the month. Output was slightly larger than in May.

Wholesale prices have declined, particularly in the case of foodstuffs, and the retail index also shows a fall:—

	June, 1937	April, 1938	May, 1938	June, 1938	Aug. 6, 1938
Wholesale Prices (1914 = 100):—					
General index	*537*	*619*	*644*	*652*	*640*
Domestic products	565	662	686	685	657
Imported products	487	543	570	592	608
Foodstuffs	529	623	652	656	613
Industrial products	545	617	638	649	663
Retail Prices					July, 1938
(1914 = 100)	*590*	*691*	*698*	*698*	*690*
Lighting and heating (1930 = 100)	100·2	117·4	117·8	117·8	118·2
Clothing	93·7	100·0	100·0	100·4	100·4

The figure for bankruptcies was 420 in July, against 472 in June and 455 in May; judicial liquidations and bankruptcies taken together numbered 542, against 613 in June and 567 in May.

Germany

The Bourse and the Press

BERLIN, August 16.—Share prices have again suffered a very sharp decline, and bonds have also been weak. The tacit and perhaps involuntary buyers' strike is still in force. Its main participants seem to be investors rather than speculators, but one can only make surmises on this and other features of the collapse; for, although it is now six weeks since it began, there are still no detailed reports in the Press and no serious analyses at all.

On matters which do not interest its official instructors the German financial Press gives copious and very able reports. Thus the analyses of conditions on Wall Street frequently run into columns. But even in special Bourse organs the vicissitudes of their own Burgstrasse are at times completely ignored. Reasons for the collapse are given briefly in the reports of the day's trading, but are confined to such explanations as a Far Eastern frontier incident.

Everyone familiar with the methods of official Press control concludes that the Government wants the decline to

receive as little advertisement as possible. It is unpopular, even if its effect is, in the main, only to transfer wealth from one pocket to another. And as the Government has injudiciously accepted responsibility for all mortal events, it suffers in prestige from every unpopular development.

Besides seeking to divert public attention elsewhere, the Government has also tried to stem the decline by denying the reports that new taxation was contemplated. As these had appeared in a journal in close touch with the financial authorities, this may well represent a change in policy.

Little Bank Support

A feature of the present decline is the inactivity of the banks. It appears that these have intervened to a moderate extent to support the bond market, which is of immediate interest to the Government, but hardly at all to support shares. This partly explains the almost complete absence of substantial temporary recoveries which usually interrupt prolonged declines.

The reason generally given is that the banks have not the necessary resources. If they buy bonds they can, in case of necessity, promptly recover the greater part of their value in liquid form by pledging them with the Reichsbank. But in a falling market a loan cannot so readily be obtained against shares, and to realise them might entail a substantial loss.

The great commercial banks are still undercapitalised. It had been expected that they would secure an adequate supply of fresh capital as soon as their shares reached par; but this was not done, and the level of their deposits has now been virtually stationary for five years. The banks' connection with industry, which they once almost dominated, has become slighter. Under National-Socialist company law, the Boards of Supervision on which the banks were so strong have been excluded from the immediate management, which has been transferred to the Directorates. The so-called failure of the Bourse to function represents in part merely the inability or unwillingness of the banks to intervene in the market for shares of those industrial concerns which they once virtually controlled.

Position of the Housewife

A shortage of foodstuffs is again noticeable, at least in Berlin. Householders often wait a long time to buy necessaries, and may then only get them by the familiar device, repeatedly declared illegal, of also buying things they do not want. The complaint is heard that "there is nothing in the market." Though this must not be taken literally, it is a fact that vegetables, fruit and eggs are obtainable only with some difficulty. This important topic is treated very much like the Bourse slump; it is not reported or mentioned publicly, and thereby the privation is supposed to be mitigated.

Partly with the object of relieving the general tension, there is now an official tendency to support the tenant against the landlord. Some time ago all house rents were brought under the "price-stop" system. A recent decree enacts that any termination of a tenancy from which the landlord seeks to benefit, even indirectly, is a violation of the "price-stop" law. As all notices to quit are to be regarded as designed to benefit the landlord unless the tenant has given the landlord some good reason, this virtually creates a permanent tenant right.

Further Fall in Unemployment

The number of unemployed (excluding Austria) declined in July by 74,000 to 218,000, which compares with 563,000 in July, 1937. In Austria the unemployed figure sank by 124,000 to 151,000. Statistical data for Austria, somewhat out of date, indicate a rapid increase of industrial activity, especially in the production of iron. It is estimated that the level of industrial production in May was 7 per cent. higher than in 1929.

New regulations have been issued about the use of iron, a feature being the rule that considerations of increased cost do not justify the use of iron for building purposes where it can be avoided. The number of houses and flats completed in the first half-year fell sharply as compared with the same period of 1937, while other construction increased.

The machine-tool industry reports quieter business, but has orders for months ahead. Sharp price competition is reported in the export trade in tools, hardware and other finished metal goods.

Reports of textile companies complain of the decline in exports, the foreign orders of some concerns being only a fraction of what they were a year ago. The production of "cell-wool," according to the journal of the trade, will this year reach 150,000-160,000 tons and in 1939 200,000 tons.

The last Hamburg and Bremen port returns have made a bad impression. Exports from Hamburg fell by 600,000 tons, or 14 per cent., compared with the first half of 1937.

Increased Note Circulation

Money was in demand last week on account of tax payments, but the market later became more liquid. There are, however, some definite signs of tightness. Thus in the first week of August only 28 per cent. of the end-of-the-month credits granted by the Reichsbank had been repaid, compared with 54 per cent. in the same week of last year.

Technical factors provide a partial explanation, but the increased note circulation is also partly responsible. A year ago a leading authority commented unfavourably on the fact that the amount of currency (including coin) outstanding had exceeded Rm. 7 milliards for the first time. At the end of July, 1938, the figure was Rm. 8,705 millions, and the incorporation of Austria cannot fully account for such an increase.

Denmark

Parliamentary Reform

COPENHAGEN, August 1.—The Government parties (Labour and Radicals) have reached an agreement with the Conservatives on the question of the new Constitution Bill. The number of members of the Rigsdag will be reduced to 205, of whom 69 will sit in the first Chamber and 136 in the second Chamber. Men and women will have the right of voting at the age of 23 (hitherto the limit was 25 for elections to the second Chamber and 35 for the first). The ordinary Rigsdag session will begin in November instead of in October, and the Budget Bill must be read for the first time not later than January 15.

A declaration was signed at Stockholm on May 27 by representatives of the Governments of Denmark, Iceland, Finland, Norway and Sweden adopting uniform neutrality rules for the countries of the North.

Increase in Urban Population

The population statistics for 1937 reveal a small, yet encouraging increase in the birth rate from 17.8 to 18 per mille, and at the same time a decline of the death rate The figures are:—

Live births	67,440
Deaths	40,442
Natural increase	26,998

In 1936 the natural increase was 25,499. The total population of Denmark is now estimated at 3,760,000.

The trend of migration showed no change last year. A steady stream of people moved from the rural districts to the towns, especially to Copenhagen, in search of less toilsome occupations. The provincial towns themselves contributed to the migration towards the capital, and altogether 22,667 people left the rural districts. The present emigration to overseas countries is about 9,500 people per annum.

The administrators of the fund to assist financially

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embarrassed farmers (which was established by an Act of April 1) have so far granted 12,537 loans for a total amount of 76.6 million kroner, and it is expected that the entire fund of 100 million kroner will soon be lent to distressed landholders.

An analysis of the income-tax returns reflects last year's favourable conditions in trade and industry, as the following figures of assessments show:—

	1937–38 (In million kroner)	1938–39	Increase
Copenhagen	1,393·1	1,435·4	3 per cent.
Provincial towns...	881·9	938·3	6·4 ,,
Rural districts ...	1,290·6	1,349·8	4·6 ,,
Total	**3,565·6**	**3,723·5**	**4·4 per cent.**

Out of a total of 1,328,102 taxpayers, 752,789 have an income of less than 2,000 kroner (about £90) per annum. A total of 24,011 receive more than 10,000 kroner (£450) per annum, and only 360 exceed the 100,000 kroner mark. The figures for capital show that Denmark has only 522 millionaires (in Danish currency).

Higher Exchange Reserves

The first half-year has been very favourable so far as the foreign exchange position is concerned, despite the fact that a number of products, including tea and certain groceries, have been transferred to the free import list. The net foreign exchange balances of the National Bank and the commercial banks now exceed 100 million kroner.

This continued increase of foreign assets doubtless reflects a certain reluctance on the part of manufacturers and merchants to embark on new ventures for the present. It is also partly due to the loan of 8 million guilders recently raised by the City of Copenhagen in Amsterdam. A possible source of future improvement is the co-operative dairies' forthcoming campaign to expand the sales of Danish butter on the British market.

The unemployment percentage for June was 16.5, against 13.9 in June, 1937, and 11.3 two years ago. The freight index was unchanged on the month at 123, against 168 in June, 1937.

Argentina

Trade and Budget Difficulties

Buenos Aires, July 23.—The trade recession through which Argentina is passing as a result of poor crops has entered its second stage. First, there was the big fall in exports and the accumulation of an import surplus. Now imports are declining and the Government's receipts have been adversely affected by smaller revenue from Customs duties.

In a recent message to Congress the Minister of Finance announced that he expected a deficit of 57,200,000 pesos in the current financial year. General revenue is estimated at 900.7 million pesos, while authorised expenditure amounts to 977.9 million pesos. The Government expects to save 20 million pesos by economies. In view of this serious situation the Government has asked for the patriotic co-operation of Congress in adopting urgent measures.

The following table suggests that the fall in exports has been checked, while imports are still declining:—

(In Argentine Pesos)

1938	Exports	Imports	Balance
January	145,993,968	145,801,423	+ 192,545
February	127,714,064	123,959,819	+ 3,754,245
March	118,578,386	144,403,619	−25,825,233
April	103,690,644	116,733,359	−13,042,715
May	110,173,828	110,831,148	− 657,320
June	106,048,680	105,561,480	+ 487,200
Total	712,199,570	747,290,848	−35,091,278

This year's import surplus of 35,091,278 pesos compares with an export surplus of 740,152,494 pesos in the same period of last year. Even in the first six months of 1936, when the country was suffering the effects of drought, there was an export surplus of 184,362,431 pesos.

The United States has overtaken Great Britain as a source of Argentina's imports, accounting for 134,986,793 pesos, or 19.2 per cent. of the total, against Great Britain's share of 131,981,142 pesos, or 18.8 per cent. In the first half of last year Great Britain supplied 19.8 per cent. and the United States 16.3 per cent. of the total. The increase in purchases from the United States is chiefly due to larger imports of motor cars and machinery. For although the value of all imports in the first half of 1938 was only 11.7 per cent. higher than in the same period of 1937, the figure for machinery and vehicles actually rose by 61.2 per cent.

Demand for Higher Protection

Argentine home industry has been hit by the recession, and there is an outcry against foreign dumping. A delegation of the Argentine Industrial Union was recently received by President Ortiz, who listened to their tale of woe. Special emphasis was laid on the plight of the textile mills owing to foreign dumping, especially from Japan, and to a lesser extent from Italy. Cottons, woollens and the stocking industry had all suffered. Other industries, including those making toys and electric lamps, had been affected, and the delegates asked for protective legislation.

Actually it is doubtful if Japan is so serious a competitor of Argentine cotton mills as local industrialists contend. As Argentina does not export cottons, her manufacturers have relatively a very small market, and it is improbable that they could produce efficiently prints and other cheap goods for which an enormous market is needed. As Japan is different from Argentina in race, religion, language, customs and political ideology, she has few sturdy champions in Argentina, and is thus liable to receive more than her share of blame.

The weather in the cereal zone has been unusually damp, and this has delayed the ripening of maize. The paucity of maize shipments is one of the chief causes of the continued low level of exports. The outlook for next season's crops is so far quite favourable, and the area sown with wheat is expected to be larger than last year.

Finland

Fall in Prices, Production and Trade

Helsingfors, July 27.—The fall in prices on the world market has forced prices gradually downwards in Finland. The decline has been most pronounced in the prices of the principal articles of export. The price index for exported goods, which rose to 126 in August, 1937, subsequently dropped to 99 in May and 95 in June. The index for imported goods has been affected rather less: it fell from 111 to 95. Thus the previous favourable relationship between import and export prices has disappeared.

The index of the prices of goods entering into Finnish wholesale trade has not shown such a marked change. After a rise from 90 to 104 it fell to 97 in June. The indices of retail prices and the cost of living moved still less. The latter rose from 100 to 109 at the end of 1937 and has since dropped to 106. The fall in prices has proceeded almost without interruption this year, and as yet there is no sign of its ceasing.

The recession in world trade has hit the Finnish export industry very hard. The markets for timber, paper, cellulose and other important exports are lifeless. In the absence of sales a large number of mills have stopped work or restricted their output. The decline is clearly shown in the following statistics of the volume of production:—

Indices of Production

(1926 = 100)

	Export Industries	Home Market Industries	All Industry
Second quarter 1937	184	166	**174**
Second quarter 1938	158	180	**170**
May, 1937	183	154	**167**
June, 1937	170	160	**165**
May, 1938	173	178	**176**
June, 1938	128	173	**153**

The recession is beginning to affect foreign trade. During the first half-year the volume of exports was 9 per cent. less than in the first six months of last year, and in the month of June the relative falling-off was as much as 19 per cent. The value of exports, however, was maintained considerably better, owing to the fact that exports are largely sold for delivery a long time ahead, so that the fall in prices has not yet exerted its full effect.

For the past six months the value of exports amounted to 3,550.0 million marks, against 3,426.2 millions in 1937, but the June figures show a reduction from 924.7 millions in the same month last year to 833.0 millions. For the whole of the half-year imports were nearly 7 per cent. larger in volume than during the same period last year, but in this case, too, there was a change in May and June; in June the volume of imports was nearly 15 per cent. less than last year. The value of imports in the first six months of the year was 4,114.3 million marks, against 4,128.1 millions in the previous year, while the figures for June were 699.7 millions a year ago and 897.8 millions last month.

Public Finance

During the first five months of the year State revenue came in rather more abundantly than last year, and amounted to 1,563.0 million marks, against 1,488.1 millions in 1937. The increase was mainly due to larger Customs revenue, but some other sources also showed an increase. On the other hand, the falling off in trade is reflected in the lower net receipts of the State Railways.

State expenditure also increased slightly during this period from 1,146.7 to 1,219.2 million marks. By means of the customary amortisation the National Debt has been slightly reduced from 3,452.5 million marks at the end of last year to 3,308.8 millions on the last day of June.

The state of the money market has continued to be easy, with deposits rising by more than advances. Prices have rallied slightly on the Stock Exchange, probably as a reflection of conditions in London and New York, but the volume of business continues to be small.

Latvia

Lower Export Prices

Riga, August 2.—In the first half of this year the foreign trade returns showed a considerable increase in the import surplus, as may be seen from the following table:—

(Million lats)

	First half, 1937	First half, 1938
Imports	107·5	110·9
Exports	103·5	94·1
Import surplus	4·0	16·8

The reduction in exports is mainly due to lower prices on world markets. The decline in the price received for timber has been particularly unfortunate, as this is one of Latvia's leading exports. The prices of flax, linseed and hides have also fallen. On the other hand, the market for butter and pig products has been strong, and the exports of these commodities have therefore shown a considerable increase over last year's figures. In the case of butter the volume of exports actually rose by 22 per cent., and the price was also higher.

The demand for imports has been very active, particularly for raw materials, agricultural and industrial machinery, chemicals and motor vehicles. This demand has been greatly stimulated by the Government's vigorous policy of public works. Imports of foodstuffs, however, have shown a considerable reduction.

Concern About Import Surplus

The import surplus has been engaging the attention of the Government for some time, and it is expected that measures will be introduced in the autumn to deal with the situation. However, the harvest prospects are thoroughly satisfactory for all crops except flax, where the outlook is only average, so that there is no reason to expect drastic measures to restrict imports. The demand for imports will in any case soon begin to decline, if only because the Government has decided to reduce its construction programme; one reason for this decision was the shortage of labour which has now become perceptible.

In his address at the annual meeting of the Bank of Latvia the recently appointed Minister of Finance described the proper development of foreign trade as his principal economic task. He said his objectives were to maintain the total volume of trade and to ensure that receipts from exports would be sufficient to maintain the value of the currency without recourse to accumulated exchange reserves.

To attain these objectives he proposed to summon a conference of all officials who dealt with questions of foreign trade. Meanwhile he announced that imports on a compensation basis would in future be forbidden. It is clear that the influence of the State on business will grow more rather than less important.

Budget Surplus

Revenue receipts were very satisfactory in the financial year 1937-38, which consequently closed with a surplus of 15 million lats. The year's revenue of 192.5 million lats compares very favourably with the figures of 163.4 millions for the previous year and 126.7 millions for 1931-32, the worst year of the depression. The receipts from customs, import licences and direct taxes all showed an increase on the year, but the State monopolies yielded considerably less.

The Government propose to stimulate the building of factories for the treatment of flax. The planting of this crop has recently been reduced owing to the lack of such facilities.

Greece

New Trade Treaties

Athens, August 5.—Foreign trade returns for the first five months of this year show that exports increased both in value and volume, but imports only in value. The import surplus was Drs. 2,578 millions, an increase of Drs. 180 millions compared with the corresponding period of last year.

New clearing and compensation agreements have been concluded with Jugoslavia and Czechoslovakia. An agreement has also been signed with Bulgaria for the reciprocal application of the most-favoured-nation clause to certain Greek and Bulgarian articles. A Greek delegation is at present in Berlin, negotiating a new clearing and compensation agreement with Germany, the largest buyer of Greek products. Negotiations for a new agreement will also be conducted shortly with Turkey.

The fact that the new British credit to Turkey is repayable in kind, and that French bondholders have agreed to the payment of the Turkish foreign debt service in exportable goods, has encouraged the hope that greater facilities will also be granted to Greek exports. In this connection it will be recalled that Greece's balance of trade with the United Kingdom is permanently and largely adverse, and that, in addition, considerable sums have to be transferred annually for the payment of the service of Greek bonds held in England. Greek estimates of the balance of payments with the British Empire in 1936—more recent estimates are not available—show a debit balance of £6,330,000 on a total of £8,250,000. A movement on the part of the British Government to increase the import of Greek articles into the United Kingdom or the British Empire would facilitate a mutually satisfactory solution of the foreign debt deadlock and increase British economic influence in this corner of Europe.

Public Finance and Social Policy

Gross receipts from revenues assigned for the service of the foreign debt for the first six months of 1938 show, at Drs. 2,066 millions, an increase of Drs. 103 millions over the corresponding period of last year. According to official figures, during the years 1936-38 an amount of Drs. 976 millions has been spent on the construction of roads and other technical works, and of Drs. 531 millions for the execution of hydraulic works. A further sum of Drs. 255 millions will be devoted to similar purposes up to the end of 1939.

Since August, 1936, when the present regime was established, we have the following social statistics: 384 collective bargaining contracts have been signed; the authorities have settled 41,374 of the 44,217 labour disputes submitted to their arbitration; work has been found for 6,150 war combatants; and, during the first five months of their operation, the labour offices have found work for 2,669 persons, out of 10,577 applicants. The compulsory adjustment of debts is officially estimated to have reduced the financial burdens of 650,000 peasants, whose total debits aggregated Drs. 10,000 millions.

An emergency law recently published compels all Greek shipowners to observe the terms of international minimum freight agreements to which the Greek Chamber of Merçantile Marine may have adhered. This measure is expected to enforce international co-operation and, at the same time, to meet complaints that Greek shipowners were accepting lower freights than their foreign competitors.

Good Currant Crop

The wheat yield is expected to be higher than in 1937—itself a very good year—and will probably cover 75 per cent. of the needs of consumption. The production of currants and wine will also show an increase, but the tobacco crop is expected to be smaller, owing to dry weather and to a restriction of the cultivated area.

To facilitate the export of currants the authorities have taken several measures aiming at a reduction of their cost to the foreign consumer. Foreign competition has, however, so reduced the market for Greek currants that these efforts to improve the quality and reduce the price are considered insufficient. They are to be supplemented by a scheme for uprooting vines against payment of compensation.

Letters to the Editor

German Food Prices

TO THE EDITOR OF THE ECONOMIST

SIR,—The following information regarding the actual cost of living in Germany now, as compared with 1935, provides an interesting sidelight on the practical results of Government control of food. The figures quoted have been obtained from trustworthy sources and apply to the average household budgets of skilled workpeople and the middle class.

Wholesale prices as shown by the accounts of a works canteen serving 1,000 employees compare as follows:—

	1935 Rm.	1938 Rm.
500 gr. meat	0·80	0·89
1 litre oil	1·00	1·35
1 kg. lard	1·70	2·20
100 kg. flour	35·75	37·00
1 kg. butter	1·40	1·48
1 kg. pastry	0·68	0·84
1 egg	0·11	0·11½
1 kg. salami (sausage)	1·80	3·20
1 litre wine	0·32–0·45	0·80–1·00
500 gr. Limburger (sausage)	0·32	0·52
100 lb. (metric) potatoes	3·00	3·00

Prices actually paid in the shops by householders in an important provincial manufacturing town compare as follows:—

	1935 Rm.	1938 Rm.
1 lb. sugar	0·40–0·42	0·39–0·42
do. preserving	0·39	0·38–0·40
1 lb. butter	1·25–1·65	1·60
1 roll, water, double	0·07	0·07
do. milk, single	0·04	0·04
Bread, whole loaf	0·50	0·50
do. half loaf	0·25	0·25
1 lb. flour, Type 405	0·25–0·28	Not available
do. Type 504	Not available	0·23–0·24
1 lb. margarine, rationed	0·90	0·65
do. free	0·90	0·90
do. 1st quality	1·10	1·10
1 litre milk	0·26	0·26–0·28
do. sterilised	0·33	0·33
100 lb. potatoes	3·50–4·00	3·20–3·80
do. middle-class families	4·00	5·00
1 lb. jam	0·42–0·45	0·32
1 lb. beef with bones for soup	0·80–0·90	0·87–0·91
do. for roasting	0·85–1·20	0·91–1·20
do. fillet steak	1·60	1·60
1 lb. roast pork	0·92–0·95	0·92
do. best quality	...	1·20
do. cutlet	0·95–1·15	1·05
1 lb. cooking fat	1·00	1·08
1 lb. beef suet	0·45	0·54

Metric lb. are to be understood in each case, a metric lb. being 10 per cent. greater than an English lb.

It is never easy to compare the standards of living in two different countries, and in practice it is purposeless because the standard of enjoyment derives from comparison with one's neighbours and the relation which exists between one period and another. But since comparisons will always be made, it would be safer to assume Rm. 20 = £1, because the majority of a German resident's budget is concerned with home produce or articles for which the price is not essentially different from 1930, while his income is still based on the 1930 wage-scales. Clothing represents the only important item for which luxury prices have to be paid if the former very good standards of the middle class are to be retained, but experience goes to show that the demand for clothing can be very elastic where the former standards were high.

Domestic wages, heat and light, rent and house repairs are virtually unchanged in cost.

Travelling has become very much cheaper as a result of special privileges which are so numerous that no one thinks of paying the full fare. Petrol costs about Rm. 1.80 per gallon, which is only slightly higher than in 1935 or even 1930, while cars have been reduced in price and the much talked of "people's car" will be sold at less than Rm. 1,000.

Thus from the purely financial point of view it costs no more to live in Germany now than it did three or four years ago.

Quality, however, has suffered in the process of stabilising prices and in some cases, e.g. flour, the former qualities are no longer available.

The Government have been wise not to attempt to cloak this deterioration in quality. Instead, they provide wireless programmes for the housewife to teach her how to use the available goods in the best way, as a result of which the standard of living for many families has actually improved.

"A READER."

[The ratio for the conversion of German prices into English prices suggested by our correspondent may be somewhat misleading, since there has been a material change in the relative price-levels of the two countries since 1931, when the exchange rate on a free market was last quoted at Rm. 20 = £1. On the possibly inadequate basis of a comparison of the movement of the official cost of living indices, a fair rate of conversion would be about Rm. 17½ = £1.—ED. *Econ.*]

Banking and Trade Recession

TO THE EDITOR OF THE ECONOMIST

SIR,—Mr G. E. Ross states that gilt-edged and debenture holders made a sacrifice for the sake of business improvement during the period 1932-37. There was, of course, nothing voluntary or meritorious in this "sacrifice." It was largely the obverse side of the business recovery medal. The alternative might have been further deflation and an overwhelming Budgetary burden, which might conceivably have led to default or the enforced reduction of interest on Government securities.

Incidentally, if a British Government should seriously consider deliberate monetary action leading to any appreciable further reduction in the long-term interest rate, it should alter the Trustee Act to permit—perhaps even to compel—trustees to invest a certain proportion of the trust funds in "equities." In order to avoid risks attaching to individual companies, *ad hoc* investment trusts might be formed under semi-official auspices, with one class of capital to hold ordinary and deferred shares in British and foreign companies; and the shares of such investment trusts might be regarded as trustee securities, provided that investment in the shares did not exceed the prescribed proportion of the trust funds.

Yours faithfully,

London, S.E. LAURENCE WILKINSON.

TO THE EDITOR OF THE ECONOMIST

SIR,—In suggesting, in your issue of August 13th, that "gilt-edged and debenture holders made a sacrifice for the sake of business improvement" in accepting repayment of their debts between 1932 and 1937 is not Mr Ross confusing the issue? The sacrifice was exacted when the Government relieved the Bank of England, and incidentally most other debtors, of the obligation to pay gold for sterling on September 20, 1931. Admittedly, this made cheap money possible—but that is another matter.

Yours faithfully,

A. C. DOBBS.

Killiney, Co. Dublin.

Trading Estates

TO THE EDITOR OF THE ECONOMIST

SIR,—The unfortunate omission of a whole sentence in my letter which you so kindly published last week entirely ruined the sense of my meaning. Discussing the reason for the introduction of light industries to the North-East Special Area, I was quoted as saying: "Such light industries fall into one of those periodical declivities which we know so well." This should have been: "Such light industries will definitely offset wholesale unemployment when heavy industries fall into one of those periodical declivities which we know so well."

I hasten to add that the error was due to faulty typography in my office and occurred through no fault of your own.

Yours faithfully,

London. PHILIP BAKER.

Books and Publications

Goodness and Gold

THE author of this book,* after a varied and successful career, is profoundly dissatisfied with his world. He is, he tells his readers—though careful not to imply anything about the creed of other members of his profession—"a banker who believes in God." And so, in the quiet of religious houses, withdrawn from the "unreal City," he has endeavoured to work out what actions are required to bring the present economic order into conformity with a divine conception of human relationships.

The result is a detailed study in monetary reform, differing from others of its kind in two respects. In the first place, reform of the financial system is not, for Mr Metz, the cure for all our ills; it can only eliminate the features that militate against stability and progress; it can provide the means of consolidation and growth. Secondly, the religious note in Mr Metz's book is no humanitarian appendage which, in the last chapter, identifies the age of plenty with the kingdom of God; it recurs throughout the book, expressing itself with a prophetic vigour in the most unlikely contexts.

There are three main forces which, in Mr Metz's view, are disruptive of the economic system: unrestrained competition; the controlling power of gold over the financial mechanism; and the absolute discretion afforded to individual banks in the allocation of their money income.

With regard to the first of these, Mr Metz advocates planning within the framework of capitalism. His second theme is also familiar: despite fiduciary powers, the present note issue is still tied to gold and, as a consequence,

> **"the absence of any correlation between the note issue and the type of asset which the productive elements in the country are in a position to give as a security for loans to the banking system, divorces the credit created by the Bank of England—based as it is upon that note issue—from the economic activities of the country."**

The keystone of Mr Metz's argument is in his analysis of the third "disruptive force," and it is here that he makes his most characteristic statements. The total quantity of money disseminated in the current prices of producing and distributing goods and services, i.e. the total of commodity money, is all, he says, that is available for the absorption of those goods and services by purchasers; and all current income must be spent to maintain the flow of money. Hoarding, investment in existing capital assets or insurance will check the flow, and the resulting deficiency of purchasing power can only be made good by banks buying securities or granting new loans for speculative purposes—activities which are limited by the controlling power of gold—or by the conversion of idle bank balances and money circulating with the turning-over of existing capital assets into commodity money.

While admitting that such an analysis is, to a point, logical, it is difficult to regard it as adequate, largely because it completely disregards the function of the rate of interest. Mr Metz, his theology apart, is a banker, and it is easy to guess how this omission, so damaging to his analytical structure, has come about. He conceives of the rate of interest merely as the rate of payment for loans, and especially for loans made by the banks. As such it is no more than one of the instruments by means of which the quantity of money is controlled: he can find no place for it in a scheme which is intended to be general and deals in quantities.

This is not to say that Mr Metz's book is valueless. Within the field of practical banking, Mr Metz writes thoughtfully and well. Consequently, it is those economists who are already versed in monetary theory who will derive most from Mr Metz's book, though they will undoubtedly be the first to dispute his more general conclusions.

* "New Money for New Men." By S. S. Metz. (London: Macmillan. 366 pages. 8s. 6d. net.

Shorter Notices

"Slump and Recovery 1929-1937." By H. V. Hodson. H. Milford. 484 pages. 10s. 6d.

Any book which sets out to be a complete history of this eventful period is almost inevitably so full of detail that it can only serve as a work of reference. Mr Hodson is fortunate in having the ideal "excuse" for producing that excellent type of book which carefully renounces any claim to be such a complete history, and yet deals quite adequately with most of the topics about which we really want information. For he has based his book on the economic chapters which he contributed to the annual Surveys of International Affairs from 1930 to 1936. These have needed comparatively little adaptation, and therefore have the merit of showing us what a competent observer thought about the various problems *at the time*. It is also useful, in this autarkic age, to have a history which approaches the problem primarily from the international angle, though parts of it naturally make somewhat depressing reading. Mr Hodson deals tentatively with the connection between economics and politics in the international sphere. Certainly no study of the one can be complete without a study of the other. But it is difficult to establish any definite evidence on which is cause and which effect. The Manchurian invasion came some three years after the onset of depression, but it would be wild optimism to assume that the prosperity of 1937 will cause political reformers to improve in 1940.

"The Principles of Rational Industrial Management." By J. J. Gillespie. Pitman. 225 pages. 10s. 6d.

The writer is experienced in various branches of industry. He has strong words to say about the modern fashion and technique of business management, of warning as well as approbation. The pretences of so-called "scientific" management Mr Gillespie uncompromisingly attacks, though his substitute of "critically co-ordinative and, therefore, philosophic" management is not at first glance much more convincingly realistic. The psychological leaven of the book is interesting, if not wholly sound, and those interested in business management will read it with profit, though not always with agreement.

Books Received

Building Societies Year Book, 1938. Compiled and Edited by George E. Francis. (London) Francy and Co., Ltd. 590 pages. 10s. 6d. net.

Die Preisspannungen in der Aufwertungsdebatten. By J. Jurow. (Prague) Verlag Rudolf M. Rohrer. 182 pages. Kc. 40.

Executive Salaries and Bonus Plans. By J. C. Baker. (London) McGraw-Hill Publishing Co. 274 pages. 21s. net.

Consumption in Our Society. By E. E. Hoyt. (London) McGraw-Hill Publishing Co. 420 pages. 18s. net.

Le Progrès Technique et le Chômage. By G. Fenaux. (Paris) Librairie du Recueil Sirey. 245 pages. 40 frs.

China's Struggle for Tariff Autonomy. By S. F. Wright. (Shanghai) Kelly and Walsh, Ltd. 775 pages. No price stated.

Malnutrition Among School Children. By M. E. Green. (London) Children's Minimum Council, 72 Horseferry Road, S.W.1. 14 pages. 2d. net.

Official Publications

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

Guide to Current Official Statistics of the United Kingdom. Vol 16, 1937. 1s. net.

Imperial Economic Committee. Industrial Fibres. 2s. 6d. net.

Census of Population of Northern Ireland, 1937. Belfast County Borough. 2s. 6d. net.

Department of Overseas Trade. No. 702. Portuguese East Africa. March, 1938. 1s. 6d. net. *No. 703. Netherlands East Indies, 1936-37.* 2s. 6d. net.

Nineteenth Annual Report of the Ministry of Health, 1937-38. Cmd. 5811. 5s. net.

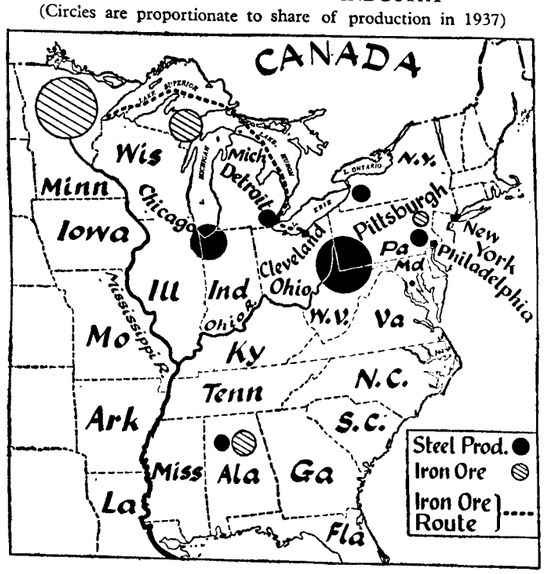
THE BUSINESS WORLD

Steel Prices in America

IN contrast to the British iron and steel industry, whose output last year far surpassed the pre-depression level of 1929, the industry in the United States had hardly recovered to its previous level of activity before it was overtaken by a fresh slump. The British output of crude steel in the first half of 1937 was 30 per cent. more than in 1929, but production in the United States was only 99 per cent. of the 1929 level. Moreover, there has been a violent setback even from the inadequate recovery of 1937; the output of crude steel in the United States dropped from 5,149,000 tons in May, 1937, to 1,806,800 tons in the corresponding month this year. While there has been some improvement in the industry's activity since the spring, it is still operating at only about 40 per cent. of its capacity, against an average of 72.5 per cent. in 1937 and 88.5 per cent. in 1929.

Such a sudden reversal would naturally cause dismay in any industry in any country; but the American steel industry's equanimity has been further shaken in the past year by an outbreak of domestic dissension. Thus, early last year, when the United States Steel Corporation gave way to the pressure of the Committee for Industrial Organisation by signing a labour agreement with it, the other companies felt aggrieved both by the content of the agreement and by the independent manner of its conclusion. Instead of following the Corporation's lead, they put up a stout and successful resistance to the attempts of Mr Lewis's organisation to unionise the whole industry. These differences on labour policy have had their reaction on prices, which were subject to a considerable amount of competitive shading in the early months of 1938. At the end of June, the United States Steel Corporation answered a number of minor reductions in individual products by the smaller companies not only with a sweeping reduction in prices but also by a radical modification of the system of pricing to which the industry has been accustomed for decades past.

THE AMERICAN STEEL INDUSTRY
(Circles are proportionate to share of production in 1937)



The pricing system of the American steel industry can only be understood by reference to American history, geography and law. The importance of geography lies in the size of the country and the long distances that necessarily separate the industry either from its raw materials or from its market. History shows its influence in the heavy concentration of steel mills in the Pittsburgh district and in the dominance of one large firm, the United States Steel Corporation. Pittsburgh has coal at its door, and its iron ore, though it has to travel the long distance from Minnesota, can come nearly all the way by water. But Pittsburgh is not favourably situated for many of the chief markets, which are scattered over a wide belt of the country from New England to Chicago. The United States Steel Corporation has hitherto always used the leadership in the industry which its size confers upon it to protect the position of Pittsburgh. For years Pittsburgh was the only "basing point" for the quotation of steel prices, and the price charged to the consumer was compounded of the basic Pittsburgh price plus freight from Pittsburgh to the point of delivery, irrespective of where the steel actually came from.

But this "Pittsburgh plus" system smacked too strongly of monopoly for a country that had enacted the Sherman Act, and under pressure from the Federal Trade Commission it was abandoned after the war. The system that took its place involved a number of basing points, varying in location for different products. But the spirit of "Pittsburgh plus" lived on, for the prices fixed for other basing points regularly exceeded the Pittsburgh price by differentials that roughly corresponded to the freight from Pittsburgh to the basing point. Thus, before the recent changes, the price of steel for delivery in Detroit was $4 per ton more than the price for delivery in Pittsburgh. Since the freight charge on automobile sheets from Pittsburgh to Detroit is $5.80 a ton, the difference in the net sum realised to a Pittsburgh mill on steel sold to Detroit, compared with steel sold for delivery in Pittsburgh was only $1.80 a ton (or $1.30 when the local delivery charge of 50 cents is taken into account). It should be noticed that the effect of these differentials was not to enable Pittsburgh mills to underbid mills located nearer the markets, since steel for delivery in Detroit was quoted at a uniform price whatever its origin. But the system did help to keep prices in other centres higher than in Pittsburgh, thus making it possible for Pittsburgh mills to compete in those centres without loss.

This is the system which U.S. Steel, with the rest of the industry following suit, has now abandoned. The price differentials have been eliminated or severely reduced, and there has been a tendency to increase the number of basing points. Since the result of the previous system was to make it possible for the Pittsburgh mills to compete in any district, the broad effect of the abandonment of the system is to penalise those mills, especially in the Pittsburgh district, which are a long way from their market. But this is only the broad effect, and in order to calculate the effect on individual companies it would be necessary not only to examine the location of their plants but to know the range of their products, the proportion of each to total production as well as the location of the markets for each product; above all, it would be necessary to know costs of production for each product in every centre of production. Nevertheless, the following particulars of the geographical distribution of the producing capacity of the leading companies, together with their last year's profit per ton on finished steel, provide an approximate guide to the effects of the change:—

U.S. Steel Corporation (1937 net profit, $7.00 per ton). *Location of plants:* Pittsburgh 39 per cent., Chicago 36 per cent., Ohio 16 per cent., Alabama 7 per cent., Pacific Coast 2 per cent.

Inland Steel Corporation (1937 net profit, $9.20 per ton). *Location of plants:* Chicago 100 per cent.

Bethlehem Steel Corporation (1937 net profit, $5.56 per ton). *Location of plants:* Maryland 27 per cent., Buffalo, N.Y., 25 per cent., Eastern Pennsylvania 19 per cent., Central and Western Pennsylvania 25 per cent., Pacific Coast 4 per cent.

National Steel Corporation (1937 net profit, $9.07 per ton). *Location of plants:* Detroit 62 per cent., West Virginia 38 per cent.

Youngstown Sheet and Tube Corporation (1937 net profit, $7.95 per ton). *Location of plants:* Ohio 69 per cent., Chicago 31 per cent.

Republic Steel Corporation (1937 net profit, $2.98 per ton). *Location of plants:* Ohio 75 per cent., Alabama 10 per cent., Buffalo, N.Y., 9 per cent., Chicago 6 per cent.

American Rolling Mill Corp. (1937 net profit $6.20 per ton). *Location of plants:* Ohio and Kentucky 57 per cent., Pittsburgh 23 per cent., Missouri 20 per cent.

Wheeling Steel Corp. (1937 net profit, $4.14 per ton). *Location of plants:* Wheeling, W. Virginia, 100 per cent.

Jones and Laughlin Co. (1937 net profit, $2.90 per ton). *Location of plants:* Pittsburgh 100 per cent.

It is hardly possible at this stage to gain a rounded picture of the probable effects upon the industry as a whole, since the recent changes have opened the door wide to intensified competition. The profits of the industry obviously depend upon the scale of operations that will prove possible for the remainder of the year and upon the possibilities of wage reductions. The novelty of the recent changes is that they throw into the melting pot the hitherto established relationships between the ability of the different companies, not so much to compete for business, but to make profits from it when obtained. Some idea of the penalty imposed on producers in different locations can be gained from the accompanying table. This shows the amount of freight "absorbed" by producers in the different centres in shipping automobile sheets to Detroit—i.e. the penalty imposed upon them in selling outside their own home districts. The differential between Pittsburgh and Detroit has been reduced from $4 to $2, with the result

FREIGHT ABSORBED BY MILLS

Mill Location	Formerly Shipping by Rail	Formerly Shipping by Water	Present Shipping by Rail	Present Shipping by Water
	$		$	
Pittsburgh	1·30	...	3·30	...
Chicago	1·10	0	3·10	2·00
Buffalo, N.Y.	0·70	*0·50**	2·70	1·50
Youngstown, Ohio	0·50	...	2·50	...
Middletown, Ohio	0·50	...	2·50	...
Cleveland	*0·10**	*1·90**	1·90	0·10

* Net gain.

that a Pittsburgh mill now has to sacrifice not $1.30 but $3.30 of its net receipts per ton when it goes into the Detroit market. The price in Detroit, which is a net importer of steel, is still—and quite naturally—higher than elsewhere. But between most other centres the differentials have entirely disappeared. Clearly it is going to be difficult for some of the companies to continue to compete in distant markets. The U.S. Steel Corporation, with its widely-spread plants, apparently calculates that it will gain competitively more than it loses, while many of the smaller companies whose producing centres are more concentrated will be hard hit.

The geographical distribution of the American steel industry has hitherto had a certain artificiality. Under the influence of "Pittsburgh plus" and its successors, new plant has tended to be laid down without full consideration being given to the real economics of location. If the new policy of "free-for-all" competition continues, there may be an intensified movement towards the re-location of the industry, in which the Pittsburgh district, whose natural advantage in the proximity of coal has lessened with the years, will be the sufferer. The rise in the importance of scrap as a raw material has increased the advantages of proximity to the big consuming centres, which are the chief sources of scrap supplies, and it would, therefore, be reasonable to expect an intensification of the tendency, long apparent, of the industry to move away from the Pittsburgh area, both westward to the industrial region of the Middle West round Detroit and Chicago and eastward to the Atlantic seaboard.

Any such speculations are still, however, premature. For the recent collapse of the price structure was born in part of domestic quarrels, in part of apprehensions of the Federal Government's announced anti-monopoly drive. The former may well be patched up and the latter may pass away with political shifts. The American steel industry has always in the past exhibited a remarkable power of cohesion. It may well be that the results of a period of less restrained competition will be so painful as to lead to a partial reconstruction of the edifice of price control now shattered.

Expanding the Credit Base

THE efforts of Mr R. F. Harrod, who in recent weeks has expounded his views in the correspondence columns of *The Economist* and, more lately, in an article in *The Times*, have brought the policy of monetary expansion prominently before the public as a means of countering the recession of trade from which this country, and the world in general, have been suffering for nearly a year. Mr Harrod's proposals have the merit of precision. They are that the Bank of England should purchase in the open market £10 millions of Government securities. As a result of these purchases, the cash resources of the joint-stock banks (in the form of balances with the Bank of England) would be increased by approximately £10 millions. Care should also be taken, by an appropriate modification of the policy of the Treasury with respect to the Floating Debt, to expand in the same proportion the supply of Treasury Bills available either for direct purchase by the joint-stock banks (thus swelling the total of their discounts) or for purchase by the money market and deposit as collateral for loans from the banks (thus swelling the banks' figure of call money). If this were done, an addition of £10 millions to the banks' cash would lead to an expansion of about £100 millions in their deposits. Most, if not all, of their increased resources would be directed towards the gilt-edged market, since the banks' total of investments would increase *pari passu* with the increase in their deposits. And purchases of securities on such a large scale by the banks would drive down the market rate of interest, directly so far as gilt-edged securities were concerned, and, by close interconnection, the yields obtainable on industrial securities. In this way private industry would enjoy the stimulus of being able to borrow for capital purposes at still lower rates of interest, and the security markets would receive the fillip of buoyancy in many of their most important sections.

BRITANNIC
ASSURANCE COMPANY LIMITED
(Established 1866)
Annual Income - - - - £6,700,000
Assets - - - - - - £30,000,000
All classes of Life, Fire, Accident, Motor and General Insurances transacted
Chief Office: BROAD STREET CORNER, BIRMINGHAM

Thus the suggested policy depends upon a chain of causation starting with the purchase of securities by the Bank of England and finding at least its proximate termination in the yield on gilt-edged securities. This is not the place to argue the merits of the policy advocated by Mr Harrod; but it is both of relevance and of interest to examine the record of the six years that have elapsed since the War Loan conversion of 1932 for confirmation or disproof of the technical assumptions on which the policy rests. During the whole of this period, Bank rate has stood so uninterruptedly at 2 per cent. that it has become almost ignored as a factor in the money market. Moreover, the departure from the gold standard in 1931 has removed many of the limitations that were previously placed upon the free exercise of credit policy. It would be hard to find in monetary history a period in which the policy familiar to all students of central banking under the name of Open Market Operations has had so free a field to prove its potentialities. What light does the history of these six years shed upon the technical practicability of Mr Harrod's proposals?

The figures mainly relevant to this inquiry are collated in the table below. The first column shows the rise or fall, quarter by quarter, of the sum of the Bank of England's gold reserves and its portfolio of securities. These two items have been taken together because an increase in the gold reserve, taken by itself, has precisely the same effect upon the cash resources of the joint-stock banks as the acquisition by the Bank of England of the same quantity of Government securities. Moreover, a gold purchase may be, and frequently is, offset, partly or wholly, by the sale of securities. Discussion of the credit policy of the Bank of England must necessarily spring from a consideration of the gold and securities taken together.

The second column shows the contemporary changes in bankers' deposits at the Bank of England. It is immediately apparent that there is very little agreement between the two columns. Both, it is true, have shown a generally upward tendency. But while the total of gold and securities has increased over the six years as a whole by £165 millions, bankers' deposits have risen by only £29 millions. Moreover, the coincidence in time has only been of the most approximate character. The biggest increase in gold-plus-securities was in 1936-37, when the rise in bankers' deposits was very moderate. The explanation of this is, of course, that the rise in the Bank of England's assets has been largely offset by the natural increase in liability items other than bankers' deposits. Thus between June, 1932, and June, 1938, there has been an increase of no less than £127.7 millions in the volume of notes in circulation. Since the increase in gold-plus-securities on this particular comparison is £152.7 millions, there remains only £25 millions (ignoring minor items) to be shared by Bankers' Deposits with Public Deposits (which actually show a decline) and with Other Deposits, which include the balances of clients of the Bank of England other than joint-stock banks of the United Kingdom and the British Government. It may be true that a *large* increase in gold-plus-securities will tend to be *immediately* reflected in Bankers' Deposits rather than in other items. But what is true of the short run is clearly not true of the long run, and it would be rash to base any policy that looks more than a very short time ahead on the assumption of any automatic relationship between the size of the Bank's portfolio and the volume of Bankers' Deposits.

The third column of the table shows movements in the total, as shown in the monthly clearing bank statements, of the joint-stock banks' "cash, notes and balances with the Bank of England." This is the true cash basis of the joint-stock banking system, and it will be seen that it is not exactly the same thing as Bankers' Balances at the Bank of England. Over the six years as a whole, it shows a rather larger increase, presumably reflecting the fact that the banks' till money moves in rough proportion to the total circulation. The difference between Bankers' Deposits and Cash is, however, so small that it can be ignored in any general discussion, especially since the annual movements of the two columns are very similar.

The next column shows the movements of the total deposits of the clearing banks. Over the six-year period as a whole, it will be noticed, the accepted theory is borne out, since the increase in deposits is not only ten times the increase in cash, but rather in excess of that proportion. But if the figures be examined year by year, the correspondence will be found to be considerably less close. In 1932-33, the increase in deposits was rather less than eight times that in cash. But in 1933-34, although cash was unchanged, deposits declined by more than £90 millions. This discrepancy was, however, put right next year, when an increase of £5 millions in cash was accompanied by a rise of £108 millions in deposits. But there are further discrepancies in the later years. To some extent, these variations in the ratio of cash to deposits can be explained by reference to the volume of discounts. Thus the drop of £91 millions in deposits, comparing the second quarter of 1934 with the second quarter of 1933, was clearly a closer reflection of the drop of £124 millions in discounts than of the unchanged level of cash. Similarly, the more than proportionate increase in deposits between the June quarters of 1935 and 1936 was accompanied by an increase of £88 millions in the average holding of discounts. This illustrates the necessity of inserting in any argument about credit expansion a proviso calling attention to the necessity of expanding discount portfolios *pari passu* with cash holdings. But the insertion of a proviso does not automatically make it possible to vary at will the volume of the floating debt which, in the short run, is necessarily dependent upon the seasonal fluctuations of revenue and expenditure and the timing of debt operations.

The next stage of the analysis is to compare the movements of deposits and investments. Here again the fundamental similarity is overlaid with considerable short-period divergences. In a period of active trade, when there is a brisk demand for advances, even a large increase in deposits may not lead to more than a very moderate increase in the banks' investment holdings. When trade is receding, however, this obstacle to the Open Market policy can be expected to be much smaller.

BANKING STATISTICS, 1932-38.

(Each quarter compared with the immediately preceding quarter.)

	Bank of England		London Clearing Banks			Yield on Consols
	Gold Reserve *plus* Total Securities	Bankers' Deposits	Cash	Total Deposits	Investments	
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	%
1932—3rd quarter...	+ 14	+ 7	+ 11	+ 125	+ 56	− 0·52
4th " ...	+ 1	−	+ 5	+ 85	+ 71	− 0·12
1933—1st " ...	− 20	+ 18	+ 13	+ 30	+ 57	+ 0·01
2nd " ...	+ 44	− 4	+ 3	− 4	+ 37	+ 0·02
Twelve months...	+ 39	+ 21	+ 32	+ 236	+ 221	− 0·61
1933—3rd quarter...	+ 16	− 2	− 4	+ 15	+ 30	+ 0·05
4th " ...	− 7	+ 8	+ 7	− 26	+ 4	− 0·04
1934—1st " ...	− 1	+ 2	+ 1	− 67	− 9	− 0·12
2nd " ...	− 1	− 4	− 4	− 13	− 13	− 0·09
Twelve months ...	+ 7	+ 4	−	− 91	+ 12	− 0·20
1934—3rd quarter...	+ 4	− 9	− 9	+ 2	+ 15	− 0·07
4th " ...	+ 3	+ 7	+ 9	+ 62	+ 29	− 0·22
1935—1st " ...	+ 1	+ 4	+ 4	+ 29	+ 18	− 0·07
2nd " ...	+ 5	− 1	+ 1	+ 15	+ 17	+ 0·06
Twelve months ...	+ 13	+ 1	+ 5	+ 108	+ 79	− 0·30
1935—3rd quarter...	+ 5	− 9	− 5	+ 51	− 4	+ 0·08
4th " ...	− 1	− 8	−	+ 36	+ 1	...
1936—1st " ...	+ 9	+ 17	+ 12*	+ 77*	+ 14*	− 0·03
2nd " ...	+ 10	− 12	− 1	+ 57	+ 8	+ 0·01
Twelve months ...	+ 23	− 12	+ 6*	+ 221*	+ 19*	+ 0·06
1936—3rd quarter...	+ 36	+ 4	+ 5	+ 60	+ 4	...
4th " ...	+ 5	− 2	+ 6	+ 45	+ 14	...
1937—1st " ...	+ 5	+ 2	− 4	− 18	+ 12	+ 0·19
2nd " ...	+ 21	+ 4	+ 4	− 9	− 12	+ 0·16
Twelve months ...	+ 67	+ 8	+ 11	+ 78	+ 18	+ 0·35
1937—3rd quarter...	+ 12	− 2	+ 1	+ 21	− 13	+ 0·08
4th " ...	− 2	− 1	+ 2	+ 30	− 8	− 0·03
1938—1st " ...	+ 1	+ 18	+ 1	− 30	− 2	− 0·05
2nd " ...	+ 5	− 8	− 8	− 11	− 1	+ 0·06
Twelve months ...	+ 16	+ 7	− 4	+ 10	− 24	+ 0·06
Six Years	+ 165	+ 29	+ 50	+ 562	+ 325	− 0·64

* Comparison affected by increase in Clearing House from 10 to 11 banks.

The final comparison is between the holdings of investments and the yield on gilt-edged securities. Over the period as a whole, it will be noticed that the purchase of 325 millions of securities has reduced the yield on Consols by only 0.65 per cent. Moreover, there have been years (1935-36 and 1936-37) when the yield has risen in spite of purchases by the banks. Conversely, the yield has remained very steady in the last twelve months, in spite of sales by the banks. Once again, it is clear that "other things" cannot be relied upon to remain equal.

The conclusion of this statistical discussion must not be misinterpreted as a disproof of the Open Market theory. On the contrary, it shows that, in the long run, the purchase of securities by the Bank of England does lead to higher clearing bank cash, higher deposits, higher investments and lower yields on gilt-edged securities. But the analysis does suggest two lessons. The first is that "other things" may inconveniently intervene to suspend the operation of the theory for quite long periods at a time. And the second is that the actual ratios between the different magnitudes may work out at figures considerably different from those theoretically assumed. Thus in five of the six years analysed in the table, the actual ratio of the increase in the Bank of England's holding of gold and securities to the contemporary increase in the clearing banks' investments has been 17.6, 58.3, 16.6, 121 and 372 per cent., and in the sixth year an increase in the former magnitude was accompanied by an actual decline in the latter. Not once did the ratio approximate to the theoretically assumed 11 per cent. It is possible that the Open Market theory would carry more conviction if it were not given such a deceptively precise arithmetical form.

Finance and Banking

Gold Turnover Dwindling.—The gold market during the past week has again been exceptionally active judged by normal standards, but the turnover has shown considerable diminution on that of the previous two weeks. The hoarding demand from the Continent has become a less important factor, and the bulk of the activity, both at fixing and subsequent operations, has represented transactions by arbitrage operators. The magnitude of these operations can be gauged from the fact that during the seven days to Thursday of this week £5,777,202 of gold was exported from this country to the United States. The appreciable reaction in the dollar has been duly reflected in the price of gold, which from last week's "high" of 142s. 9½d. fell on Wednesday of this week to 142s. 4½d. This reaction in the price caused considerable resales of gold, fed by the substantial jobbing position in the metal which had been built up both by London and Continental interests. It is interesting to note that this reselling has not found a ready counterpart with the Exchange Equalisation Account, and that it has consequently had to accept an open market price uncontrolled by the authorities and regulated wholly by the dollar shipping parity. It is in large part the gold thus resold after fixing which has provided arbitrage operators with the metal which has been engaged during the past week for shipment to the United States. On every day of this week the Control has supplied the bulk of the gold required at fixing and has also been a ready seller when called upon in subsequent operations. This readiness to sell and the unwillingness to buy gold after fixing suggests that the authorities still regard the pound as being inherently weak in relation to the dollar, and are framing their open market operations in gold accordingly.

* * *

French Swap Money.—During the last few weeks fairly substantial amounts of French sterling deposits have been converted into gold. Notwithstanding this, most London banks are believed not to have experienced any noteworthy decline in the total of their French deposits. This fact may appear perplexing at first sight, but it has a simple explanation. Simultaneously with the French buying of gold in London, a selling pressure on forward francs has developed, bringing about a widening of the discount. For the past fortnight the discount on forward francs has been between 5 and 8 francs for three months, while for short periods it has been proportionately even higher. As a result, it became profitable for owners of liquid francs to acquire sterling with the forward exchange covered. While after the devaluation of the franc last May the contraction of the discount was accompanied by the reduction of the amount of French swap money held in London, during the last few weeks the total of such funds has once more increased to a substantial size. Indeed, it seems that the increase in the volume of French swap money may have been roughly equal to the decline in the amount of French refugee balances through the purchase of gold. Consequently the grand total of French balances, including both refugee money and swap money, remained more or less unchanged. Towards the middle of last week the French authorities attempted to discourage the transfer of swap money to London by requesting French banks to confine their forward exchange operations to strictly commercial trans-

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actions. The result was that in the absence of a demand for forward francs by the French banks, the discount widened further, since speculators found no difficulty in selling francs forward in London instead of Paris. And since the French banks were discouraged from buying forward francs through swap transactions, the rate had to widen until it became sufficiently attractive to induce non-banking owners of liquid francs to undertake swap operations. On Monday the discount on forward francs for one month widened to 3¼ francs, which secured a yield of about 22 per cent. per annum on swap money, a rate high enough to attract the attention of large business firms with liquid resources.

* * *

French Gold Market Control.—The French authorities have resuscitated an old law subjecting the gold market in France to official scrutiny. Operations in gold are not forbidden, but henceforth dealers, whether in gold coin or bullion, will be legally required to keep a detailed register of names and addresses of their clients and to hold this register at the disposal of the authorities. This new regulation is likely to discourage the small retail trade in gold which has been acquiring such considerable proportions in France recently, but since it cannot touch the big man's operations, which are almost invariably effected in some foreign market, it is questionable whether its invocation will do more good than harm.

* * *

Irish Banks' Returns.—The publication of the Report of the Irish Banking Commission (which was discussed in a leading article on page 312 of *The Economist* last week) has been most appropriately accompanied by the return of balance-sheet items of the banks operating in Eire for the June quarter :—

(Thous. £'s)

	June quarter, 1937	March quarter, 1938	June quarter, 1938		
			In Eire	Elsewhere	Total
Liabilities :—					
Capital, reserves, etc.	17,363	17,445	10,282	7,181	17,463
Notes in circulation	8,966	8,905	5,084	3,891	8,975
Current deposit and other accounts	164,247	161,345	117,824	44,802	162,626
Other liabilities	5,869	5,070	3,446	2,622	6,086
Total	196,445	192,767	136,636	58,497	195,133
Assets :—					
Cash and balances with London agents and other banks	12,950	11,997	5,681	7,685	13,366
Money at call and short notice	10,572	9,591	5	13,426	13,431
Bills	6,815	7,379	5,525	1,054	6,579
Loans and advances	69,641	72,586	47,587	25,638	73,225
Investments—					
(*a*) Government	77,719	73,474	3,720	67,115	70,835
(*b*) Other	10,756	10,103	3,612	6,215	9,827
Other Assets	7,990	7,633	3,206	4,661	7,867
Total	196,445	192,767	69,338	125,795	195,133
Excess of assets outside Eire over liabilities outside Eire	71,064	66,897	...	...	67,298

The effect of the termination of the economic war is apparent in the above table. If the figures of the June quarter are compared with those of the June quarter last year, it will be seen that deposits and the excess of external assets over external liabilities (the banks' "net sterling assets") have diminished, whereas if the comparison is made with the March quarter of the present year both deposits and net sterling assets have increased. This reflects the improvement resulting from the Anglo-Eire agreement, and it is not too much to expect that improvement to continue and increase. The expansion of loans and advances was caused by borrowing by the new protected industries and by farmers stimulated by rising agricultural prices. The increased demand for accommodation was financed by the sale of a substantial quantity of Government securities.

Credit Anstalt Liquidation.—Yet another important milestone in the liquidation of the Austrian Credit Anstalt *débris* is marked by the offer which has recently been made as a final settlement to bondholders of the Société Continentale de Gestion (Gesco). This company was formed after the Credit Anstalt crash in 1931 to take over, administer and liquidate the bulk of the foreign assets of the Credit Anstalt. The company took over these assets and issued bonds which were taken up by the foreign creditors—mainly joint-stock banks and private banking houses—of the Credit Anstalt. The Société Continentale de Gestion has accomplished its unusually complicated and difficult task with great efficiency. The bondholders have up to date received capital sums amounting to 65 per cent. of the original value of their bonds, plus interest at the rate of 5 per cent. per annum, since the bonds were issued. (The interest paid up to June 30th last amounts to 17.6 per cent. of the nominal amount of the bonds.) There can be no doubt that from the point of view of the foreign creditors of the Credit Anstalt the record of Gesco provides easily the happiest chapter of the sorry story of the liquidation. The company has now reached the point at which it must provide for its own liquidation and an offer has been made to bondholders in full satisfaction of the amounts still owing to them. The offer consists of a further cash distribution of 11 per cent. of the original amount of these bonds, which would bring capital cash payments up to 76 per cent. In addition, bondholders are offered a *pro rata* distribution of preference and ordinary shares in a Swiss company, the Société Continentale de Valeurs Bancaires et Industrielles, which is to take over the management of certain remaining assets of Gesco which for various reasons are not likely to prove realisable, in the near future. Already 96 per cent. of the bondholders have accepted the offer, and by the time the list for acceptances closes on September 15th it is hoped that an even closer approximation to unanimity will have been obtained.

* * *

Mediterranean War Rates.—Last week (a correspondent writes) the rating committee of marine underwriters issued some revised war rates for the Mediterranean voyages. The conditions governing this market are necessarily complex, but it would appear that the main change is this: cargo on vessels which are not regular liners pays 5s. per cent. instead of 2s. 6d. per cent. if the vessels call to load or discharge at any Mediterranean or Black Sea port. There is also a change in connection with vessels calling at French Mediterranean ports via the route west of the Balearic Islands. Another change is that Jugoslavian liners are now to be included in the nationalities insured at the ordinary rates.

* * *

Bank of New Zealand.—Copies have just arrived in this country of the full report of proceedings of the last annual meeting of the proprietors of the Bank of New Zealand. During the year to the end of last March, which is covered by the latest report, New Zealand enjoyed a period of active trade conditions, in which the banks found ample opportunity for the extension of their loan accommodation to trade and agriculture. The average advances for the six trading banks in the March quarter of this year were £6,699,000 higher than in the corresponding quarter of 1937 and represented 81 per cent., against 71 per cent., of the total deposits. In the case of the Bank of New Zealand, the increase in advances was from £22,862,000 to £25,803,000, 75 per cent. of the increase being accounted for by finance for farming and associated industries. Advances to the agricultural and allied industries represented slightly more than half the bank's total advances at the date of the last balance sheet. It was emphasised at the meeting that the trading banks of New Zealand have provided finance for farming industries to an extent that has few parallels overseas. Their stake in the industry is likely to increase further in view of the recent legislation for the relief of mortgagors, which has adversely affected the amount of mortgage money available and has diverted to the trading banks a considerable amount of finance which would previously have been obtained from private lenders. Banking practice in New Zealand has also been affected by the provisions in the new legislation, which has in many cases had the effect of converting overdraft accommodation from a demand liability to one fixed over a long period of years. The liquidity of the New Zealand banks, however, remains satisfactory, the position in this respect having been strengthened by the establishment of the Reserve Bank.

MONEY MARKET NOTES

Foreign Exchanges

THE main interest in the foreign exchange markets has been divided during the past week between French francs and dollars. Both currencies have been subject to intermittent, but heavy, control operations. After depreciating to 4.87¼ towards the end of last week, the weight of Control intervention sent the rate back to over 4.88, and, helped by substantial sales of dollars against shipments of gold to New York, a rate of 4.88½ was touched on Wednesday. Since then, the tendency has been for the dollar to re-appreciate, but whenever the London quotation has shown signs of going beyond 4.88, unmistakable official intervention has become apparent. The week, therefore, closes with the sterling-dollar rate hovering around this figure. The French franc adheres closely to its devaluation limit, the Control being ready to provide support at 178.90. Its operations at this figure have been considerable. Forward francs were heavily offered during the first part of the week, the three months' rate touching 7½ discount. There was a spectacular improvement in the forward rate, bringing it down to 5½ discount on Thursday immediately following M. Daladier's reassuring statement on the franc position. The improvement was due to obvious Control intervention, the market suggesting that as a piece of stage setting it was perhaps too obvious. The belga has throughout the week remained close to its gold export point to New York, and appreciable losses of gold have been suffered by the National Bank. On Thursday, the forward belga improved with the forward franc, indicating how close the psychological link between the two currencies remains. Guilders and Swiss francs have moved fairly closely with the dollar.

*

The Money Market

THE short-loan position remains substantially unchanged. It had been expected that the final call on Defence 3's, made on Friday of last week, would make itself felt in the shape of a temporary contraction of loanable supplies, but—as may be seen from the latest Bank of England return—the substantial movement of funds involved in this operation has been effectively neutralised. Bond money from other than clearing bank lenders is still in fair demand and commands ½ per cent. The clearing banks have an abundant supply of money against bills at ½ per cent. The banks continue to be good takers of bills at ½ per cent., but the market has been a somewhat reluctant seller following the allotment of only 30 per cent. of Treasury bills at the syndicate's figure of £99 17s. 5d. last Friday. The actual rate of discount shows that a substantial preponderance of the successful tenders must have been made at £99 17s. 6d., and these it may be assumed must have been of official, or semi-official character. In view of the importance of Exchange Fund operations both in the bullion and foreign exchange markets during the past week, the outlook appears to favour a continuance of small allotments and of a syndicate price of £99 17s. 5d. at the weekly tenders. There has been a continuance of special buying of hot bills during the week, which may represent the utilisation of Exchange Account sterling.

	Aug. 19, 1937	Aug. 11, 1938	Aug. 18, 1938
	%	%	%
Bank Rate	2	2	2
London Deposit Rate	½	½	½
Short Loan Rates :			
Clearing Banks	½–1*	½–1*	½–1*
Others	½–⅝	⅝–¾	¾
Discount Rates :			
Treasury bills	½	½	½
Three months' bank bills	17/32–9/16	17/32	17/32

* Viz. ½ per cent. for loans against Treasury bills and other approved bills and British Government securities within six months of maturity. ¾ per cent. for loans against 1 per cent. Treasury bonds and other gilt-edged stocks within six months of maturity. 1 per cent. for loans against other collateral.

*

The Bank Return

THE return of notes from holiday circulation is still proceeding at a somewhat faster pace than last year, the net reflux for the week to August 17th amounting to £7,370,000, or about £500,000 more than in the corresponding week of 1937. The total of notes in circulation is thus brought down to £482,623,000, which is about £8,000,000 less than at the corresponding date last year.

	Aug.18, 1937	Aug. 3, 1938	Aug. 10, 1938	Aug.17, 1938
	£ mill.	£ mill.	£ mill.	£ mill.
Issue Dept. :				
Gold	326·4	326·4	326·4	326·4
Notes in circulation	491·0	497·8	490·0	482·6
Banking Dept. :				
Reserve	36·8	29·7	37·5	45·0
Public Deps.	28·5	9·5	19·3	20·1
Bankers' Deps.	88·5	113·4	106·1	105·7
Other Deps.	36·5	34·7	34·5	34·1
Govt. Secs.	107·1	114·7	109·7	104·6
Discounts & Advances	6·2	9·6	9·2	6·5
Other Secs.	21·6	21·8	21·5	22·0
Proportion	23·9%	18·8%	23·4%	28·1%

The effect of the return of notes from circulation on deposits is almost exactly offset by changes in securities held in the Banking Department, which on balance were £7,303,000 down on the week. The greater part of this movement is due to a reduction of £5,075,000 in Government securities, but discounts and advances also show an important reduction, namely by £2,776,000. This movement approximately completes the reversal of the substantial increase in discounts and advances which began in mid-June and which was evidently connected with special non-market financing undertaken by the Bank of England. These movements leave the total of deposits virtually unchanged, but bankers' deposits and other accounts are down by some £800,000, which is approximately the amount by which public deposits have risen.

*

The Bullion Market

ACTIVITY in the gold market has remained abnormal, and the amount dealt in at fixing during the week has amounted to nearly £8 millions. There was a considerable slackening in the demand in mid-week, and on Wednesday the turnover at fixing fell to about £600,000. On Thursday, however, there was a recrudescence in activity, and £1,436,000 changed hands. The hoarding demand for gold has very largely abated, and most of the past week's activity has been due to resales and arbitrage operations with the United States. The Control has sold gold readily, either at parity or at ⅛d. premium. The price of the metal has thus fluctuated closely with the dollar rate, falling to 142s. 4½d. on Wednesday and recovering to 142s. 6d. on Thursday. The market on Thursday afternoon became exceptionally quiet, holders asking for the price of 142s. 6½d., at which figure arbitrage was just out of reach.

Date	Gold				Silver, price per oz. standard	
	Price per fine oz.	Prem. or Discount *	Amt. dealt in †		Cash	Two Mths.
1938	s. d.	d.	£'000		d.	d.
Aug. 12 ...	142 8	½pm	2,006		19 1/2	19 3/8
„ 13 ...	142 9	½pm	1,392		19 5/16	19 7/16
„ 15 ...	142 8	½pm	1,065		19 7/16	19 5/16
„ 16 ...	142 8½	½pm	1,182		19 1/2	19 5/16
„ 17 ...	142 4½	—	605		19 7/16	19 1/4
„ 18 ...	142 5½	½pm	1,433		19 3/8	19 1/4

* Above or below American shipping price.
† At fixing.
The New York price of silver remained at 43 cents per ounce ·999 fine during the week.

The silver market continues exceptionally narrow and fluctuations have been small. The only development of note has been the renewal of certain bear operations, which increased the premium on cash silver from ⅛d. to 7/16d. on Wednesday. There has been some selling on spot from the Continent, while most of the demand has come from the Indian bazaars and American trade quarters. On Thursday, however, both India and speculators were inclined to sell, and the price relapsed to 19⅜d. for spot, which compares with 19½d. a week ago.

Investment

Markets and Politics.—The commencement of Germany's large and extended military manœuvres has provided no bull pointer for the markets. On the whole, the Stock Exchange has done well, in a week of no little political disquiet, to have maintained its position. The chief feature of the week, indeed, is not the extent of price movements, but the dearth of business in either direction. True, the *Financial News* ordinary share index has declined from 85.1 at the close of last week to 83.3 on Thursday, but on a turnover of insignificant proportions. Bear operators, in particular, have noticeably held their hand, although it is difficult to estimate how far their restraint has been due to official indications of calm, both in London and Paris. But, as we show in a succeeding Note on the Berlin Bourse, the fact represents a victory for the democratic Stock Exchanges, whatever the reason. Nor has the British market received any particular economic favours during the past few days. Indeed, the record of substantial falls in steel output, motor registrations, export trade, and production during the second quarter of the year, provides a depressing batch of news. Yet, if the market were convinced that this represented the sum total of its burden, and if the political risk rolled away overnight, current share prices would rally vigorously. But few serious investors are ready to subscribe, at the moment, to either hypothesis. The effects of American autumnal recovery—if it comes—on British home and overseas trade will be diluted and delayed. In particular, the export trades must continue to bear the brunt of an overvalued pound, without much hope of prompt relief from lower costs or increased trading outlets. For the moment, however, the market is concentrating on the shorter view. Thursday's dealings, after the blunt reply of the Sudeten German delegates to the Czech Government's proposals, showed that it is capable of maintaining its poise despite the shadow of politics, but that it lacks any sort of positive support. It is a position of uneasy equilibrium which might be radically disturbed at short notice.

* * *

Berlin Bourse in Retreat.—The collapse of the Berlin share market, accompanied for the first time since 1931 by a steady decline in fixed-interest securities, is particularly noteworthy, writes our Berlin Correspondent, when viewed in connection with National-Socialist stabilisation theories and practices. In itself the decline in share quotations has not been extreme, nor was it very sudden, comparing in neither respect with the drop of 50 per cent. which occurred in six months in the first post-stabilisation years, with the Schacht smash of May, 1927, or with the fall accompanying the payments crisis of 1931. In fact, the word "collapse," used in Berlin and abroad, is justified less by the magnitude of the movement than by its unexpectedness, and for this the stabilisation programme may be held responsible. The National-Socialists, though they never expressly promised that Bourse fluctuations would disappear, did affirm that the "speculative" influences supposed to be behind them and behind commodity price changes had been eliminated; and they pointed to the mild Bourse fluctuation curves of 1933-37 as proof of the success of their policy. In this there was a certain confusion of ideas; for whereas "fair" or "natural" prices for commercial commodities could be named (in fact they were merely corrections of existing prices to meet particular interests), a fair value of securities from which Bourse quotations would never violently deviate could not be found even on paper. In effect, "stabilisation" meant that shares, as was entirely natural, should advance in step as corporate earning capacity recovered from the depression, and that they should never drop substantially, since a decline might indicate that the depression was returning or would return. In consequence, the present big decline surprised and discountenanced official circles; and the fact of it was kept from the general public; indeed, it is still better known abroad than in Germany except in immediately interested quarters.

* * *

In a free economy a heavy decline might have been expected before 1938. Bourse prices were very high, few important shares (shipping excepted) being below par, and many standing at 50 per cent. premium. The dividend yields, calculated at market prices, were low, often around 3 per cent., although the minimum yield on bonds was 4½ per cent. This high level of share quotations was in part due to distrust of the currency (the familiar "flight into real values"); but in part it was due to expectation of higher future dividends, since dividends have been allowed to rise as industry has become more active. The fall in quotations began simultaneously with expert, in part official, predictions that profits had reached or even passed the peak. For these predictions many reasons were given, among them the declining average efficiency of labour, and the enforced utilisation of out-of-date, long idle plant. Equally potent was the fear, since realised, that profits would increasingly go to the tax-collector. Enforced selling for Jewish accounts in early July brought all these apprehensions to a focus, and since then the decline has been continuous. Fear that profits would decline as a mere consequence of decreasing trade activity played little or no part; and to-day, after the event, there is no tendency to represent the collapse as the automatic precursor of depression, although in the past heavy Bourse falls in Germany, as elsewhere, were usually followed by depression. The automatism of the trade cycle seems in this respect to have disappeared. A government like the National-Socialist, for which prestige is the first consideration, is compelled to keep production and employment high; and there is little doubt that it has the power to achieve this, largely by unremunerative undertakings. If the predicted decline in industrial profits occurs it will not, therefore, be due to lack of work but to reduced ability to earn profits on an unreduced volume of production. How far the Bourse decline will go is hard to foresee. Even at the present low prices, dividend yields are not high enough to tempt buyers. But, as against this consideration, the Government, which has unlimited power, may easily desire to stop the decline; and emphatic denials of the alleged new taxation plans indicate that this is the official policy.

* * *

German Debt Service.—The Second Article of the Anglo-German Transfer Agreement, signed in London on July 1st, defined the future service on the "Dawes," "Young," Austrian 1930, and Saarbruecken loans, together with Austrian Government Credit Anstalt bonds and non-Reich debts. Detailed provisions for the execution of the Article (the effect of which was summarised in the table on page 78 of *The Economist* of July 9th) have now been published in a supplementary agreement signed in Berlin at the end of last week. The arrangements for the service of each of the long-term Reich, Austrian and Saarbruecken issues are similar in general character, subject to necessary modifications required by the terms of their issue and of the agreement. The service of certified "Dawes" bonds (bonds which were in the beneficial ownership of British holders on June 15, 1934) will be based on financial years expiring on October 14th. In each of these years the German Government undertakes to provide a sterling amount calculated at 7 per cent. on the nominal amount of all certified bonds, without any reduction in respect of bonds which have been, or may subsequently be, redeemed. Interest on "enfaced" coupons will be payable from October 15, 1938, at 5 per cent., and the balance of service moneys in each year will be applied to redemption by the purchase of bonds in the market on the part of the German Government or by drawings at par, plus any premium. As far as practicable, the amounts to be applied to redemption will be divided proportionately between the enfaced bonds of different currencies. Provision for redemption in respect of the initial period from April 15 to October 14, 1938, will be effected on September 15, 1939. On October 15, 1949, or on any subsequent half-yearly interest date, the German Government (having given six months' previous notice) will be entitled to redeem enfaced bonds in whole, or any part equal to or exceeding £1,000,000 at par, plus premium if any. In the event of such redemption, the subsequent service moneys will be proportionately reduced.

* * *

It will be seen that the effect of the agreement will be to provide 5 per cent. interest and a cumulative sinking fund of 2 per cent. on the "Dawes" loan. In the case of enfaced bonds of the "Young" loan coupons will be paid at 4½ per cent., and the 1 per cent. cumulative sinking fund will not operate until the year ending May 31, 1941. From June 1, 1941, the German Government may redeem enfaced bonds, or any part equal to or exceeding £1,000,000, at par. In general, the operation of the annual redemption provisions is similar to that of the "Dawes" loan, but drawn bonds will be due for payment on June 1st from 1941 onwards. The financial years affecting the Austrian loan of 1930 run to June 30th. The rate of interest on "enfaced" bonds (in British ownership on July 1, 1938) will be reduced to 5 per cent., and the 2 per cent. sinking fund will operate during the current year, the first drawn bonds (at par plus premium) being due for payment on January 1, 1940. The Saarbruecken loan of 1928 will receive interest at 4½ per cent., but the 1 per cent. sinking fund in this case will commence with the three months' period ending September 30, 1940, and subsequently will be effected to years ending September 30th. Finally, capital coupons of the enfaced Credit-Anstalt bonds maturing on and after September 1, 1938, will be paid in full in sterling, while holders of non-Reich debts will be entitled to half the sterling amount due, subject to a limit of 4 per cent.

* * *

"Outside" Dealers' Association.—Obvious importance attaches to the registration, as a company limited by guarantee, of the Association of Stock and Share Dealers. It will be recalled that the Prevention of Fraud (Investments) Bill proposes to give power to the Board of Trade to grant recognition to approved associations of dealers in securities and to exempt the members of such associations from the licensing provisions of the Bill. This proposal follows naturally from the Bodkin report, which envisaged the possibility that associations of "outside" dealers might be formed, having self-contained disciplinary rules. Members of the Association which has now been registered must be wholly or mainly engaged in dealing in marketable securities; those not wholly or mainly so engaged may become associate members. Membership will be terminated *ipso facto* on any conviction involving fraud or dishonesty, or on bankruptcy or receivership. The general council will also retain power to expel, suspend, or censure any member whose conduct is considered improper. Applicants for membership must complete a statement (which, it may be presumed, provides some indication of the licensing rules which the Board of Trade may introduce when the Bill is enacted) showing names, nationality, business references, methods of business (principal or agent), and other relevant particulars. It is understood that members will be debarred from entering as principals into margin or option business with the public. In short, "gambling options" will be expressly forbidden. Further, country members of the Association will not lose the valuable privileges conferred by the register of country brokers of the London Stock Exchange, provided that the rule against public advertising continues to be observed. Although in some quarters of the "House" there is a disposition to regard the formation of the new Association as a further channel through which Stock Exchange business may be diverted, it would seem, at first sight, that the Association should provide an effective disciplinary organisation, commanding the adherence of the majority of "outside" dealers. The Board of Trade's task in examining individual applications for dealing licences should be correspondingly simplified.

* * *

Unit Trust Yields.—The Producers Investment Trust is the latest recruit to the ranks of unit trusts which are now publishing certified yield statements. Accompanying an analysis of the composition of the trust's portfolio on July 26th last, Messrs Peat, Marwick, Mitchell & Co., the well-known chartered accountants, certify that a yield statement estimated by the managers "is based on" the Trust's portfolio, and on dividends and cash bonuses declared or recommended by the respective companies "in respect of the last completed financial years for which such information has been made available." We have previously advocated—and we welcome this new adherent to the principle—that unit trust yields should be certified by accountants. There are, however, a number of technical points which arise in connection with such statements. The first is connected with the dividend rates adopted for the calculation. If the total dividend declared in the last completed financial year is taken, the yield calculation necessarily cannot reflect any changes, whether up or down, in any interim dividend which has been subsequently declared. In the case of Producers Investment Trust, for instance, the reduction in the Courtaulds interim distribution appears to be a case in point. There is a risk, therefore, that such a yield calculation, although formally correct by definition, might become somewhat divorced from current investment conditions. The second point, associated with the first, concerns the frequency with which certified yield calculations are to be published. On grounds of expense, unit trust managers may take the view that a calculation based on the portfolio at each distribution date must suffice for the investor's needs. But in a period between any two distribution dates in which dividends were falling—or, for that matter, rising—the time lag between the appearance of falling industrial profits and their reflection in certified unit trust yields might be further increased. Perhaps the first point might be met if managers were to adopt the conservative course of ignoring any increase in interim dividends declared since the last complete financial years of the companies included in their portfolios, but of taking account of any subsequent reduction in interim dividends. The second suggests, at least, that statements of certified yields should invariably be accompanied by the date of the composition of the trust to which they refer and, if possible, by a statement indicating whether the managers have any reason to apprehend a diminution—or increase—in the certified yield at the end of the current distribution period.

* * *

Steel Share Position.—In a dull industrial share market during this account steel shares have lost further ground. United Steel, which a fortnight ago stood at 22s. 6d., have fallen to 22s.; Guest, Keen and Nettlefolds from 24s. to 23s.; Dorman Long from 21s. 6d. to 20s. 1½d.; and Stewarts and Lloyds from 36s. 9d. to

OTARD'S EST. 1795
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35s. 1½d. The steel industry is certainly experiencing a more serious recession than market observers expected even three months ago. The July output and export returns alike were very depressing. The incidence of paid holidays renders strict comparison difficult, but there is no doubt that even after full allowance has been made for the new holidays, steel output in July was running from 25 to 30 per cent. below the level of June, 1937, and that a further decline had occurred since June. The volume of exports in July, moreover, was 42 per cent. below that of the corresponding month of the previous year. Evidently the accumulation of orders placed when business conditions were more favourable helped to keep the industry fully occupied in the first few months of the year. But these appear to have been worked off. The industry now depends upon new orders, and of these there is chronic scarcity both in the home and export markets. There is no sign yet of any substantial revival after the holidays; many important consuming trades are depressed and the maintenance of rigid prices by the steel industry does not suggest the likelihood of any significant increase in orders.

* * *

At the same time, however, the steel share market already discounts a substantial decline in profits. On the basis of their last dividends (which, of course, represent the peak of profits in this trade cycle), the yields shown are considerable. Even armament shares such as John Brown and Hadfields yield over 9 per cent. and about 8¼ per cent. respectively. Stewarts and Lloyds yield over 7 per cent., United Steel, Baldwins and Colvilles yield 8 per cent., Consett Iron and Whitehead 8½ per cent., South Durham nearly 8¾ per cent., Guest, Keen and Nettlefolds 9 per cent. and Dorman Long 10 per cent. Yields of this kind evidently discount any recession of less than major slump dimensions. If the industry were faced, for the next two or more years, with a fall in demand of such magnitude that dividends had to be halved, then the group would be overvalued. But if the recession is, say, of a year's duration, with a fall in output of around 30 per cent., profits should still register a sufficiently high level to justify present share values. A moderate reduction of output, indeed, would imply some reduction in costs, for in 1937 the plants were working at an uneconomic rate. At the same time, the more highly-geared equities, such as Dorman Long, are evidently much more vulnerable in recession than shares such as United Steel. And industrially the armament steel companies are much less likely than the rest of the group to suffer serious reductions in profit and dividends. But although the present value of steel shares may be justified in the long run, the market is unlikely to strengthen while output is still falling.

* * *

Beechams Pills Finance.—An announcement in July foreshadowed the acquisition by Beechams Pills, Limited, of the ordinary share capital of Macleans, and also a scheme (to be placed before the shareholders in September) to make Beechams Pills deferred shares more conveniently marketable for the small investor. Details of the directors' further proposals under each heading have been issued this week, and they fall into two parts. It is proposed, in the first place, to distribute a capital bonus of two new deferred shares for every share held on August 31st by capitalising £600,000 (from the reserve which was set up when the company's subsidiary interests were revalued last year), and to split the resulting issued capital into 7,200,000 deferred shares of 2s. 6d., leaving 2,400,000 deferred shares to be issued. Thus the holder of one 5s. share on August 31st will become entitled to six shares of 2s. 6d. Secondly, to provide the further finance required for the acquisition of the Macleans 5s. ordinary shares (some 3,394,672 shares have been purchased, out of a total issue of 3,400,000 shares) it is proposed to issue the remaining 2,400,000 Beechams Pills deferred shares, at a price to be fixed by the directors. Existing shareholders of all classes will be given preferential consideration on allotment. The present price of 57s. 6d. for the 5s. deferred shares would correspond to 9s. 7d. for the 2s. 6d. shares after the bonus issue. According to the Beecham Maclean Holdings prospectus, Beechams Pills purchased the Macleans ordinary shares for 12s. 6d. each (plus interest) and were entitled to receive the final dividend of 20 per cent. for the year to June 30th. The net cost of the whole ordinary capital would thus amount to £2,109,600, after deducting expenses for the Beecham Maclean Holdings preference issue, which produced £1,496,500 gross. It is to be presumed, therefore, that a sum of the order of £612,500 remains to be found by Beechams Pills to complete the transaction. This sum would be covered nearly twice by the issue of the remaining 2,400,000 deferred shares on the basis indicated above. The computed benefit to Beechams Pills' profits of £120,000 per annum arising from the transaction would approximately maintain the ratio of earnings on Beechams Pills deferred, after allowance for the capital bonus.

* * *

Calico Printers' Loss.—The position disclosed in the preliminary statement of Calico Printers confirms the worst fears about the company's experience during the year to June last. After providing £367,228 for maintenance, depreciation and repairs, and £128,000 for debenture interest, the Association has experienced a loss of £93,542. From these preliminary figures, it would appear that total profits (presumably after directors' fees amounting to £10,800) amounted last year to no more than £401,686, compared with £616,602 for 1936-37. After deducting the credit balance of £83,351 brought forward from the preceding year and transferring £50,000 from general reserve (reducing the fund to £600,000), the resultant credit balance of £39,809 is carried forward. No dividend is to be paid on the preference stock, which last year received a payment in respect of the half-year to December, 1935. The ordinary capital has received no dividend for the past nine years. The Association has attempted, as far as possible, to offset the decline in British textile export business by establishing mills in China, India and Egypt. And throughout a prolonged period of sub-normal earnings, it has maintained an impressive liquid position and has not compromised its generous depreciation provisions. But at present the depression in the cotton textile industries tells its own tale. In particular, the investor need look no further than the trade returns for the explanation of the Association's adverse experience last year. For the first seven months of the current year, exports of printed cotton piece goods are one-third lower in volume, and nearly as much lower in value. That is the ultimate fact which the cotton industry—and its shareholders—must face.

* * *

The Week's Company Profits. The profits of 16 companies whose reports have been received this week amount to £750,000, compared with £670,000 for the preceding year. In view of the character of the list, however, it is difficult to attribute any special significance to the improvement of 12 per cent. which they show. Total profits for the 1,694 companies reporting this year record an improvement of 11 per cent. from £212,047,000 to £235,400,000. This week's results are discussed on page 382 under the heading "Shorter Comments."

OVER ONE HUNDRED AND TEN YEARS OF SERVICE
SCOTTISH UNION & NATIONAL
INSURANCE COMPANY
ASSETS EXCEED £17,000,000
FIRE LIFE ACCIDENT MARINE
Edinburgh: 35 St. Andrew Square
London: 5 Walbrook, E.C.4, and 45 Pall Mall, S.W.1.

THE STOCK EXCHANGES

London

SETTLING DAYS

TICKET	ACCOUNT
AUGUST 23	AUGUST 25

To outward appearance, conditions on the Stock Exchange have improved from nervousness to dullness this week. Actually, the market has remained on the alert for any sign of major political disturbance, and in the process has escaped more lightly than the Berlin Bourse. Turnover has remained very restricted, but it is at least of some significance that the bears have not been tempted to extend their operations. The market has limited power of resistance, however, and the maintenance of prices is the resultant of small day-to-day movements which might be disturbed if the existing tension in Central Europe were intensified. For the most part, however, it is difficult to find a specific trend. Sentiment has ebbed and flowed, but business has throughout been small.

The *gilt-edged market* was at first affected by political fears, and it required only a small volume of selling to produce fractional falls. Throughout the week, the volume of business remained extremely limited, and price changes were of little interest. Interest in home corporation and dominion issues was restricted.

An improvement in *Japanese bonds* was attributed to American buying, although the market revealed a rather over-sold position, and price movements seemed to exaggerate the volume of demand. Chinese issues also gained in mid-week. German issues were affected by the political situation, but rallied on the publication of the detailed agreement governing the future debt service (discussed on page 376).

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After a gloomy opening in which dealings in preference and guaranteed *home rail stocks* were at times difficult, the ordinary stocks staged a recovery, despite the traffics. Prior charges, however, remained dejected. Absence of support for Argentine issues was followed by further small declines.

The *industrial market* opened uneasily, but in mid-week was able to balance small gains against losses. Steel shares showed further falls at the opening—in some instances of significant extent—but the market became steadier in mid-week, although price movements were small. Little business was transacted in electrical equipment issues, and prices reacted further. Motor shares were affected by the fall in the June registrations, but Raleigh Cycle was perhaps the weakest feature on Monday, with a fall of 3s. to 36s. An appreciable part of this loss, however, was recovered on Tuesday. Aircraft shares declined, and further small selling of brewery shares was reported. Textile shares moved to lower levels, but Courtaulds again showed their recovery powers in mid-week. Store shares remained dull, O.K. Bazaars being unaffected by the share deal. While the extent of the opening losses among the miscellaneous industrials was not maintained, further falls were not uncommon in mid-week, although they were roughly balanced by small gains. Beechams Pills deferred were active on the new finance proposals (discussed on page 378).

Small dealings were recorded in the *oil share market* but the leading shares lost ground. A late rally on Tuesday, however, introduced rather firmer conditions in mid-week. Recorded changes among rubber shares were few, for the amount of interest was almost negligible.

Gold shares were at first affected no less than other markets by political nervousness, but the tone, and also the volume of business, became more encouraging on later days. Among the speculative shares Western Holdings were erratic before and after the publication of the latest cable, while Marievale were active on Thursday. In mid-week buying of established producers led to improvements in Crown Mines—to a new high record—and in the Geduld. Small changes were recorded in the Rhodesian Copper group, but Trepca were at first sensitive to political fears.

"FINANCIAL NEWS" INDICATORS

1938	Total Bargains‡	Corres. Day 1937	Security Indices: 30 ord. shares*	Security Indices: 20 fixed int.†
Aug.12	5,730	6,390	85·1	129·2
Aug.15	5,960	6,745	84·4	129·1
Aug.16	6,130	6,905	83·5	129·0
Aug.17	5,205	6,510	82·8	129·0
Aug.18	5,305	6,265	83·3	129·0
1938 High...	...	...	97·2 Jan. 12	131·0 Feb. 4
Low...	...	...	79·4 Mar. 16	126·9 Mar. 17

‡ Approx. total recorded in S.E. List. * July 1, 1935 = 100. † 1928 = 100.

ACTUARIES' INVESTMENT INDEX

A fall of 2 per cent. is registered by the Actuaries' index of 151 industrial ordinary shares over the past week. The index stood at 64·8 on Tuesday last, compared with 66·1 for the preceding week, and 66·7 a month ago, the corresponding average yields being 5·85, 5·72, and 5·86 per cent. The following selection from the component indices shows that coal, oil, brewery and steel shares have registered an appreciable fall:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100): July 19, 1938	Aug. 9, 1938	Aug. 16, 1938	Prices 1938 High
Coal (9)	83·0	81·9	78·1	106·7
Iron and steel (17)	51·9	50·8	49·2	66·4
Motors (6)	36·4	35·6	34·4	39·0
Oil (4)	91·0	91·3	86·9	92·1
Stores & catering (18)	60·0	59·9	58·4	66·4
Brew. & Distill. (20)	127·2	124·4	121·9	133·6
Miscellaneous (20)	60·8	61·1	59·7	66·7

Group	Yields (%): July 19, 1938	Aug. 9, 1938	Aug. 16, 1938	Prices 1938 Low
Coal	6·76	6·86	7·09	77·9
Iron and steel	9·56	8·04	8·31	49·2
Motors	6·53	6·72	6·97	32·0
Oil	6·55	6·63	6·95	67·1
Stores & catering	5·37	5·40	5·53	56·1
Brew. and Distill.	5·26	5·36	5·47	119·8
Miscellaneous	5·12	5·09	5·23	57·4

New York

WALL STREET experienced the first sharp reaction, after its prolonged and scarcely interrupted rise, at the end of last week. This week, it has recovered part of the lost ground, but without any apparent enthusiasm. It has been typical, on several days, that the gains recorded in opening dealings have not been fully maintained at the close. Turnover has been running at comparatively low levels, and the recovery at the moment appears to be largely of a technical character, without much significance as a pointer to the real trend. Motor shares have been a consistently good group, on hopes of the 1939 selling season. Building stocks improved on the upturn in residential building last month. *Iron Age* estimates steel activity at 41 per cent. of capacity, compared with 40 per cent. last week, although part of the increase appears to be due to building up stocks. There is evidence of price-cutting, and some authorities now estimate that the profit level for the industry will not be reached until activity represents 60 to 65 per cent. of capacity.

New York Prices

	Close Aug. 11, 1938	Close Latest Aug. 18, 1938		Close Aug. 11, 1938	Close Latest Aug. 18, 1938
1. Rails and Transport			**4. Manufacturing**		
Atchison	37½	35	Briggs	33¾	33
Balt. & Ohio	8⅝	8	Chrysler	72½	71
B.M.T.	10⅞	10⅛	Elec. Autolite	26⅝	26
Can. Pacific	6⅝	6¼	Gen. Motors	46⅝	46⅝
Ches. & Ohio	31½	29¾	Hudson Mtr.	9⅛	8⅞
G.N. Ry. Pf.	21⅞	21	Nash Kelvntr	18¼	9¾
Illinois Cent.	11¾	11	Packard Mtr.	5¼	5
N.Y. Central	19⅝	18⅛	Bendix Avtn.	22⅛	22½
Northern Pac.	12⅝	12	Boeing Airpln	27¼	26¼
Pennsylv. R.	21⅛	20	Douglas Air.	49¾	48½
Southern Pac.	19	18	United Aircft.	28	26⅝
Southern Ry.	13¼	12⅛	Air Reduction	60⅜	60¼
Union Pac.	88	89½	Allied Chemi.	177	178
Greyhound	16¾	16⅝	Col. Carbon	92	90½xd
2. Utilities and Communications			Dupont	128½	129⅛
Am. W'works	10¼	10⅛	Un. Carbide	80⅝	80¾
C'with. & S.	1¼	1¼	U.S. Ind. Alc.	20	19¼
Con. Edison	27	26¾	Allis Chalmer	50	49¼
Col. Gas & El	7	6½	Gen. Electric	41¼	41⅜
El Bond & Sh.	7⅝	7⅛	West'hseElec.	100⅜	101
Nat Pwr & Lt.	6¾	6⅝	American Can	102	97⅞
N. American	20¾	20¼	Addressogrph	28½	28⅝
Pac. Gas & El	27½	26⅝	Caterpillar	54	49⅝
Pac. Lighting	38⅝	38¼	Cont. Can.	46	44
Pub Serv N.J.	30	29⅜	Ingersoll Rnd	96	95
Stan Gas & E.	4⅛	4	Int. Harvester	58¼	58
United Corp.	2⅞	2⅝	Johns Manvle	94⅝	93¼
Un. Gas Imp.	10⅝	10⅛	Am. Radiator	15⅝	15⅛
Amer. Tel.	142⅜	141	Corn Prods.	69	69¾
Internat. Tel.	9⅛	8⅝	J I Case & Co.	90½	90
Westn. Union	30	27	Glidden	23	23¼
Radio	7⅜	7⅛	G. Am. Trans	47¾	48
B. Pref	58⅜	56½	Allied Stores	10	10¼
3. Extractive and Metal			Celanese of A.	24⅛	23
Am. Rol. Mill	19¾	18⅝	Ind. Rayon	29	27¾
Beth. Steel	57⅞	55⅛	Colgate Palm.	12⅜	12⅛
Beth. Steel P.	99	98¼	Eastm'n Kdk.	175½	173
Republic St.	18⅝	17⅜	Gillette	10¼	9⅝
U.S. Steel	59⅜	57⅝	Lambert Co.	14¼	13
U.S. Steel Pf.	111¾	110¼	Loews	49¼	47¾
Alaska J'neau	11¼	10¾	20th Cen. Fox	24½	24¾
Am. Metal	34	33½xd	**5. Retail Trade, etc.**		
Am. Smelting	48⅝	49¼	Mont. Ward	47⅜	46
Anaconda	35⅛	33¼	J. C. Penney	84	83¾
Bohn Alum	26	25½	Sears Roebck	72⅜	70¾
Cerro de Pas.	45¾	43½	United Drug	6	5¾
Int. Nickel	49⅝	48½	Walgreen	18½	17⅜
Kennecott	41¼	39½	Woolworth	47	45⅛
Patino Mines	11⅛	10⅝	Borden	17⅞	16¾
Tex. Glf. Sul.	36⅜	35½	Gen. Foods	36⅞	35½
U.S. Smelt.	65	63	Kroger Grcy.	17¼	16⅝
Vanadium	19⅝	18¾	Nat. Biscuit	23⅞	25¾
Atlantic Refg.	23⅝	23¼	Nat. Dairy	15½	15
Phillips Petr.	41⅝	40¾xr	Stand. Brands	8⅛	7⅞
Shell Union	16¾	15¾	Am. Tob. B.	87	87
Shell Un. Pf.	103⅞	103⅝	Lig. Myers B.	102¼	100¾
Socony Vac.	14⅛	14¾	Lorillard	20⅞	19½
Stan. Oil Cal.	32⅛	31	Reyn. Tob. B.	43¼	42⅜
Stan. Oil N.J.	55⅝	54	Nat. Distillers	24⅜	24⅛
Texas Corp.	46½	45½	Schenley Dis.	19	18
			6. Finance		
			Comcl. Credit	48½	48⅛
			Atlas Corp.	8¼	8⅛
			Com Inv. Tr.	53½	53

(*Continued on page 382*)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields of fixed interest stocks 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 increase or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1937 Highest	Prices, Year 1937 Lowest	Prices, Year 1938 Jan. 1 to Aug. 17, inclusive Highest	Lowest	Name of Security	Price, Aug. 17, 1938	Change since Aug. 10, 1938	Yield Aug. 17, 1938 £ s. d.
				British Funds			
84 13/16	73⅛	79¼	71	Consols 2½%	75	−1½	3 7 0
113	105¾	111¾	107	Do. 4% (aft. 1957)	110¼	−¼	3 5 6n
101 5/16	94⅜	100¾	96	Conv. 2½% 1944–49	100⅝	...	2 10 0
103 9/16	97⅜	103¼	99	Do. 3% 1948–53	101¾	+⅛	2 16 0
106 25/32	99	104⅝	98¼	Do. 3½% after 1961	103½	...	3 6 9n
108	105	105⅛	104 3/16	Do. 4½% 1940–44	105	...	2 3 0
117½	111¼	115⅝	112¼	Do. 5% 1944–64	114⅞	...	2 10 0
92½	89	91 11/16	87⅝	Fund. 2½% 1956–61	91½	...	3 1 0
96⅞	89⅞	97 13/16	94	Fund. 2¾% 1952–57	97¼	...	2 19 3
101⅝	92⅞	99 5/16	95⅛	Fund. 3% 1959–69	99	...	3 1 9
116⅜	109	114⅞	110½	Fund. 4% 1960–90	113¾	...	3 3 6
99 5/16	96	101 11/16	97¾	Nat. D. 2½% 1944–48	101½	...	2 7 6
114¾	107⅛	112 13/16	107¾	Victory Bonds 4%	112½	...	3 12 0f
105 13/16	99⅝	103⅜	99½	War L. 3½% af. 1952	102⅝	−¼	3 6 0n
96⅞	84 5/16	90⅛	84⅛	Local Loans 3%	88¼	−¼	3 8 3
102	99½	102	99½	Austria 3% 1933–53	101	...	2 18 9
72	62	68½	63¼	India 2½%	67½	−½	3 14 6
85¼	74¼	82¼	75	Do. 3%	81	−½	3 14 6
98¾	87	95⅝	88½	Do. 3½%	94½	...	3 14 6
119½	112¼	117⅛	114¾	Do. 4½% 1958–68	117	+1	3 7 3
				Dom. & Col. Govts.			
109⅞	105	108⅞	104¾	Austr. 5% 1945–75	106	...	4 1 9
105⅝	101	104 15/16	100¼	Canada 4% 1940–60	104	...	2 1 0
118	114½	115	112⅞	Nigeria 5% 1950–60	114	...	3 11 3
110	104¼	108	101¾	N. Zealand 5% 1946	105	+1	4 6 6
107⅜	103¼	107 19/32	102	Queens. 5% 1940–60	104	...	3 12 6
114⅛	110½	112 13/16	109¾	S. Africa 5% 1945–75	111	+½	3 6 0
				Foreign Governments			
103	93	96½	87½	Arg. 4½% Stg. Bds.	88	...	5 2 9f
105½	97¾	102	24	Austria 1930 5%	49	...	10 6 0
91¾	84¼	89	48	Do. 4½% 1934–59	69	...	7 11 9
102⅛	95¼	99	95	Belg. 4% red. by 1970	98	...	4 3 0
33¼	24½	36	31½	Bulgaria 7½%	35½	...	7 3 0m
89¾	37	37½	16	Brazil 5% Fd. 1914	21½	...	Nil
28	15	19⅝	16¼	Chile 6% (1929)	17½	...	4 9 0v
95¾	54½	60½	40½	China 5% (1912)	45½	+1	11 7 0f
101⅞	59	73½	43	Do. 5% (1913)	60	+1½	8 8 0
108⅝	101½	105¾	58	Czechoslovakia 8%	73	...	11 6 0f
100	92½	99	94	Denmark 3%	97½	...	3 1 9
106½	100½	104	100¼	Egypt Unified 4%	101	−½	3 16 0
18½	11	13	9¼	French 4% (British)	10½	...	5 10 0e
66	52¾	60	43½	Ger. Dawes Ln. 5%	53½	−½	9 11 6
49¼	35	46	32½	Do. Young Ln. 4½%	38	−1½	12 1 6
40¾	30	34½	25	Greek 6% Stab. Ln.	32½	...	7 8 0w
62	47⅛	58½	30	Hungary 7½%	44½	...	10 3 0h
88¾	53	60	38	Japan. 5½% 1936–65	43	+3	12 18 0f
94¾	57½	64½	40	Do. 6% ('24) red. 1959	47	+5	12 18 0f
121¾	110½	124	115	Norwegian 4% 1911	117½	...	3 8 6
61½	40¾	50	36	Peru 7½% 1922	47½	...	...
83	56	75½	54	Poland 7%	75½	...	7 8 6s
20½	13	15¾	11	Roum. 4% Con. 1922	13½	...	14 10 0y
96⅝	88¼	92	78	U.K. & Arg. C. 3%	84½	+1½	3 11 9
				Corporation Stocks			
118	111½	115¾	110½	Bir'ham 5% 1946–56	113	...	3 6 3
118¾	112¾	117	112	Bristol 5% 1948–58	113x	...	3 8 9
95¼	82½	87½	83	L.C.C. 3%	86	...	3 9 9
101	93	97½	94	Liverpool 3% 1954–64	97	...	3 4 0
104⅜	100⅜	105¾	101½	Middx. 3½% 1957–62	105	...	3 4 3

Prices, Year 1938 Jan. 1 to Aug. 17, inclusive Highest	Lowest	Last two Dividends (a) (b) %	(c) %	Name of Security	Price, Aug. 17, 1938	Change since Aug. 10, 1938	Yield Aug. 17, 1938 £ s. d.
				Public Boards			
115½	110½	2½	2½	C. Elec. 5% 1950–70	113	...	3 12 9
				Lon. Pass. Transport			
119½	112	2¼	2¼	4½% "A" 1985–2023	118½	...	3 13 9
129¾	125	2¾	2½	5% "A" 1985–2023	128½	...	3 11 6
122⅝	116½	2½	2½	5% "B" 1965–2023	119½	...	3 17 0
84	73¼	2¾ b	1½ a	"C" 1956 or after	73½	−½	5 15 6
92¼	85	1½	1½	Met. W.B. "B" 3%	91	...	3 6 0
118	114¼	2½	2½	P. of Lon. 5% 50–70	116	...	3 8 6
				British Railways			
65	36¼	3½ b	Nil a	G.W. Ord.	37½	−½	9 6 9
4⅝	2⅛	Nil	Nil	L. & N.E.R. Def.	2⅝	+⅛	Nil
8⅜	4	Nil	Nil	Do. 5% Pref. Ord.	4¼	...	Nil
97	48	3¾ b	Nil a	Do. 5% Pref. 1955	49½	...	7 11 6f
27⅛	9¾	½ c	1¾ c	Do. 4% 2nd Pf.	10½	...	16 13 0
68¼	25¾	3 b	Nil a	Do. 4% 1st Pf.	27	+½	11 2 0
30⅛	12⅞	1¼ c	1½ c	L.M.S. Ord.	13¾	+¼	10 18 0
70¼	29	2 b	Nil a	4% Pf. 1923	30	−½	6 13 4
82¼	55	2 b	2 a	4% Pf.	56x	−½	7 3 0
21⅜	12¾	½ c	1½ c	Southern Def.	13½	−¼	11 2 0
87	54	3 b	1 a	Do. 5% Pf. Ord.	54½x	−2	7 7 0
115½	98	2½ a	2½ b	Do. 5% Pf.	99½x	...	5 0 6
				Dom. & Foreign Rys.			
14	7 7/16	Nil	Nil	Antofagasta Ord.	12	−½	Nil
6½	3⅜	Nil	Nil	B.A. & Pac. Ord.	5	...	Nil
17	8¾	Nil	Nil	B.A. Gt. Sthn. Ord.	12	−½	Nil
12½	6⅛	Nil	Nil	B.A. West. Ord.	7½	−1	Nil
13¼	6½	Nil	Nil	C. Arg. Ord.	8	−½	Nil
8 7/16	5	Nil	Nil	Can. Pac. Com. $25	6½	−½	Nil
28½	25¼	2 c	2 c	Costa Rica Ord.	25½	...	7 17 0
43/9	33/9	Nil	1 c	Nitrate Rlys. £10	40/-	...	5 0 0
66	35	†2 a	†2 b	San Paulo Ord.	36	−3	11 2 0†
16/3	13/9	1 c	1 c	Taltal Rly. Ord. £5	15/-	...	6 13 4
				Banks and Discount			
75/6	59/-	10 b	7½ a	Alexanders £2, £1 pd.	66/3	...	5 5 6
35/-	32/6	5 a	5 b	Bk. of N. Zealand £1	32/6	...	4 18 6e
352½	330	6 a	6 b	Bk. of England	348½	−1	3 9 0
76/7½	71/3	7 b	7 a	Barclay B. £1	75/6	−6d	3 14 3
46/-	41/-	3¼ b	3 a	Barcl. (D.,&c.) A £1	45/-	...	2 15 9
8 9/16	7¼	3½ a	4½ b	Bk. of Aust. £5	8¼	−⅛	4 17 0
£44⅜	£39½	8 c	8 c	Bk. of Mont. $100	£43½x	...	3 13 6e
26½	23½	5¼ c	6 c	Bk. of N.S.W. £20	24½x	...	3 18 6e
55/-	32/6	6 c	Nil c	Brit. Overseas A £5	47/6	...	Nil
12 19/32	11 5/16	7 a	7 b	Chtd. of India £5	12⅜	...	5 13 3

Prices, Year 1938 Jan. 1 to Aug. 17, inclusive Highest	Lowest	Last two Dividends (a) (b) %	(c) %	Name of Security	Price, Aug. 17, 1938	Change since Aug. 10, 1938	Yield Aug. 17, 1938 £ s. d.
13/4½	12/-	3⅓ a	3¾ b	Com. Bk. of Aus. 10/-	13/1½	...	4 6 3
53/9	50/-	5 b	5 a	District B. £1 fy pd.	52/6	...	3 16 3
90/-	74/6	3½ b	3½ a	En. S. & Aust. £5 £3p.	80/-	...	5 5 0
10⅜	9 13/16	10 b	8 a	Hambros £10, £2½ p.	10	...	4 10 0
£96¼	£82	£3 b	£2½ a	Hong. and S. $125.	£87½	...	6 5 9
64/6	56/9	6 b	6 a	Lloyds £5, £1 pd.	59/-	−1/-	4 1 3
9¾	8⅜	9 b	7 a	Martins £20, £2½ pd.	8⅝	...	4 12 6
89/3	78/3¾	8 b	8 a	Midland £1, fy. pd.	85/6	...	3 15 0
6 5/16	5¾	5 a	5 b	Nat. Dis. £2½ fy. pd.	6¼	...	4 0 0
41	34	4 a	11 b	Nat. of Egypt £10	35	...	4 5 9
41¼	37½	9 a	9 b	N. of Ind. £25, £12½ p	40½	+½	5 11 3
3⅞	3 7/16	7½ b	7½ a	N. Prov. £5, £1 pd.	73/6	−6d	4 3 9
488	444	8½ a	8½ b	Roy. Bk. of Scotland	462	...	3 13 6
16 13/16	13⅞	5 a	10 b	St. of S.A. £20, £5 pd.	16⅛	−¼	4 13 0
51/3	43/-	6¼ b	3¾ a	Union Dis. £1	46/3	...	4 6 3
99/-	90/-	11 b	9 a	West. £4, £1 pd.	97/6	...	4 2 0
				Insurance			
28⅝	24½	40 a	50 b	Alliance £1, fully pd.	28	...	3 4 3
16¼	12¾	†3/6 a	†4/6 b	Atlas £5, £1¼ pd.	15¼	...	2 10 9†
10 5/16	9⅛	20 a	20 b	Com. Un. £1, fy. pd.	10	...	4 0 0
5½	4⅝	1/6 a	2/- b	Gen. Acc. £1, 5/- pd.	5	...	3 10 0
31	26¼	25 a	25 b	Lon. & Lanc. £5, £2pd.	29½	...	3 7 9
11⅞	9½	3/2 a	3/1 b	N.Brit.&Mer. £1¼, f.p.	11½	−¼	2 14 6
20⅝	18½	†30 b	†25 a	Pearl (£1), fy. pd.	19¾	−¼	2 15 6†
16	13¾	6/- a	6/- b	Phœnix £1, fy. pd.	15¼	...	3 16 3
35⅝	29½	†25 a	†72¼ b	Prudential £1 A	35½	...	2 15 0†
106/-	81/3	†50 c	†50 c	Do. £1, with 4s. pd.	98/9	...	2 1 0†
10 5/16	8¼	11 a	19 b	Royal Exchange £1	10	...	3 0 0
9 1/16	7½	3/3 a	3/3 b	Royal £1, 10/- pd.	8¾	−⅛	3 14 3
17	15¼	6/6 a	6/6 b	S.U.&Nl.A £20, £1pd.	16½	...	3 19 0
88/6	69/8¼	1/3 a	1/6 b	Sun In., £1 with 5/pd.	85/-	...	3 4 6
8 15/16	7¼	†10 a	†10 b	Sun. Lf. Ass., £1 fy.pd	8½	...	2 6 9†
				Investment Trusts			
267	230	4 a	8 b	Anglo-Amer. Deb.	240	...	5 0 0
65½	45½	3 c	3½ c	Anglo-Celtic Ord.	47½	...	7 7 6
11/3	7/6	7½ c	10 c	Brit. Assets Trust 5/-	11/3	...	4 9 0
233	208	6 b	4 a	Debenture Corp. Stk.	215	...	4 13 0
75	55½	1½ a	3 b	For. Amer. &c., Def.	66½	...	6 15 3
137½	119½	4½ b	2½ a	Guardian Investment	120½	...	5 16 0
254	201	4 a	8 b	Ind. and Gen. Ord.	241½	−2	4 19 6
275½	223	5 a	8 b	Invest. Trust Def.	237½	...	5 9 6
17/-	14/9	2½ a	6½ b	Lake View Inv. 10/-	16/-	...	5 12 6
252½	233	8½ b	3½ a	Mercantile Inv.	242½	...	4 19 0
154	123	4½ b	3 a	Merchants Trust Ord.	123½x	...	6 1 0
251½	223	7 b	5 a	Metropolitan Trust	229½	...	5 4 6
5/-	3/4½	2½ c	4 c	Scottish Inv. 5/-	5/-	...	4 0 0
218	178	3½ a	6 b	Scottish Mort., &c.	183½	...	5 3 0
221	190½	3 a	9 b	Trustees Corp. Ord.	205½	...	4 17 6p
193	167	6 b	4 a	United States Deb.	177½	...	5 12 9
				Financial Trusts, &c.			
11/9	6/3	2½ c	4 c	ArgentineLand, &c. 10/-	9/4½	...	8 11 5
35/-	22/9	10 c	13⅓ c	Brit. S.Afr. 15/- fy. pd.	26/3	−9d	7 12 0
23/9	15/7½	10 c	10 c	Charterhouse Inv. £1	20/-	...	10 0 0
16/10½	13/10½	2 a	2 b	C. of Lond. R. Pty. £1	15/-	...	5 6 9
33/9	25/7½	†2½ a	†8¾ b	Daily Mail & Gen. £1	28/6	−1/-	7 18 0
7	6 1/16	4¼ b	3 a	Dalgety £20 £5 pd.	6⅝	...	5 11 0
23/6	19/3	3 a	6 b	Forestal Land £1	20/6	−6d	8 15 7
25/10½	19/-	Nil c	z 4 (c)	Hudson's Bay Co. £1	21/6	−1/6	3 14 8
20/-	13/9	2½ a	5 b	Java Invest. £1	17/6	...	8 11 6
5⅜	2¼	Nil	Nil	Peru. Corp. Pref.	3¼	...	Nil
10/6	7/-	3 c	3½ c	Primitiva Hold. £1	8/6	...	8 5 0
17/3	12/6	7½ c	7½ c	Staveley Trust £1	13/9	...	10 1 9
34/10½	23/9	10 c	12½ c	Sudan Plant. £1	30/7½	−1/1½	8 3 4
				Breweries, &c.			
77/6	61/3	12½ b	5 a	Ansell's Brewery £1	70/-	−1/-	5 0 0
32/-	21/9	5½ b	2½ a	Barclay Perkins £1	25/-	−1/-	6 8 0
131/-	103/9	†20 b	†5 a	Bass Ratcliff Ord. £1	124/-	−1/-	4 1 0†
67/-	51/-	3 a	12 b	Charrington & Co. £1	60/-	−2/-	5 0 0
82/6	70/-	14 b	6 a	Courage Ord. £1	76/-	−1/6	5 7 0
107/9	85/-	7½ a	15 b	Distillers Ord. £1	96/6	−1/6	4 13 0
125/-	102/6	12 a	17 b	Guinness Ord. £1	109/-x	...	5 1 9
113/6	91/-	20 b	7½ a	Ind. Coope & All. £1	101/-	−2/-	6 0 0
43/-	34/-	3½ a	7½ b	Meux's Ord. £1	37/-	−1/6	5 18 8
93/-	76/3	15 b	8 a	Mitchells & Butlers £1	85/-	−2/-	5 8 0
75/-	63/9	5 a	12½ b	Ohlsson's Cape £1	69/-	−2/-	5 1 4
78/-	65/-	14 b	4 a	Simonds (H.&G.) £1	68/6	−1/-	5 5 0
108/6	87/6	†5 a	†17½ b	S. African Bws. £1	106/6	−1/-	4 5 0†
42/-	30/-	4 a	6 b	Taylor Walker Ord. £1	34/-	−3/-	5 17 7
26/3	19/4½	5½ b	2 a	Walker (P.)&R.Cain £1	21/-x	−6d	7 2 8
77/9	62/6	6 a	12 b	Watney Combe Def. £1	66/-x	−3/6	5 9 0
				Iron, Coal and Steel			
24/6	19/3	4 a	6 b	Allied Ironfound. £1	20/-	−7½d	10 0 0
44/-	36/9	4 a	6 b	Babcock Wilcox £1	37/6	−1/3	5 6 6
9/4½	4/7½	10 c	10 c	Baldwins 4/-	5/-	−3d	8 0 0
46/3	37/3	4 a	10 b	Bolsover Col. Ord. £1	37/6	−1/3	7 9 0
32/3	24/9	†5 a	†12½ b	Brown (J.) Ord. 10/-	26/3	−1/-	6 13 0†
36/7½	26/-	†2 a	†6 b	Butterley Co. Ord. £1	26/3	...	6 1 7†
11/3¾	6/9	5 c	8⅓ c	Cammell Laird 5/-	7/3	−3d	5 13 4
25/7½	19/3	3 a	5 b	Colvilles Ord. £1	20/-	−1/3	8 0 0
11/10½	7/5¼	7½ c	10 c	Consett Iron Ord. 6/8	7/9	−3d	8 12 0
87/6	78/6	5 a	15 b	Cory, William, Ord. £1	83/9	−1/3	4 15 7
34/3	19/4½	6 c	10 c	Dorman Long Ord. £1	20/7½	−7½d	9 13 9
55/3	34/3	14 c	18 c	Do. Pref. Ord. £1	38/9	...	9 5 9
70/-	62/6	†6 a	†11½ b	Firth Brown £1	67/6	...	5 4 0†
31/1½	22/6	†3 a	†4½ b	GuestKeen&c. Ord. £1	23/-	−9d	6 10 4†
33/9	26/6	15 b	7½ a	Hadfields 10/-	27/6x	−1/10½	8 3 7
31/4½	21/6	6½ b	2½ a	Horder Collieries £1	23/9	...	7 11 7
29/-	25/-	5 c	9½ c	Lambert Bros. Ord. £1	26/10½	...	7 1 0
13/10½	7/7½	2 c	3½ c	OceanCoal&Wilson £1	9/-	−3d	7 15 7
12/3	8/10½	5 c	10 c	Pease and Partners 10/-	9/3	−3d	10 16 0
23/9	16/3	2 a	5½ b	Powell Duffryn £1	16/6	−1/-	9 2 0
48/4½	36/2¼	†7½ b	†5 a	Sheepbridge C.&I. £1	37/6	−7½d	6 13 4†
35/4½	24/4½	3½ a	8½ b	Shipley Coll. Ord. £1	26/3	...	9 2 10
40/-	28/9	12 c	13 c	S. Durham } Ord. £1	30/7½	−7½d	8 9 7
20/-	12/-	6 c	7 c	Steel & Iron } B Ord £1	13/1½	...	10 14 0
47/-	38/4½	4 a	6 b	Stanton Iron £1	40/-	...	5 0 0
58/-	45/3	†9½ b	†3 a	Staveley Coal, etc. £1	45/7½	−1/10½	5 9 7†
40/3	31/6	7½ c	12½ c	Stewarts & Lloyds £1	35/-	−1/3	7 2 8
28/9	23/3	4 a	6 b	Swan, Hunter £1	26/3x	...	7 12 3
10/10½	2/4½	15 c	5 c	Thomas (Rich.) 6/8	2/9	...	?

(a) Interim dividend. (b) Final dividend. (c) Dividends for full year. (d) Paid in £N.Z. (e) Allowing for exchange. (f) Flat yield. (h) Yield on 4½% basis. (m) Based on payment of 2½%. (n) To redemption at par, in year shown. (v) Yield on 15/8% basis. (s) Yield worked on a 5½% basis. (w) Yield based on 40% of coupon. † Free of Income Tax. (y) Yield based on 47% of coupon. (p) Yield worked on a 10% basis. (t) Yield worked on a 14% basis. (z) 1% paid free of income tax.

Prices, Year 1938 Jan. 1 to Aug. 17, inclusive Highest	Lowest	Last two Dividends (a) (b) %	(c) %	Name of Security	Price, Aug. 17, 1938	Change since Aug. 10, 1938	Yield Aug. 17, 1938 £ s. d.
				Iron, Coal, &c.—cont.			
25/6	20/9	Nil	Nil	Thornycroft, John £1	25/-	...	Nil
$64	$38½	1 c	Nil c	U. States Steel $100	$59½	−$2	Nil
27/6	20/-	6 b	3 a	Un. Steel Cos. Ord. £1	22/3	...	8 2 0
27/6	19/6	10 c	10 c	Vickers 10/-	20/-	−6d	5 0 0
29/6	21/-	10 c	3¾ a	Ward (Thos. W.) £1	23/9	−1/3	8 8 4
36/6	33/1½	10⁴⁄₉ c	12⅖ c	Weardale S. etc. Df £1	35/-	...	7 4 0
5 15/16	4⅛	12½ a	22½ b	Whitehead I. & S. £1	4¼	...	8 4 0
51/3	40/7½	15 c	15 c	Yarrow & Co. £1	47/6	−2/6	6 6 2
				Textiles			
5/9	2/9	Nil	Nil	Bleachers £1	3/6	+1½d	Nil
5/6	2/10½	Nil	Nil	Bradford Dyers £1	4/3	+3d	Nil
5/4½	2/3	Nil	Nil	Brit. Cel. Ord. 10/-	3/6	−3d	Nil
7/6	4/-	Nil	Nil	Calico Printers £1	5/4½	+3d	Nil
41/9	32/6	10 c	10 c	Coats, J. & P. £1	38/-	−3d	5 5 3
48/1½	26/9	7⅔ b	1½ a	Courtaulds £1	31/3	+3d	5 17 9
39/9	26/9	2½ a	7½ b	English Swg. Ctn. £1	29/-	−4½d	6 18 0
6/9	3/4½	Nil	Nil	Fine Cotton Spin. £1	4/-	−1½d	Nil
33/9	25/-	5½ b	3 a	Linen Thread Stk. £1	28/9x	...	5 18 3
49/4½	36/3	†12½ c	†10 c	Patons & Baldwins £1	46/3	...	4 6 6†
18/9	6/3	Nil a	Nil b	Whitworth & Mit. £1	6/3	...	Nil
				Electrical Manufactg.			
45/3	34/9	10 c	10 c	Associated Elec. £1	38/-	−1/-	5 5 3
95/6	77/6	5 a	15 b	British Insulated £1	92/6	...	4 6 6
103/3	78/9	5 a	15 b	Callenders £1	100/-	...	4 0 0
32/6	18/9	6½ b	6 a	Crompton Park. A 5/-	27/6	...	2 5 6
31/10½	24/4½	Nil c	10 c	English Electric £1	30/6	−6d	6 11 0
79/3	67/-	17½ c	20 c	General Electric £1	77/-	−6d	5 4 0
21/3	16/-	15 b	5 a	Henleys (W. T.) 5/-	21/3	...	4 14 0
41/3	34/-	5 a	7½ b	Johnson & Phillips £1	38/9	...	6 9 0
30/6	22/9	7½ c	7½ c	Siemens £1	25/-	...	6 0 0
				Electric Light, &c.			
$13 11/16	$7⅜	Nil	$1 c	Brazil Trac., no par	$12⅛	−$⅝	8 5 0
68/-	62/6	9 b	6 a	Bournemouth & Ple.	66/3	...	4 12 3
39/3	24/6	2 a	5 b	British Pow. & Lt. £1	29/-	−1/6	4 16 9
34/3	33/-	4 b	3½ a	City of London £1	33/6	...	4 11 6
42/-	33/6	5 b	3 a	Clyde Valley Elec. £1	38/-	...	4 5 9
51/-	45/3	3 a	7½ b	County of London £1	49/6	...	4 5 0
27/9	27/-	4 a	5 b	Edmundsons £1	27/6	...	4 7 0r
35/-	31/3	2½ a	5 b	Lancashire Elec. £1	32/-	...	4 12 6
32/4½	28/9	4 b	3 a	Lond. Ass. Elec. £1	30/-	...	4 13 3
50/9	43/6	9 b	3 a	Metro. Electric £1	50/-x	...	4 16 0
39/-	33/3	2½ a	5½ b	Midland Counties £1	38/-	...	4 5 0
33/10½	26/6	2½ a	4½ b	North-East. Elec. £1	33/-	...	4 4 0
49/-	44/6	6 b	4 a	North Metro. £1	48/9	...	4 2 0
38/9	34/-	2½ a	5½ b	Scottish Power £1	38/-	...	4 5 0
41/10½	37/6	5 b	3 a	Yorkshire Electric	41/-x	...	3 18 0
				Gas			
25/-	21/6	2⅘ a	2⅘ b	Gas L. & C. £1	23/9x	−3d	4 14 6
138	117	4 a	6 b	Imp. Cont. Stk.	120½	−4	8 6 0
23/9	21/6	2⅞ b	2½ a	Newc.-on-Tyne £1	23/6x	...	4 11 6
109¾	101¾	3 b	2½ a	S. Metropolitan Stk.	106½x	...	5 3 3
				Motors and Cycle			
51/3	36/3	15 c	12½ c	Albion Motors Ord. £1	40/-	...	6 5 0
39/4½	31/-	†7½ c	†2½ a	Assoc. Equip. Ord. £1	36/3	...	4 2 9†
32/6	22/-	50 c	50 c	Austin 5/-	24/4½	−7½d	10 5 0
23/3	18/3	Nil	Nil	Birm. Sml. Arms £1	21/3	−1/-	Nil
24/0¾	18/-	83⅓ b	33⅓ a	Dennis 1/-	21/3	−1/3	5 9 9
23/1½	16/3	6 c	5 c	Ford Motors £1	17/6	−7½d	5 14 3
57/6	48/-	12½ b	2½ a	Lucas, J. (£1)	55/-	−1/3	5 9 0
89/4½	71/3	20 c	25 c	Leyland Motors £1	82/6	−2/6	6 1 3
33/3	24/9	45 c	45 c	Morris Motors 5/- Od.	28/-	...	8 1 0
61/3	36/3	20 b	5 a	Ral. Cycle Hold. £1	37/6	−5/-	13 6 6
104/3	81/3	6 a	16½ b	Rolls-Royce £1	97/6	−5/-	4 12 3
16/7½	9/9	25 c	40 c	Stand. Motor 5/-	12/6	−2/-	8 0 0k
				Shipping			
7 3/16	3⅞	5 a	15 b	Clan Line Steam. £1	4½	−¼	4 9 0
4/6	2/6	Nil	Nil	Cunard £1	3/-	...	Nil
24/6	15/7½	3 c	5 c	Furness, Withy £1	16/-	−1/6	6 5 0
24/6	17/6	4 c	2½ a	P. & O. Def. £1	20/6	−6d	3 18 0
23/7½	16/9	4½ c	5 c	Royal Mail Lines £1	19/-	−6d	5 5 3
22/3	13/6	Nil c	Nil c	Union Castle Ord. £1	15/6	...	Nil
				Tea and Rubber			
18/6	9/6	2½ c	5 c	Allied Sumatra £1	15/6	−6d	6 9 3
30/-	18/1½	4 a	5 b	Anglo-Dutch £1	28/6	−6d	6 6 6
29/4½	18/3	5 a	10 b	Bah Lias £1	27/6	−7½d	10 18 0
27/-	22/6	2 a	6 b	Jhanzie Tea £1	25/-	...	6 8 0
38/6	31/6	5 a	7½ b	Jorehaut Tea £1	36/3	...	6 18 0
37/6	29/6	2½ a	10 b	Jokai (Assam) £1	36/3	...	6 18 0
18/10½	10/-	5 c	5 c	Linggi Plant. £1	17/6	...	5 14 3
3/10	2/0¾	5 a	7½ b	London Asiatic 2/-	3/7½	...	6 19 0
30/10½	17/6	4 a	6 b	Rubber Trust £1	29/6	−6d	6 15 6
3/8¼	2/-	5 a	10 b	United Serdang 2/-	3/4½	...	8 17 9
				Oil			
113/1½	67/-	5 a	20 b	Anglo-Iranian £1	106/10½	−2/6	4 13 9
32/6	24/9	32½ a	12½ b	Apex (Trinidad) 5/-	29/-	−1/-	7 15 0
45/-	25/-	Nil	Nil	Attock £1	41/10½	−7½d	Nil
6 1/16	4	5 a	25 b	Burmah Oil £1	4 17/32	−3/16	4 9 0k
12/10½	3/7½	10d ps c	11d ps c	Mexican Eagle M.$4	4·4	−5d	?
£42	£33⅞	6 a	11 b	Royal Dutch fl.100	£38	−¾	4 19 6e
5 1/16	3½	†7½ a	†12½ b	Shell Transport £1	4 7/16	−7/32	4 10 3†
5⅜	4 1/16	20 b	10 a	Trinidad Lease. £1	5 3/32	−7/32	5 17 9
				Miscellaneous			
20/6	17/3	5 c	5 c	Aerated Bread £1	20/-	...	5 0 0
25/-	20/-	9 c	8 c	Allied News. £1	20/6	−3d	7 16 0
25/9	18/-	7 c	7 c	Amal. Metal £1	23/1½	...	6 1 0
16/6	11/3	5 a	3 b	Amal. Press 10/-	13/9	−3d	5 16 3
15/-	11/-	10 a	10 b	Assoc. Brit. Pic. 5/-	12/6x	−3d	8 0 0
17/9	10/3	26⅔ c	25 c	Assoc. News. Df. 5/-	11/-	−9d	11 7 0
88/1½	67/6	7½ a	15 b	Assoc. P. Cement £1	78/9	−2/6	5 14 3
72/6	55/7½	10 b	5 a	Barker (John) £1	57/6	−2/6	5 6 0
65/7½	41/3	60 c	85 c	Beechams Pills Df. 5/-	57/6	+2/6	7 8 0
49/9	37/6	m 29 c	s 32⅓ c	Boots Pure Drug 5/-	41/3	−1/3	4 6 3
29/9	23/1½	7½ c	10 c	Borax Deferred £1	25/7½	−1/3	7 16 0
17/9	12/6	9 c	Nil c	Bow. Paper Mills £1	12/6	−6d	Nil
57/10½	44/3	7½ a	17½ b	Bristol Aero. 10/-	53/9	−1/3	4 13 0
53/1½	40/6	4 a	8½ b	Brit. Aluminium £1	48/9	−7½d	5 2 6
36/3	31/-	2¾ a	5 b	British Match £1	33/-	...	4 14 0
5 7/16	4 13/32	†20 c	†21¼ c	Brit.-Amer. Tob. £1	5⅛	−1/16	4 3 0†
84/4½	64/4½	7 a	10 b	British Oxygen £1	68/9	−3/9	4 19 0
62/-	46/3	17½ b	7½ a	Brockhouse (J.) £1	51/3	−1/3	9 15 0
68¾	45½	Nil c	4 c	Cable & Wir. Ord.	52	−1	7 14 0
7⅞	6	20 b	15 a	Carreras A Ord. £1	7⅝	−⅛	4 11 9
14/-	8/3	20 c	25 c	Crittall Mfg. Ord. 5/-	12/-	−9d	10 8 3
47/6	38/3	10 c	12½ c	De Havilland Air. £1	47/6	...	5 5 3
33/-	25/3	9 c	9 c	Dunlop £1	27/3	−6d	6 13 0
38/6	35/-	10 b	5 a	Eastwoods Ord. £1	36/3	−1/3	8 5 6
16/3	9/9	10 c	10 c	Elec. & Mus. Ind. 10/-	12/-	−9d	8 6 8
26/3	18/-	15 a	20 b	Ever Ready Co. 5/-	18/6	1/6	9 9 3

Prices, Year 1938 Jan. 1 to Aug. 17, inclusive Highest	Lowest	Last two Dividends (a) (b) %	(c) %	Name of Security	Price, Aug. 17, 1938	Change since Aug. 10, 1938	Yield Aug. 17, 1938 £ s. d.
26/4½	17/-	10 c	†12½ c	Fairey Aviation 10/-	24/9	−1/-	5 1 0†
56/9	45/-	5 a	7½ b	Finlay (Jas.) & Co. £1	53/9	−1/3	4 13 0
6 21/32	5 5/16	7½ a	20 b	Gallaher Ltd. Ord. £1	6 5/16	...	4 6 0
7/-	3/9	Nil c	Nil c	Gaumont-Brit. 10/-	4/9	...	Nil
20/6	10/9	8 a	8 b	Gen. Refract's 10/-	11/6	−1/9	13 18 0
35/3	23/-	22½ b	15 a	Gestetner (D) (5/-)	28/9	−1/3	6 1 9v
90/7½	68/9	5 a	20 b	Harrisons&Cros.Df. £1	88/9	...	(d)
76/6	60/7½	13½ b	5 a	Harrods £1	64/4½	...	5 17 0
30/-	19/10½	27½ b	15 a	Hawker Siddeley (5/-)	26/6	−1/3	8 0 6
28/3	21/-	8 c	9 c	Imp. Airways £1	27/6	...	6 11 0
35/3	27/6	3 a	5½ b	Imp. Chem. Ord. £1	31/3	−6d	5 8 9
13/7½	8/-	Nil c	5 c	Imp. Smelting £1	10/7½	...	9 8 0
7¾	6	†17½ b	†7½ a	Imp. Tobacco £1	7 1/16x	−1/16	3 10 9†
$53½	$38⅞	c$1·30	c$2·25	Inter. Nickel n.p.	$50	−$1½	4 0 0n
12/9	8/7½	5 a	5 b	International Tea 5/-	10/3	−3d	4 17 6
40/3	32/9	4 a	6 b	Lever & Unilever £1	38/9	...	5 3 3
60/-	43/9	22½ c	20 c	London Brick £1	55/-	...	7 5 6
5 13/16	5	8⅓ a	14⅙ b	Lyons (J.) Ord. £1	5 11/16	...	3 18 6
60/7½	42/6	15 a	27½ b	Marks & Spen. 'A' 5/-	58/1½	...	3 13 0
4 11/16	3⅜	12½ b	7½ a	Murex £1 Ord.	3⅞	−⅛	5 3 6
37/-	32/6	2½ a	9⅜ b	Phillips (Godfrey) £1	33/9	−1/3	7 1 0
35/6	26/3	7½ a	10 b	Pinchin Johnson 10/-	28/9	−3/3	6 1 9
42/9	26/3	12½ a	37½ b	Prices Trust Ord. 5/-	38/1½	−1/10½	6 11 0
58/9	42/6	3⅛ a	11⅞ b	Radiation Ord. £1	51/3	−2/6	5 17 0
5 15/32	4⅞	22½ c	22½ c	Reckitt & Sons Ord. £1	5⅜	...	4 4 0
14/3	9/8	†8⅓ b	5 a	Sears (J.) Ord. 5/-	9/8	−2/1	7 17 0
14/6	8/9	2½ c	4 c	Smthfld.&Arg.Mt. £1	9/9	−3d	8 4 0
60/6	51/6	2½ a	12½ b	Spillers Ord. £1	55/6	...	5 8 0
26/10½	21/-	Nil	Nil	Swed. Match. B.kr.25	25/1½	−1/1½	Nil
83/-	70/-	14 b	4¼ a	Tate and Lyle £1	77/6	−1/3	4 14 3
48/3	36/6	5 b	5 a	Tilling, Thos. £1	45/-	−6d	4 11 0
68/4½	52/6	11 b	5 a	Tob. Secrts. Ord. £1	66/3	...	4 16 6
53/-	30/7½	35 c	25 c	Triplex Safety G. 10/-	33/9	−7½d	8 0 0
89/4½	74/4½	16¼ b	10 a	Tube Investments £1	82/6	−1/3	6 7 0
87/6	70/-	16¼ b	3¾ a	Turner & Newall £1	77/6	−2/2	5 3 3
57/4½	46/3	7½ b	5 a	United Dairies £1	55/-	...	4 11 0
27/7½	18/4½	15 b	7½ a	United Molasses 6/8	22/6	−7½d	6 13 0
39/8¼	33/9	7½ b	5 a	W'llpapr Mfrs.Def. £1	35/7½	...	7 0 0
39/3	32/6	3 a	7 b	Wiggins, TeapeOrd. £1	36/3	−6d	5 10 3
70/-	60/6	15 a	45 b	Woolworth Ord. 5/-	65/-	...	4 12 3
				Mines			
70/7½	52/6	95 c	95 c	Ashanti Goldfields 4/-	68/1½	−7½d	5 11 6
12/10½	8/0¾	p6 a	p4 b	Burma Corp. Rs. 9	9/1½x	−9d	10 5 0†
3/6	1/6	Nil c	Nil	Commnwlth. Mng. 5/-	2/4½	−1½d	Nil
81/3	62/6	32½ c	6¼ a	Cons.Glds.of S. Af. £1	75/7½	−1/3	5 5 9k
17¼	14¾	95 b	95 a	Crown Mines 10/-	17⅛	+⅛	5 11 0
13 5/16	6	30 a	Nil b	De Beers (Def.) £2½	8¾	−⅛	8 11 6
69/4½	50/7½	20 c	15 c	Jo'burg. Cons. £1	52/6	...	5 14 3
48/3	30/10½	11¼ b	11¼ a	Randfontein £1	38/1½	−7½d	11 16 0
12⅞	9⅛	37½ b	25 a	Rhokana Corp. £1	12	−¼	5 4 0
19⅞	12¾	Nil	Nil	Rio Tinto £5	13¾	−¾	Nil
21/7½	13/7½	80 c	10 a	Roan AntelopeCpr. 5/-	17/6	−3d	?
11 15/16	9⅜	75 a	75 b	Sub Nigel 10/-	11½	...	6 10 6
9 13/32	7	2/6 a	6/- b	Union Cp. 12/6 fy pd.	9¼	−1/16	4 12 0
9 25/32	5 13/16	Nil	Nil	W. Witwatersrand 10/-	7¼	−1/16	Nil
19/1½	5/2¼	10 c	Nil c	Wiluna Gold £1	14/3	−9d	Nil

NEW ISSUE PRICES

Issue	Issue price	Aug. 17, 1938	Change since Aug. 10	Issue	Issue price	Aug. 17, 1938	Change since Aug. 10
Afr. Expl. 4%	100	102¾–3¾	+ ¼	Cov. GP 4% dbs	99	2¼–1¾ dis	−1
Do. 5½% pf.	21/-	2/4½–2/7½ pm	...	Easterns 5%	100	par–1 pm	...
Am. Pr. 4% db.	99	3–2 dis	...	Ipswich 3¼%	98½	½–¼ dis	−¼
Bechm. 5% pf.	1	par–6d pm	+1½d.	Luton 3¼%	98½	⅜–⅛ dis	−⅛
Bootle 3¼%	98½	⅜–⅛ dis	−⅛	Regis 5½% £1	1	⅞–1	...
Bnmth. 3¼%	98½	⅝–¾ pm	−1/16	S. Met. Elec. 4% pf	20/6	1½d. dis–1½d. pm	...
Bwtr 4½% db.	98	5–4 dis	−½	Do. 3½% db.	100	1 dis–par	−¼
Brt. Ox. 5% pf	22/6	6d–9d pm	−1½d.	Stoke 3¼%	98½	1⅛–⅞ dis	−⅛
Brtn (M.) 5% db	100	¾ dis–par	+ ¼				

UNIT TRUST PRICES

as supplied by managers and Unit Trusts Association
(Table does not include certain closed trusts)

Name and Group	August 17, 1938	Change since Aug. 10	Name and Group	August 17, 1938	Change since Aug. 10
Municipal & Gen.			Keystone	15/10½–16/10½	−3d
For. Govt. Bond	13/9–14/9	−3d	Keystone 2nd	12/9–13/9	...
Limited Invest.	18/6–19/3	−6d	Keystone Flex.	14/4½–15/4½	−4½d
Mid. & Southern	18/9–19/6	−3d	Key. Consol.	14/-–15/-	−4½d
Scottish & Northn.	16/6–17/3x	−3d	**Allied**		
Bank-Insurance			Amer. Indsts.	17/3–18/3	−9d
Bank & Insur.*	19/-–20/-	...	Brit. Ind. 1st	17/3–18/3	−3d
Insurance*	20/9–21/9	...	Do. 2nd	14/9–15/9	−3d
Bank*	17/9–18/9	...	Do. 3rd	15/-–16/-	...
Invest. Trust*	13/9–14/6	...	Do. 4th	15/6–16/6	...
Scot. B.I.I.T.*	14/7½–15/6	−3d	Elec. Inds.	16/3–17/3	...
Cornhill deb.*	21/-–21/9	...	Metals & Min.	13/9–14/9	−6d
Cornhill def.*	13/9–14/9	...	**Other Groups**		
National			Brit. Emp. 1st Unit.	17/1½–18/1½	−1½d
National C.	17/6–18/6x	...	Brit. Gen. "C"	15/-–16/-	−3d
National D.	16/6–17/6	...	Rubber & Tin	1/2½–1/4	...
Nat. Invest.	12/10½–13/10½x	−3d	Brit. & Amer.	14/9–15/9	−3d
Amalgamated	20/3–21/3	...	Producers	7/9–8/3	−3d
Century	16/9–17/9	−3d	Domestic	7/-–7/6	...
Gilt-edged	17/6–18/-	...	Do. Priority	9/-–9/6x	...
Scottish	16/9–17/9	−3d	1st Prov. "A"	19/9–20/9x	−3d
Universal	17/10½–18/10½	−3d	Do. "B"	14/9–15/9	−3d
"15 Moorgate"			Do. Reserves	15/-–16/-x	...
Inv. Flexible	12/6–13/6	−3d	Selective "A"	15/9–16/9	...
Inv. Gas & El.	13/-–14/-	...	Selective "B"	15/4½–16/4½	...
Inv. General	16/3–17/3	−3d	Brit. Trans.	12/-–13/-x	−3d
Inv. 2nd Gen.	13/6–14/6x	−3d	Bank, Ins. & Fin.	15/3–16/3	...
Inv. Gold	17/4½–18/4½	...	British Bank Shrs.	20/3–21/3	...
Hundred	17/3–18/3	−3d	Do. Insur. Shrs.	16/9–17/9	...
Provident	13/4½–14/4½	−3d	Four Square	19/9–20/9	−3d
Savings Unit	8/7½–9/3	−3d	Brewery	14/-–15/-	−3d
Security First	13/7½–14/7½	−1½d	Protected 1st	18/3–19/3	−9d
Keystone			Do. 2nd	16/-–17/-	−6d
Gold 2nd Ser.	18/9–19/9x	...	Do. 3rd	11/3–12/3	−3d
Gold 3rd Ser.	13/7½–14/7½x	−1½d			

* Bid and offered prices are free of Commission and Stamp Duty. (a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (k) Yield on 20% basis. (m) Including bonus of 5% free of tax. (n) Yield worked on a $2 basis. (p) Annas per share. Latest annual dividend equal to about 6·945 % tax free. (s) 8⅓% paid free of income tax. † Free of Income Tax. (v) Yield worked on 35% basis. (y) Dividend before the 200% capital bonus 4s. per share. (e) Allowing for rate of exchange. (d) 17½% cash dividend and 7½% in deferred ordinary stock. (t) Yield worked on 6% basis.

(*Continued from page 379*)

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).

WEEKLY AVERAGES

	1938 Low Mar. 30	1938 High Aug. 10	Aug. 3, 1938	Aug. 10, 1938	Aug. 17, 1938
347 Ind'ls.	75·9	108·9	107·7	108·9	106·0
32 Rails	19·0	31·4†	27·3	28·6	26·9
40 Utilities ...	57·7	78·6†	74·9	75·4	73·9
419 Stocks ...	63·7	90·7†	89·2	90·3	87·9
Av. yield %*	8·35 High	3·96 Low	4·03	3·96	4·10

* 50 Common Stocks † January 12th. ‡ July 20th.

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

Aug. 11	Aug. 12	Aug. 13	Aug. 15	Aug. 16	Aug. 17
120·9	118·4	118·1	118·5	120·1	120·3

1938 High: 127·4 August 6th. Low: 83·6 March 31st.

TOTAL DEALINGS IN NEW YORK

1938	Stock Exchange Shares 000's	Stock Exchange Bonds $000's	Curb Shares 000's
Aug. 11	1,100	4,890	152
» 12	1,480	5,480	155
» 13*	400	2,230	46
» 15	590	3,190	78
» 16	610	4,450	80
» 17	600	4,950	94

* Two-Hour Session.

Capital Issues

PROMPT success attended the issue of £330,000 5 per cent. debenture stock of *Odhams (Watford)*, on which payment of principal, premium and interest is unconditionally guaranteed by Odhams Press. The prospectus suggests that the company, which was formed in 1935, has established itself on a reasonable profit-earning basis. In view of its guarantee and relatively high yield, the stock may be useful for the general investor for mixing purposes.

CAPITAL ISSUE TOTALS

Week ending August 20	Nominal Capital £	Conversions £	New Money £
To the Public	386,530	...	386,530
To Shareholders ...	137,731	...	181,596
By S.E. Intro.	Nil	...	Nil
By Permis. to Deal	181,340	...	735,209
Sav. Certs., week ending Aug. 13...	*Dr.150,000*	...	...

Year to date	Including Conversions £	Excluding Conversions £
1938 (*New Basis*)	233,824,523	213,933,560
1937 (New Basis)	*405,997,474*	*357,323,579*
1938 (*Old Basis*)	171,230,985	152,290,117
1937 (Old Basis)	*253,078,960*	*207,477,544*

Destination (Excluding Conversions)

Year to date	U.K. £	Brit. Emp. ex U.K. Countries £	Foreign Countries £
1938 (New Basis)	164,851,069	46,653,262	2,429,229
1937 (New Basis)	*303,145,607*	*50,919,613*	*3,258,358*
1938 (Old Basis)	129,724,256	20,166,737	2,399,124
1937 (Old Basis)	*189,712,046*	*16,272,998*	*1,492,500*

Nature of New Borrowing (Excluding Conversions)

Year to date	Deb. £	Pref. £	Ord. £
1938 (New Basis)	137,050,732	14,407,126	62,475,702
1937 (New Basis)	*163,750,425*	*25,772,436*	*167,800,718*
1938 (Old Basis)	126,291,813	8,506,776	17,491,528
1937 (Old Basis)	*148,036,092*	*16,024,954*	*43,416,498*

NOTE.—"Old Basis" includes only public issues and issues to shareholders only; "New Basis" includes all new capital in which permission to deal has been granted.

PUBLIC OFFER

Odhams (Watford), Ltd.—Issue of £330,000 5 per cent. first mortgage debenture stock at par. Principal premium and interest unconditionally guaranteed by Odhams Press. Redeemable at 102½ by 1968 by drawings from 1943, or from 1945 on notice. Net assets, £650,994. Odhams Press profits after depreciation and interest: 1935, £349,403; 1936, £351,554; 1937, £340,192.

PRIVATE PLACINGS

Bigwood (Joshua) and Son.—This company is allotting 80,000 6 per cent. cumulative 10s. preference and 25,000 4s. ordinary shares in consideration of the acquisition at par of 80,000 (i.e. all) 7½ per cent. redeemable cumulative 10s. preference shares and 25,000 (i.e. one-half) 4s. ordinary shares in Laystall Engineering Company.

Lydenburg Estates.—In consideration of the acquisition of mining rights additional to those appearing in a schedule issued last June, 47,500 5s. shares are being allotted.

SALE BY TENDER

Bedford District Gas.—Offer for sale by tender of sufficient 4 per cent. redeemable preference stock (1958) to realise £56,530. Minimum price is par.

DIVIDEND ANNOUNCEMENTS

Rates are actual, unless stated per annum or shown in cash per share. Rate for previous year refers to total dividend, unless marked by asterisk to indicate interim dividend.

Company	*Int. or †Final	Total	Payable	Prev. Year
	%	%		%
BANKS				
British Linen Bank	8*	...	Sept. 15	8*
Dominion Bank	2½*§	...	Oct. 1	2½*§
TEA & RUBBER				
Chunglooon Rubber	5†	9	...	10
Gadjah Rubber	5†	7½	...	10
Java Prod. Co. (1932)	3†	6	Sept. 27	Nil
Talliar Estates		3	Sept. 7	Nil
Tebing Rubber	2½†	5	...	7½
Tonghurst Rubber ...	4†	8	...	9
MINING				
Kuala Kampar Tin...	12½*	...	Aug. 31	5*
Kuala Kangsar	...	2½	...	5
INDUSTRIALS				
Alley and Maclellan	5*	...	Aug. 20	...
Aplin and Barrett ...	5*	...	...	5*
Barker (John) and Co.	5*	...	Sept. 30	5*
Carter and Co.	...	12½	...	20
Chambers Wharf, etc.	15	(e)25	...	22½
Chandler's, Ltd.	(a) 2½*	...	Sept. 20	5*
Clyde Valley Elec. ...	3*	...	Sept. 22	3*
Compass Inv. Trust	...	2	...	2
Courage and Co. ...	6*	...	...	6*
Field, Sons and Co.	5*	...	Aug. 31	5*
Gen. Funds Invest....	2*	...	Aug. 25	2*
Gorringe (Frederick)	3½*	...	...	3½*
Harding Tilton	12½*	...	Oct. 1	10*
Hartley and Sugden	...	4	...	3½
Hobson (Air & Motor)	5*	...	Sept. 19	5*
H.P. Sauce	7½*	...	Sept. 15	7½*
Hurst Nelson	...	10	Nov. 11	7½
Internat. Inv. Trust...	3*	...	Sept. 2	3*
Jackson Br. (Knotgly)	5*	...	Aug. 24	5*
Limmer and Trinidad	6*‡	...	Sept. 5	6*‡
Liverpool Gas	3*	...	...	3*
Lochgelly Iron, etc.	...	10	...	10
Manchr. Bdg. W'hses	5*	...	...	5*
Manvers Main Colls.	...	5½	...	5½
Maple & Co.	2½*	...	Oct. 1	2½*
Oakey (John) & Sons	2½*	...	Sept. 1	2½*
Plymouth Breweries..	2½*	...	...	2½*
Rangoon Elec. Tram.	2½*	...	Oct. 31	2½*
Robinson (Peter) ...	1*	...	...	1*
Sears (J.)	5*	...	...	5*‡
Slough Estates	5*	...	...	4*
Strand Elec. Hldgs....	6†	10	Sept. 15	10
Strettons Derby Brew.	22½†	37½	...	35
Sunbeam Wolsey.....	...	(a)12½	...	12½
Tarry (E. W.)	...	6	Nov. 1	...
Thomas and Evans ...	3*	...	Sept. 1	3*
Thames Est. & Invsts.	2†	4½	...	Nil
United Carlo Gatti ...	4*	...	Sept. 1	4*
Wankie Colliery	6*a	...	Aug. 29	5*
Waste Heat & Gas El.	2½*	...	Aug. 31	2½*
Waygood-Otis	12½*	...	Aug. 15	12½*
Winterbottom Book Cloth.....	1½*	...	Sept. 30	2½*
Yardley and Co.	15*	...	...	15*

‡ Tax free. § Quarterly. (e) For 13 months. (a) On larger capital.

SHORTER COMMENTS

Company Results of the Week.—An appreciable advance in net profits, from £93,866 to £106,153, is recorded by STRETTONS DERBY BREWERY. The ordinary dividend has been increased from 35 per cent. to 37½ per cent. WILLIAM BAIRD AND COMPANY, the Scottish steelmasters, have published a very satisfactory report, which shows that net profits have increased from £283,088 to £380,064. The increased dividend, of 16 per cent. compared with 13 per cent., is covered with an appreciable margin. Progress is also recorded by BATCHELOR'S PEAS, whose net profits show an increase from £47,697 (for approximately 50 weeks) to £55,867. The 10 per cent. ordinary dividend, which is maintained, requires £20,000, but the balance carried forward has been increased from £11,197 to £22,607. TYNE-TEES SHIPPING profits are slightly lower at £47,496, but the traditional ordinary dividend of 5 per cent. is maintained.

MISCELLANEOUS

Joshua Bigwood and Son.—This company is acquiring the Laystall Motor Engineering Company, of Southwark, a new private company (with £100 capital) being formed to take over the business. To finance the acquisition, Bigwoods are issuing 80,000 6 per cent. cumulative 10s. preference shares and 25,000 4s. ordinary shares. Net trading profits of both companies for 9 months to April 30, 1938, are £18,807 before depreciation and tax.

Investors Second General Trust.—Sixth distribution (payable September 1st) is 4½d. net per sub unit. A year ago 5½d. net was distributed.

Third British Fixed Trust.—Coupon No. 9 (payable August 15, 1938) has been paid at the rate of 7½d., free of tax, per sub-unit. This makes for year £6 10s. 9d. (against £6 1s.) per cent. on initial price of 20s. 6d., from dividends and cash bonuses alone; distribution from sale of rights is at 10s. (against £1 11s. 9d.) per cent. net on initial price.

A. V. Roe.—It has been announced by Sir Kingsley Wood that this company has been entrusted with the erection of a factory costing £1,000,000.

Cables Investment Trust.—At the general meeting held on August 16th, Lord Pender disclosed that 32 per cent. of the companies' securities were in bonds, 17 per cent. in preference stocks, and 51 per cent. in ordinary stocks. It had been deemed wise to confine most of the investments to securities within the British Empire.

Railway Fares.—The Railway Companies' Association has issued a statement to the effect that there is no proposal under consideration for a further general increase in fares or season ticket rates.

Baird (William) and Company.—For year to May 31, 1938, profits (after contingencies) were £598,935 against £432,734. Tax and N.D.C., £181,000 (£110,000); ordinary dividend 16 per cent. (13 per cent.); depreciation, £65,000 (same); to reserve, £50,000. Carry forward, £169,396 (£121,674).

City of Saarbruecken 6 per cent. Sterling Loan of 1928.—Guinness, Mahon and Company announce that funds have been received for the payment in full of the balance of 20 per cent. outstanding on coupons due October 1, 1936.

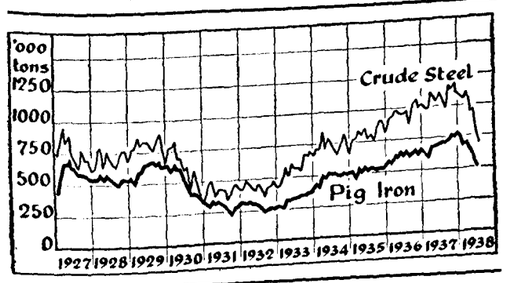
"Brewery Share Prospects."—The price of hops quoted in this article in last week's issue should be £9 per cwt.

Mozambique Company.—Report for 1937 shows excess of African receipts over expenditure of £190,679 against £149,016. Rectification of inventories took £50,240 (£21,013); Caisse d'Emission net expenses, £4,016 (£427); European net expenditure, £40,616 (£32,058). Profits are thus £95,694 (£96,258). To reserve, £4,785; to State, £2,392; amortisation, £15,011 (£12,223). Remaining £73,506 to special reserve fund.

(*Continued on page 395*)

Industry and Trade

Lower Steel Output.—The downward trend in iron and steel production continued during the past month. The output of pig iron fell from 541,500 tons in June to 507,800 tons in July, and crude steel production declined from 776,100 tons to 683,200 tons. The severity of the decline in output is shown by the accompanying diagram. The output of pig iron and crude steel last month was lower than in any corresponding month since 1933. The extent of the decline, however, is scarcely surprising. It has long been evident that the hectic re-stocking movement of last year was likely, sooner or later, to force



a substantial curtailment of domestic output, in spite of the reduction in imports. The decline has been accelerated, of course, by the recession in general business activity. While stocks appear to have been appreciably reduced, there are no signs of any marked increase in new orders, partly because consumers expect prices to be reduced at the end of this year.

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Cotton Industry Enabling Bill. — Representatives of other textile industries which may be affected by the proposed Cotton Industry Enabling Bill have been invited to participate in discussions which will take place in September. Mr Peter Bennett, the President of the Federation of British Industries, has been asked by the President of the Board of Trade to act as independent chairman in these talks. The Executive of the Joint Committee of Cotton Trade Organisations, at a meeting in Manchester on Wednesday, considered a number of points which had been raised by the opponents to the Bill, and a statement has been sent to the Opposition Committee with a view to removing some of the misunderstandings which still appear to exist. The Executive, however, unanimously affirmed the necessity of appointing a Cotton Board to administer the reorganisation scheme. This principle had been approved by all sectional organisations as the only satisfactory means of dealing with the problems likely to arise. On the suggestion of the opposition firms, however, the proposals have been amended to include "scrap and build" schemes for those sections that desire them. The Joint Committee emphasised that, as already announced, the draft Bill, when ready, would be published for the consideration of the industry. The Board of Trade will decide how the opinion of the trade is to be taken on it, and the Government's decision whether to introduce the Bill into Parliament will depend upon the reception it receives from the industry. A memorandum containing the views of the opponents to the Bill will be forwarded to the President of the Board of Trade this week-end.

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An Apple a Day.—If an apple a day is a necessity for health, the latest figures published by the Imperial Economic Committee* confirm the view that the British people are not keeping fit. Owing to the poor home crop of 1937, they ate only 20 lb. of apples each last year, compared with 26 lb. in 1936 and 32 lb. in 1934, a year of an exceptionally good crop. Allowing an average of five apples to the pound (and excluding apples consumed as cider) each inhabitant had barely two apples a week in 1937, with none extra for Christmas and All Hallow's Eve; even in 1934, there were only three apples a week for each of us, with four extra for the major festivities of the year. Fortunately, this deficiency in supplies was partly made good by increased consumption of other fruit, mainly oranges and bananas, whose nutritive value is probably not very different from that of the much-advertised apple. Since the war, there has in fact been a steady increase in the British consumption of fruit of all kinds, which has been met mainly by increased imports of tropical and semi-tropical fruits and, to a lesser extent, by increased home production. Since the imposition in 1932 and 1933 of import duties on many types of fruit from foreign countries, supplies from the Empire have increased relatively to the total; in 1937, 61 per cent. of the total weight of fruit imports came from the Empire compared with only 33 per cent. in 1930; Palestine, the British West Indies and South Africa are now our principal Empire sources of fruit.

* Fruit Supplies, 1937; Imperial Economic Committee. H.M. Stationery Office. 2s. 6d.

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Setback in Industry.—The Board of Trade index of industrial production shows a sharp decline in the second quarter of this year, thus confirming the setback revealed by *The Economist's* monthly index of business activity. In 1937, the official index rose by 1.9 per cent. between the first and second quarters; this year it registered a fall of no less than 7.8 per cent. Compared with the second quarter of 1937, the latest index shows a decline of 8.7 per cent. The incidence of the recession is shown in the following table:—

INDEX OF INDUSTRIAL PRODUCTION (1930 = 100)

Group	Year 1936	Year 1937	1937 June Quarter	1938 March Quarter	1938 June Quarter
1. Mines and quarries	94·4	99·8	100·5	104·0	89·4
2. Iron and steel	150·1	166·6	165·6	168·4	131·7
3. Non-ferrous metals	143·8	165·3	166·7	153·3	147·2
4. Engineering and shipbuilding...	123·3	136·3	138·2	132·7	128·8
5. Building materials and building	157·1	153·2	155·9	146·1	153·4
6. Textiles	126·4	129·6	135·1	116·9	106·4
7. Chemicals, oils, etc.	115·4	124·5	126·4	123·5	117·4
8. Leather and boots and shoes ...	120·7	118·9	121·3	119·5	109·7
9. Food, drink and tobacco	114·5	119·9	124·9	116·0	123·6
10. Gas and electricity	147·4	161·2	140·2	186·0	145·5
Total of manufacturing industries (2–10)*	129·4	138·3	139·1	136·9	127·3
Total of all groups (1–10)*	124·6	133·1	133·8	132·4	122·1

* Includes also various industries not specified above.

In spite of the increase in armament expenditure, which is largely concentrated on the metal trades, the indices for iron and steel and engineering showed a sharp fall between the second quarters of 1937 and 1938. The marked drop in the figure for textiles is a reflection of the shrinkage of international trade. In contrast, building activity was almost as high as a year ago, and the index for gas and electricity production actually showed a rise. The latest reports from industrial centres do not indicate an early change of trend, though the pace of the downward movement appears to have slowed down, at least temporarily.

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Declining Foreign Trade.—The sharp downward trend in the value of British imports and exports continued in the past month. The latest returns show that the value of imports in July, at £73,393,000, was 13.5 per cent. lower than in July, 1937, and 3.3 per cent. lower than in last June. The value of exports, at £37,470,000, showed a decline of no less than 21.2 per cent. compared with the previous July, but compared with June it showed a small increase of 1.5 per cent. Re-exports were a third less in value than in the corresponding month of last year. As a result of the greater absolute fall in total exports, the adverse balance of trade showed a slight rise compared with July, 1937, but was less than in June of this year. Some of the fall in the value of imports may be ascribed to a shorter working month and to the fall in prices. It is noteworthy that the volume of imports of raw cotton and wool was higher last month than in July, 1937. As a result, *The Economist* index of the volume of raw material imports rose from 111 in June to a provisional figure of 113½ in July, which compares with 122½ a year ago. The index of the volume of exported British manufactures, which had risen to 101½ in June, fell back in July to 93½, approximately the same level as in May.

(£ thousands)

	1936	1937	1938	Change between 1937 and 1938	Per cent.
July					
Total imports	68,735	85,504	73,939	− 11,565	− 13·5
British exports	40,086	47,595	37,470	− 10,125	− 21·2
Re-exports	5,042	6,803	4,555	− 2,248	− 33·0
Total exports	45,128	54,398	42,025	− 12,373	− 22·7
Excess of imports over exports	23,607	31,106	31,914	+ 808	+ 2·6
Transhipments under bond	2,486	2,629	2,399	− 230	− 8·7
Seven Months ended July					
Total imports	471,044	569,020	543,135	− 25,885	− 4·5
British exports	247,966	298,925	270,628	− 28,296	− 9·4
Re-exports	37,442	47,346	37,353	− 9,992	− 21·1
Total exports	285,408	346,270	307,981	− 38,289	− 11·0
Excess of imports over exports	185,636	222,750	235,154	+ 12,404	+ 5·6
Transhipments under bond	15,242	21,585	18,175	− 3,410	− 15·8

Overseas Trade by Commodities.—Although the value of the July imports was lower than in July, 1937, or than in the preceding month, there was considerable irregularity in the changes in volume. Cotton and wool imports were both larger than a year ago, and imports of cotton also showed a recovery, not shared by those of wool, from the low level recorded in June. Imports of sugar, lead and tin (unmanufactured) were also considerably larger than in either of the two months of comparison; on the other hand, imports of petroleum, of flax, hemp and jute, and of machinery were lower. Compared with a year ago, exports of all the commodities given here were smaller than in July, 1937, with the sole exception of locomotives. Compared with June, however, there was a welcome increase in the quantities of textile piece-goods exported and in exports of footwear.

RETAINED IMPORTS—MONTH OF JULY

Item and Measure	1936	1937	1938
Wheat '000 cwts.	8,542	8,215	9,084
Beef and veal '000 cwts.	1,327	1,355	1,313
Mutton and lamb '000 cwts.	560	465	786
Sugar (unrefined) '000 cwts.	3,464	2,924	5,002
Iron ore and scrap '000 tons	616	668	387
Raw cotton '000 centals	1,295	779	980
Sheep's and lambs' wool '000 centals	173	259	413
Flax, hemp and jute tons	11,406	15,407	11,614
Crude petroleum '000 galls.	45,509	64,700	54,879
Hides, wet and dry '000 cwts.	120	142	111
Wood pulp '000 tons	209	152	112
Rubber '000 centals	17	238	284
Unwrought copper tons	26,102	38,925	33,614
Pig lead tons	29,270	30,961	34,467
Tin: Ore and concentrates tons	4,542	2,528	5,792
Blocks, ingots, slabs and bars tons	223	787	150
Iron and steel manufactures '000 tons	170	201	64
Machinery tons	8,738	13,949	10,359

BRITISH EXPORTS—MONTH OF JULY

Item and Measure	1936	1937	1938
Coal '000 tons	3,360	4,131	3,056
Iron and steel scrap tons	12,866	11,899	8,685
Pig-iron and ferro-alloys tons	12,813	12,462	3,512
Railway materials tons	31,306	26,550	10,412
Total, iron and steel manufactures tons	216,129	232,171	135,109
Textile machinery tons	5,310	6,397	5,456
Total machinery tons	37,100	38,772	38,286
Cotton yarns '000 lb.	13,305	13,421	9,371
Cotton piece goods sq. yds.	176,125	176,970	113,260
Wool tops '000 lb.	3,730	3,075	2,343
Worsted yarns '000 lb.	2,465	2,308	2,043
Woollen tissues '000 sq. yds.	7,882	7,881	5,099
Worsted tissues '000 sq. yds.	4,727	4,480	3,035
Linen piece-goods '000 sq. yds.	7,049	6,164	3,863
Leather boots and shoes doz. pairs	30,367	37,108	31,364
Leather cwts.	21,214	23,738	16,297
Paper and cardboard cwts.	393,126	382,089	261,365
Locomotives and parts tons	2,163	1,442	1,838
Motor vehicles and chassis No.	7,752	9,414	6,976

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Final Wheat Payments.—The cereal year of the Wheat Commission ended on July 31st, and the Commission has now announced the results of the year's working. Growers sold 24.5 million cwts. of millable wheat at an average price of 8s. 4.4d. per cwt.; in 1936-37, 23.7 million cwts. were sold at an average price of 8s. 9.9d. per cwt. In order to raise the average price to the guaranteed level of 10s. per cwt. (45s. per quarter), the Wheat Commission has declared a deficiency payment of 1s. 7.6d. per cwt. (10s. less 8s. 4.4d.) from which, however, they have deducted 0.6d. to meet administrative expenses. About 100,000 cwts. of the millable wheat sold are not eligible for this deficiency payment, since some wheat growers have elected to receive instead the oats and barley subsidy. The total payments of the Wheat Commission to the farmers will, therefore, amount to about £1,858,000, which, owing to the lower average wheat price, is somewhat larger than the £1,339,000 paid out in the previous season. The quota payment on the production of flour, from which the funds of the Wheat Commission are raised, averaged 1s. 2.37d. per sack during the season, and was paid on 71,220,000 cwts. of flour.

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Quicksilver and Spain.—The new drive of General Franco's southern army towards Almaden, the world's largest mercury mine, has naturally brought uncertainty to the quicksilver market. While the Government troops will no doubt defend Almaden with the utmost vigour, as they have done successfully on various occasions in the past, the market is speculating on the future of supplies if the mines should fall into the hands of the insurgents. In the past, the large sales of quicksilver have been one of the most valuable sources of foreign exchange to the Spanish Government. As the heavy Spanish exports of the past two years coincided with record sales from Italy (the world's second largest producer), there have been ample supplies of the metal since the outbreak of fighting in Spain. In the first seven months of this year Britain's retained imports of quicksilver reached the record level of 1,696,911 lbs., compared with 1,614,947 lbs. and 376,160 lbs. respectively in the corresponding periods of the past two years. In spite of the great demand for quicksilver from the armament industries, which use it for explosives, scientific instruments and some types of paint, these net imports considerably exceed the current rate of consumption, and substantial stocks are probably available in this country. If the Spanish Government retains the Almaden mines, supplies will, of course, continue at record levels, but even if production were stopped, the market would not feel the effects immediately; it is known that the Madrid authorities have stored enormous quantities of quicksilver (possibly exceeding nine months' output) at the quicksilver port of Alicante. In the longer run, however, the possible occupation of Almaden by General Franco would be an event of decisive significance, because it would secure to the Fascist countries control over 85 per cent. of the world's quicksilver. Although the insurgents would probably sell quicksilver more or less freely in order to obtain foreign funds, the occupation of Almaden would probably lead to a revival of the Italo-Spanish quicksilver cartel, which had broken down at the end of 1936 as a result of the Spanish conflict. The effects of such a restoration of market control will, of course, depend on the cartel's price policy, so that it is useless to make any forecasts at this stage. The present price of £13 18s. 3d. per flask has been in force since the end of May, after a fall to £12 10s. 3d. in the Spring.

Fall in Commodity Prices.—Following the spurt in June and early July, wholesale commodity prices have tended to decline again. The slight setback is reflected in the indices shown below. *The Economist* indices for primary products in this country and in the United States registered a fall during the past fortnight, though both indices are still higher than at the beginning of June. But the complete *Economist* index, which, in addition to primary products, includes a number of semi-finished materials, has fallen to the lowest level registered this year. Similarly, the Irving-Fisher index of the general price level in the United States has declined to the lowest point this year:—

SEPTEMBER 18, 1931=100

Date	*The Economist* Indices: British Complete Index (sterling)	Primary Products: British (sterling)	Primary Products: American (dollar)	Price of Gold (sterling)	U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
1936								
Dec. 30th	131·3	163·9	187·3	166·7	128·8	113·0	116·3†	95·4
1937							...	95·7
Jan. 27th	134·2	164·2	184·5	167·0	131·0	115·9	124·3	96·2
Feb. 24th	136·3	168·2	185·5	167·4	131·8	116·8	126·2	97·5
Mar. 31st	144·3	181·9	199·7	167·4	137·3	121·8	128·7	97·0
Apr. 28th	142·0	169·9	183·5	165·4	135·6	120·5	128·7	97·5
June 2nd	142·7	170·2	178·9	165·6	134·3	119·8	133·2	97·5
June 30th	139·5	165·9	176·8	165·7	134·1		134·2	97·5
July 28th	140·2	167·1	171·8	164·5	133·8	130·8	137·1	97·9
Aug. 25th	137·9	164·4	165·3	164·2	133·0	133·3	137·1	98·1
Sept. 22nd	136·0	164·0	166·3	165·1	133·7	139·4	137·7	97·6
Oct. 20th	133·6	156·2	152·3	165·4	129·5	138·8	141·6	97·3
Dec. 1st	127·5	145·4	138·9	164·8	125·1	134·0	143·3	97·0
Dec. 29th	127·8	147·4	135·3	164·2	120·5	135·8	143·8	97·0
1938								
Jan. 5th	128·9	148·2	136·8	164·5	120·6	137·4	143·6	96·9
Jan. 19th	127·8	146·5	137·7	164·3	120·9	138·1	143·5	96·9
Feb. 2nd	126·6	144·4	135·4	164·5	119·8	137·9	142·9	97·0
Feb. 16th	125·0	141·7	136·8	164·5	119·5	138·1	142·4	96·9
Mar. 2nd	125·1	143·1	138·7	164·5	120·3	138·1	142·5	97·2
Mar. 16th	123·9	140·8	134·8	164·5	119·3	139·9	142·5	97·2
Mar. 30th	122·7	137·0	129·3	164·6	117·7	139·4	141·7	97·1
Apr. 12th	122·6	137·8	130·6	164·6	117·6	139·4	141·5	97·0
Apr. 27th	121·4	137·8	127·5	164·3	116·9	139·9	142·8	97·0
May 11th	121·3	137·0	126·1	164·6	117·1	145·3	143·0	96·9
May 25th	119·6	132·2	121·9	165·5	117·2	145·6	143·4	96·3
June 8th	119·1	131·5	121·6	165·4	117·0	145·8	144·2	96·8
June 22nd	119·3	133·2	124·8	165·8	117·6	147·3	143·8	96·9
July 6th	120·8	135·7	129·7	165·9	117·7	148·7	143·5	97·0
July 20th	119·5	137·4	128·6	166·5	118·2	147·8	142·7	97·1
Aug. 3rd	119·2	138·0	127·1	167·3	117·4	144·6	142·4	97·5
Aug. 17th	118·3	136·1	124·7	167·6	116·3*	145·5*	...	97·5*

* These figures relate to Aug. 10th. † Monthly average

The table in the next column shows the movement of the various groups comprised in *The Economist* index of British prices.

The Economist INDEX (1927 = 100)

	Sept. 18, 1931	Aug. 11, 1937	Aug. 3, 1938	Aug. 17, 1938
Cereals and meat	64·5	90·8	82·9	82·4
Other foods	62·2	67·0	57·5	57·5
Textiles	43·7	69·9	53·5	53·2
Minerals	67·4	109·8	93·1	91·6
Miscellaneous	65·8	85·4	75·2	74·7
Complete index	60·4	84·2	72·0	71·4
1913 = 100	83·1	115·8	99·1	98·3
1924 = 100	52·2	72·8	62·2	61·7

All the group indices, with the exception of that relating to other foods, showed a decline during the past fortnight.

★ ★ ★

The Worsted Spinning Scheme.—A Note in this section of *The Economist* of July 30th gave some details of the scheme for the control of worsted spinning prices that has been drawn up by the Worsted Spinning Reorganisation Committee. In the course of this Note, the statement was made that "the present proposals do not contemplate the scrapping of plant." The Committee point out that this statement is open to misconstruction. No precise proposals, it is true, have at present been made for dealing with excess plant, and it has not been decided whether scrapping is the best procedure. But it is definitely envisaged that the trade committees now being elected shall consider the matter. The Reorganisation Committee, incidentally, point out that the figure given in our previous Note of between 300 and 400 worsted spinners in the country is no longer accurate; there are now between 250 and 275 firms in existence. The same Note made a comparative reference to the price-control scheme that has been in existence in the woolcombing industry for some years, and stated that it had recently "been making heavy weather." The Commission Woolcombers' Association desire us to make it clear (which we gladly do) that this nautical metaphor referred only to the greater difficulties that any such scheme inevitably encounters in a period of severe depression and that it did not imply any judgment on the benefits that the Association's members have derived from it or on its probable expectancy of life. The Association states that none of its members has, during its existence, accepted less than tariff rates.

INDUSTRIAL REPORTS

THE quieter conditions of the main industries during the second quarter of this year are reflected in the Board of Trade Index of Production published in this week's *Board of Trade Journal*. The index for the June quarter this year at 122.1 (1930 = 100) was 7.8 per cent. less than in the first quarter of 1938 and 8.7 per cent. less than the corresponding quarter last year. The decline in activity was widespread and of the separate group indices listed, that relating to gas and electricity was the only index which did not show a decline from last year. Further details of the index are given on page 383.

Reports from industrial centres this week are still influenced by holidays, but in many districts the volume of inquiry, particularly in the heavier industries, is increasing, though new business is still scarce. There has been no improvement in the cotton trade.

Coal

Sheffield.—Owing to the quieter industrial conditions the demand for industrial fuels is rather dull. Small coal is in good supply, with the demand steady. Demand for household coal is quiet, but orders are improving in anticipation of higher prices next month. A slightly improved demand for smalls from electricity works is beginning to show itself.

There is little change in export conditions, although some improvement is reported in forward inquiry. Despite reduced output all grades of steams are readily available. The bunker trade is very poor.

★

Newcastle-on-Tyne.—The Northumberland steam section in this area maintains the slight improvement noticeable last week; collieries are working more shifts and home consumers are taking a greater interest in the market for delivery ahead. Durham, on the other hand, is feeling the lack of home demand for manufacturing coal, and there is no improvement in the export section; consequently short time working is common among all groups. Patent oven coke is fairly steady in the export section, but the home section is feeling the decline in iron and steel activity and production continues to be curtailed.

★

Glasgow. — Preparations for autumn and winter demands are gradually improving inland market conditions. The only noticeable improvement in overseas business is a more regular delivery of contract tonnages, but overseas inquiry, mainly from trade-agreement countries, is expanding. As a rule large coal is readily available despite restricted output, but one or two qualities, such as First Fife, are steadily taken up, and the higher grades of home coal are in better demand. Washed smalls are firm all round, supply being limited and demand increasing, especially from the utility undertakings.

★

Cardiff.—The allocation of the Portuguese Railway order for 220,000 tons of coal, which is expected over the next week-end, is awaited with considerable interest on the Welsh steam coal market. During recent years South Wales has encountered keen price-cutting competition, principally from Germany, in this trade and South Wales exports have suffered in consequence. In the first six months of this year South Wales exports to Portugal amounted to 304,957 tons, compared with 471,849 tons in 1937, while over

(*Continued on page* 388)

BRITISH WHOLESALE PRICES

	Aug. 10, 1938	Aug. 17, 1938
CEREALS AND MEAT		
GRAIN, etc.—		
Wheat:—	s. d.	s. d.
No. 2, N. Man. 496 lb.	...	...
Eng. Gaz. av., per cwt.	8 1	7 9
Liv. Oct., per cental	5 5	5 3
Flour, per 280 lb.—		
Straights, d/d London	28 6	27 6
Manitoba, ex store	29 0 / 30 6	28 0 / 29 6
Barley, Eng. Gaz. av.	7 11	10 1
Oats, " "	8 2	7 10
Maize, La Plata, landed, 480 lb.	31 0	29 0
Rice, No. 2 Burma, per cwt.	9 3	9 3
MEAT—		
Beef, per 8 lb.—		
English long sides	4 6 / 5 4	4 6 / 5 4
Argentine chilled hinds	4 0 / 4 4	4 2 / 4 8
Mutton, per 8 lb.—		
English wethers	4 0 / 4 8 / 3 0	4 4 / 5 4 / 3 0
N.Z. frozen wethers	3 8	3 8
Lamb, per 8 lb.—		
N.Z. frozen	4 8 / 5 4	4 8 / 5 4
Pork, English, per 8 lb.	5 0 / 5 6	5 4 / 5 10
BACON (per cwt.)—		
English	103 0	102 0
Danish	103 0	103 0
Dutch	101 0 / 99 0	99 0
Irish	105 0	96 0 / 103 0
HAMS (per cwt.)—		
Canadian	106 0 / 108 0	102 0 / 106 0
United States	100 0 / 102 0	100 0
OTHER FOODS		
BUTTER (per cwt.)—		
Australian	119 0	116 0
New Zealand	121 0	120 0
Danish	125 0 / 126 0	127 0
CHEESE (per cwt.)—		
Canadian	78 0 / 80 0	78 0 / 80 0
New Zealand	70 6	71 0 / 71 6
English Cheddars	84 0 / 86 0	84 0 / 86 0
Dutch	50 0 / 56 0	50 6 / 56 0
COCOA (per cwt.)—		
Accra, g.f	24 3 / 25 0	24 3 / 25 0
Trinidad	36 0 / 44 0	36 0 / 44 0
Grenada	35 0 / 37 6	35 0 / 37 6
COFFEE (per cwt.)—		
Santos supr. c. & f.	30 6	31 6
Costa Rica, medium to good	44 0 / 62 0	44 0 / 62 0
Kenya, medium	45 0 / 70 0	44 6 / 70 0
EGGS (per 120)—		
English (15–15½ lb.)	17 0 / 17 6	17 6 / 18 0
Danish (15½ lb.)	12 0 / 12 3	12 6 / 12 9
FRUIT—		
Oranges, S. African Navels boxes	9 0 / 12 3	8 6 / 14 0
" Brazilian Peras...boxes	9 0 / 10 3	8 3 / 9 6
Lemons, Malaga ....½ cases	18 9 / 23 0	18 9 / 23 0
" Sicilian .... boxes	14 0 / 20 0	14 3 / 20 0
Apples, Amer. (var.) ....barrels	...	...
" Californian Gravenstein Baskets	... / 5 0 / 9 0	... / 9 6 / 12 9
Grapes, Almeria ....barrels	...	...
Grapefruit, S. African	... / 6 0 / 14 0	... / 6 9 / 13 0
LARD (per cwt.)—		
Irish, finest bladders	56 0 / 62 0	56 0 / 62 0
U.S.	46 0 / 48 6	46 0 / 48 6
PEPPER, per lb.—		
Black Lampong (in Bond)	0 2¾	0 2¾
" " (Duty paid)	0 3¼	0 3¼
White Muntock (in Bond)	0 3⅞ / 0 4	0 3⅞ / 0 4
" " (Duty paid)	0 4½ / 0 4⅝	0 4½ / 0 4⅝
POTATOES (per cwt.)—		
English King Edward	6 0 / 7 0	5 6 / 6 6
SUGAR (per cwt.)—		
Centrifugals, 96°, prpt. shipm. c.i.f. U.K./Cont.	5 3¼	5 3¼
REFINED London—		
Yellow Crystals	18 9	18 9
Cubes	23 0 / 23 6	23 0 / 23 6

* Weeks ended Aug. 4th and 11th.

	Aug. 10, 1938	Aug. 17, 1938
SUGAR (per cwt.)—cont.	s. d.	s. d.
Crushed	21 3	21 3
Granulated	19 11½ / 20 0	19 11½ / 20 0
Home Grown	19 0 / 19 3	19 0 / 19 3
TEA* (Auction Average) (per lb.)—	d.	d.
N. India	...	14·57
S. India	...	12·91
Ceylon	...	14·75
Java	...	12·12
Sumatra	...	10·63
Africa	...	11·71
Total	...	14·12
TOBACCO (per lb.)—	s. d.	s. d.
Virginia stemmed and unstemmed, common to fine	0 8 / 2 6	0 8 / 2 6
Rhodesian stemmed and unstemmed	0 9 / 1 10	0 9 / 1 10
Nyasaland stemmed and unstemmed	0 7 / 1 4	0 7 / 1 4
East Indian Stemmed	0 6 / 2 0	0 6 / 2 0
East Indian Unstemmed	0 5 / 1 6	0 5 / 1 6
TEXTILES		
COTTON (per lb.)—	d.	d.
Raw, Mid-American	4·79	4·78
" Sakellaridis, F.G.F.	7·77	7·68
" Giza, F.G.F.	7·42	7·33
Yarns, 32's Twist	9⅝	9⅝
" 40's Weft	10¼	10¼
" 60's Twist (Egyptian)	17¼	17¼
Cloth, 32 in. Printers, 116 yds., 16×16, 32's & 50's	s. d. 16 9	s. d. 16 9
" 36 in. Shirtings, 75 yds., 19×19, 32's & 40's	3 0	23 0
" 38 in. ditto, 38 yds., 18×16, 10 lb.	9 9	9 9
" 39 in. ditto, 37½ yds., 16×15, 8¼ lb.	8 10	8 10
FLAX (per ton)—	£ s.	£ s.
Livonian ZK	65 0 / 67 0	65 0 / 66 0
Pernau HD	66 0 / 68 0	67 0
Slanetz Medium, 1st sort	89 0 / 90 0	90 0
HEMP (per ton)—		
Italian PC	70 0	70 0
Manilla, Aug.-Oct. "J2"	21 0	21 0
JUTE (per ton)—		
Native 1st mks., c.i.f. H.A.R.B., Aug.-Sept.	19 5 0	19 3 9
Daisee 2·5 c.i.f. Dundee, Oct.-Nov.	18 12 6	18 15 0
SISAL, (per ton)—	£. s.	£. s.
African, Aug.-Oct.	15 10 / 17 10	15 0 / 17 0
SILK (per lb.)—	s. d.	s. d.
Canton	7 3	7 3
Japan	7 0 / 7 9	7 0 / 7 9
Italian, raw, fr. Milan	8 0 / 7 3	8 0 / 7 3
WOOL (per lb.)—	d.	d.
English, Southdown, greasy	12½	12½
" Lincoln hog, washed	11	11
Queensland, scd. super combg.	24	24
N.S.W. greasy, super combg.	14	14
N.Z., greasy, half-bred 50–56	11	11
" Crossbred 40–44	10	10
Tops—		
Merinos 70's average	27½	27½
" 64's "	26	26
Crossbred 48's	16	16
" 46's	15½	15½
MINERALS		
COAL (per ton)—	s. d.	s. d.
Welsh, best Admiralty	19 6	19 6
Durham, best gas, f.o.b. Tyne	22 6 / 18 9	22 6 / 18 9
Sheffield, best house, at pits	19 0 / 22 0	19 0 / 22 0
IRON AND STEEL (per ton)—	24 0	24 0
Pig Cleveland No. 3, d/d.	109 0	109 0
Bars, Middlesbrough	265 0	265 0
Steel rails, heavy	202 6	202 6
Tinplates per box	21 6	21 6
NON-FERROUS METALS (per ton)—		
Copper—		
Standard cash	41 3/9 / 41 5/0	39/16/3 / 39/18/9
Three months	41/10·0 / 41/11·3	40/1/3 / 40/3/9
Tin—		
Standard cash	194·0·0 / 194/10/0	192/15/0 / 193/0/0
Three months	195/5·0 / 195/10/0	193/15/0 / 194/0/0
Lead, soft foreign—		
Cash	14/6·3 / 14/8·9	13/18/9 / 14/1/3
English, pig	16/10·0	16/0·0
Spelter, G.O.B.—		
Spot	13/16·3 / 13/17·6	13/2·6 / 13/5·0
Aluminium, ingots and bars	94·0·0	94·0·0
" rolling billets	102·0·0	102·0·0
Nickel, home and export	180/0·0 / 185/0·0	180·0/0 / 185·0·0
Antimony, Chinese	52/0·0	50·0·0
	s. d.	s. d.
Wolfram, Chinese per unit	56 0 / 58 0	56 0 / 59 0
	£ s. d.	£ s. d.
Platinum, refined per oz.	7/5·0	7/5·0
Quicksilver per 76 lb.	13/18/0 / 13/18/6	13/18/0 / 13/18/6

	Aug. 10, 1938	Aug. 17, 1938
	s. d.	s. d.
GOLD, per fine ounce	142 6	142 4½
SILVER (per ounce)—		
Cash	1 7⁹/₁₆	1 7⁷/₁₆
MISCELLANEOUS		
CEMENT, best Eng. Portland, d/d site, London area, in paper bags 20 to ton (free, non-returnable)—		
4-ton loads and upwards	42s. per ton	
CHEMICALS—	s. d.	s. d.
Acid, citric, per lb., less 5%	1 0 / 1 0¼	1 0 / 1 0¼
" Nitric	0 2 / 0 3	0 2 / 0 3
" Oxalic, net	0 5 / 0 6	0 5 / 0 6
" Tartaric, English, less 5%	1 1 / 1 1¼	1 1 / 1 1¼
Alcohol, Plain Ethyl	12 0	12 0
Ammonia, carb. ton	20/0/0 / 21/0/0	20/0/0 / 21/0/0
" Sulphate	7/14/0	7/14/0
Arsenic, lump per ton	35/0/0	35/0/0
	s. d.	s. d.
Borax, gran. per cwt.	13 6	13 6
" powder	15 0	15 0
Nitrate of soda per cwt.	8 0	8 0
Potash, Chlorate, net	0 4 / 0 4½	0 4 / 0 4½
" Sulphate per cwt.	10 0	10 0
Soda Bicarb. per cwt.	10 0 / 11 0	10 0 / 11 0
Crystals per cwt.	5 0 / 5 3	5 0 / 5 3
Sulphate of Copper per ton	18/10/0	18/10/0
COPRA (per ton)—		
S.D. Straits, c.i.f.	10/15/0	10/17/6
HIDES (per lb.)—	s. d.	s. d.
Wet salted, Australian	0 4 / 0 4⅞	0 4 / 0 4⅞
West Indian	0 3 / 0 3¼	0 3 / 0 3¼
Cape	0 4¾ / 0 5	0 4¾ / 0 5
Dry and Drysalted Cape	0 6¾ / 0 7½	0 6½ / 0 7½
Market Hides, Manchester—	0 4⅛	0 4⅛
Best heavy ox and heifer	0 5⅝	0 5⅝
Best cow	0 4⅛ / 0 4½	0 4⅛ / 0 4½
Best calf	0 4¾ / 0 6¼	0 4⅞ / 0 6½
INDIGO (per lb.)—		
Bengal, gd. red.-vio. to fine	5 0 / 6 0	5 0 / 6 0
LEATHER (per lb.)—		
Sole Bends, 8/14 lb.	1 0 / 1 10	1 0 / 1 10
Bark Tanned Sole	2 0 / 2 10	2 0 / 2 10
Shoulders from DS Hides	0 6 / 0 8	0 6 / 0 8
" Eng. or WS do.	0 7½ / 1 3	0 7½ / 1 3
Bellies from DS do.	0 4¾ / 0 5¾	0 4¾ / 0 5¾
" Eng. or WS do.	0 6 / 0 8	0 6 / 0 8
Dressing Hides	1 0 / 1 8	1 0 / 1 8
Ro. Eng. Calf, 20/35 lb. per doz.	3 6 / 4 6	3 6 / 4 6
PETROLEUM PRODUCTS (per gall.)—		
Motor Spirit No. 1, London	1 6	1 6
Petroleum, Amer. rfd. brl. Lond.	0 10	0 10
Fuel oil, in bulk, for contracts ex. instal. Thames—		
Furnace	0 3¼†	0 3¼†
Diesel	0 4½†	0 4½†
ROSIN (per ton)—		
American	14/5/0 / 18/5/0	14/2/6 / 18/5/0
RUBBER (per lb.)—	s. d.	s. d.
St. ribbed smoked sheet	0 7¹³/₁₆	0 7¹⁵/₁₆
Fine hard Para	0 7½	0 7¾
SHELLAC (per cwt.)—		
TN Orange	39 0 / 42 0	39 0 / 42 0
TALLOW (per cwt.)—		
London town	17 9	17 9
TIMBER—		
Swedish u/s 3×8 per std.	21/10/0	21/10/0
" 2½×7 "	21/0/0	21/0/0
" 2×4 "	18/10/0	18/10/0
Canadian Spruce, Dis. "	22/10/0	22/10/0
Pitchpine per load	13/10/0	13/10/0
Rio Deals per std.	35/0/0	35/0/0
Teak per load	25/0/0	25/0/0
Honduras Mahogany logs c. ft.	0/12·0	0/12/0
English Oak Planks "	0/6/0	0/6/0
English Ash Planks "	0/7/0	0/7/0
VEGETABLE OILS (per ton net)—		
Linseed, naked	22/0/0	21/7/6
Rape, refined	33/0/0	33/0/0
Cotton-seed, crude	20/0/0	19/5/0
Coconut, crude	15/15/0	15/15/0
Palm	14/10/0	14/5/0
Oil Cakes, Linseed, Eng.	9/2/6	9/2/6
Oil Seeds, Linseed—		
La Plata, Aug.	11/2/6	10/15/0
Calcutta	12/1/3	12/0/0
	s. d.	s. d.
Turpentine per cwt.	32 9	32 9

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

COMMODITY STATISTICS

Coal

COAL OUTPUT ('000 tons)

District	Week ended July 30, 1938	Week ended Aug. 6, 1938	Jan.-July 1937	Jan.-July 1938
Northumberld.	255·1	209·5	8,265·1	7,878·4
Durham	608·8	403·6	19,166·3	19,252·1
Yorkshire	721·2	477·4	26,419·7	25,133·8
Lancs, Cheshire and N. Wales	317·1	145·9	10,394·6	10,296·9
Derby, Notts & Leicester	472·5	328·2	19,728·1	19,524·0
Staffs, Worcs, Salop & Warwick	365·4	37·7	11,997·2	11,962·1
South Wales & Monmouth	680·6	221·7	22,157·2	22,040·8
Other English districts*	115·4	54·5	3,189·4	3,227·7
Scotland	541·0	574·4	18,498·8	17,672·9
Total	4,077·1	2,452·9	139817·4	138109·7

* Including Cumberland, Gloucester, Somerset, and Kent.

Cotton

RAW COTTON delivered to Spinners ('000 bales)

Variety	Week ended Aug. 5, 1938	Week ended Aug. 12, 1938	Total Deliveries Aug. 1, 1937–Aug. 13, 1937	Total Deliveries Aug. 1, 1938–Aug 12, 1938
American	17·0	17·5	37	35
Brazilian	2·5	3·1	12	6
Peruvian, etc.	1·5	1·2	4	3
Egyptian	2·6	8·5	10	11
Sudan Sakel	4·5	5·8	6	10
East Indian	16·7	14·0	16	31
Other countries	2·3	2·7	8	4
Total	47·1	52·8	93	100

Metals

SALES ON LONDON METAL EXCHANGE

	Week ending Aug. 10 1938	Week ending Aug. 17, 1938	From Jan. 1 to Aug. 17, 1938
Copper	Tons 6,850	Tons 9,750	Tons 300,275
Tin	1,195	1,390	55,055
Lead	6,000	5,900	220,150
Spelter	3,250	3,525	189,775

U.K. STOCKS

	Aug. 6, 1938	Aug. 13, 1938
Copper (Br. official w'houses)	tons 5,812	tons 5,955
Refined	30,726	30,851
Rough	7,189	7,473
Tin (London and Liverpool)		

METALS (cont.)

TINPLATE INDUSTRY

	Week ended Aug. 17, 1937	Week ended Aug. 9, 1938	Week ended Aug. 16, 1938
Production—per cent. of capacity	Nil	46·41	Nil
	Week ended Aug. 12, 1937	Week ended Aug. 11, 1938	
Shipments	Tons 3,124	Tons 803	
Stocks (warehouse and in vans)	1,978	3,480	
	Thirty-two Weeks ended Aug. 12, 1937	Thirty-two Weeks ended Aug. 11, 1938	
Shipments	Tons 260,888	Tons 152,152	

Foods

WORLD SHIPMENTS OF WHEAT AND FLOUR ('000 quarters)

	Week ended Aug. 6, 1938	Week ended Aug. 13, 1938	Season to Aug. 14, 1937	Season to Aug. 13, 1938
From—				
N. America	536	524	634	1,060
Argentina and Uruguay	140	129	221	269
Australia	326	265	410	589
Russia	348	439	23	787
Danube and dist.	42	87	196	129
India	112	92	127	204
Other Countries	...	...	87	...
Total	1,504	1,534	1,698	3,038
To—				
U.K.	387	368	477	755
"Orders"	467	479	355	946
France	8	28	9	36
Belgium	150	128	140	278
Holland	100	157	34	257
Italy	8	...	31	8
Greece	12	38	53	50
Scandinavia	25	...	55	25
Austria, etc.	44	55	31	99
Other European Countries	23	72	92	95
Ex-European Countries	280	209	421	489
Total	1,504	1,534	1,698	3,038

WORLD SHIPMENTS OF MAIZE AND MAIZE MEAL ('000 quarters)

From	Week ended Aug. 6, 1938	Week ended Aug. 13, 1938	From Apr. 1 to Aug. 14, 1937	From Apr. 1 to Aug. 13, 1938
Argentina	401	257	16,754	3,865
Atlantic America	681	547	4	8,638
Danube Region	17	30	1,850	2,012
S. & E. Africa	86	21	1,050	289
Indo-China, etc.	46	68	98	610
Total	1,231	923	19,756	15,414

OTHER FOODS

	Week ended Aug. 6, 1938	Week ended Aug. 13, 1938
BACON:		
Arrivals in London (bales)		
Danish	13,543	14,064
Canadian	4,442	4,180
Dutch	2,356	2,307
Lithuanian	1,561	1,508
Polish	2,883	2,644
COCOA:		
Movements in Lond. (bags)		
Landed	20,946	26,213
D/d for home consumption	6,969	12,928
Exports	77	35
Stocks, end of week	148,954	162,204

OTHER FOODS (cont.)

	Week ended Aug. 6, 1938	Week ended Aug. 13, 1938
COFFEE:		
Movements in Lond. (cwt.)		
Brazilian—Landed	3	155
" D/d for home consn.	44	43
" Exports	12	...
" Stocks, end of week	2,369	2,481
Central and S. American:		
Landed	405	688
D/d for home consumption	2,183	1,948
Exports	1,169	1,452
Stocks, end of week	129,474	126,762
Other kinds—Landed	446	395
" D/d for home consn.	2,412	3,339
" Exports	803	703
" Stocks end of week.	89,888	86,241
MEAT:		
Supplies at Smithfield (tons):		
Total	6,730	7,344
Beef and veal	3,446	4,022
Mutton and lamb	2,443	2,335
Pork and bacon	471	536
Poultry, etc.	370	451
SUGAR:		
Movements, London and Liverpool (tons):		
Imports	20,924	...
Deliveries	3,825	...
Stocks, end of week	246,129	...
TEA:*		
Sales on Garden A/c. (pkgs.):		
N. India	...	29,899
S. India	...	9,206
Ceylon	...	29,522
Java	...	4,477
Sumatra	...	1,324
Africa	...	3,364
Total	...	77,792

* Week ended Aug. 11th.

Miscellaneous Commodities

MOVEMENTS OF RUBBER IN LONDON AND LIVERPOOL

	Week ended Aug. 6, 1938	Week ended Aug. 13 1938
Landed tons	1,422	2,565
Delivered tons	552	1,025
Stocks, end of week tons	95,916	97,456

WORLD SHIPMENTS OF LINSEED ('000 tons)

	Week ended July 30, 1938	Week ended Aug. 6, 1938	From Jan. 1 to Aug. 7, 1937	From Jan. 1 to Aug. 6, 1938
Argentine to—				
U.K. and Orders	·8	9·3	351·1	193·5
Continent	7·1	10·7	362·9	410·1
U.S.A. and Canada	6·2	5·8	548·0	204·0
Australia, Brazil, etc.	·8	·4	17·6	13·2
Calcutta to—				
U.K. and Orders	3·1	9·2	81·3	61·9
Continent	...	...	·2	·9
Bombay to—				
U.K. and Orders	...	1·0	24·1	91·7
Continent	·1	...	8·9	3·5
Madras to U.K.	...	...	...	...
India to—				
Australia, etc.	·3	...	10·7	6·4
U.S.A.	...	...	...	...
Sundries	...	...	...	...
Total	18·4	36·4	1404·8	985·2

AMERICAN WHOLESALE PRICES

	Aug. 10, 1938 Cents	Aug. 17, 1938 Cents
GRAINS (per bushel)—		
Wheat, Chicago, Sept.	64⅝	63¼
Winnipeg, Oct.	72⅛	68⅝
Maize, Chicago, Sept.	51¼	52
Oats, Chicago, Sept.	23	22⅞
Rye, Chicago, Sept.	42½	42
Barley, Winnipeg, Oct.	40⅝	37⅜
METALS (per lb.)—		
Copper, N.Y., Domestic spot	9·97½	9·67½
Producers' exp ort	10·30	10·00
METALS (per lb.)—*cont.*		
Tin, N.Y., Straits spot	43·25	43·10
Lead, N.Y., spot	4·90	4·90
Spelter, East St. Louis, spot	4·75	4·75
MISCELLANEOUS (per lb.)—		
Cocoa, N.Y., Accra, Sept.	5·25	5·24
Coffee, N.Y., cash—		
Rio, No. 7	4⅞	5⅛
Santos, No. 4	7¾	7⅞
Cotton, N.Y., Am. mid., spot	8·46	8·40
MISCELLANEOUS (per lb.)—*cont.*		
Cotton, Am. Mid., Aug.	8·32	8·24
Lard, Chicago, Sept.	8·30	8·25
Petroleum, Mid-cont. crude 33 deg. to 33·90, at well, per barrel	116	116
Rubber, N.Y., smkd. sheet spot	15¹⁵/₁₆	15¹⁵/₁₆
Do. Sept.	16	15¹⁵/₁₆
Sugar, N.Y., Cuban Cent., 96 deg., spot	2·75	2·75

(*Continued from page* 385)

the same period Germany's exports rose from 147,098 tons to 215,482 tons. New business continued to mature very quietly in all trades last week. Buyers encountered very little difficulty in covering their prompt requirements, but prices were unchanged. Shipments in the foreign and coastwise trades last week amounted to 323,900 tons, compared with 184,000 tons in the previous (holiday) week and 378,415 tons in the same period of last year. For the current year to date shipments at the South Wales ports totalled 11,912,239 tons, as against 12,429,973 tons a year ago.

Iron and Steel

London.—Production is maintained at a satisfactory level considering the amount of plant which has been closed down for varying holiday periods, says the official report of the London Iron and Steel Exchange. In many cases deliveries against contracts have been suspended, and the volume of new business has been restricted. The undertone of the market, however, remains firm, and there are indications that active conditions will develop in the early autumn.

The output of pig iron has been curtailed to bring it into line with the demand and to facilitate the absorption of the existing stocks, which in some districts are considerable. There are instances, however, where users have materially reduced their reserves and the balances due to them against their contracts, and this has given the market a more healthy appearance.

Business in semi-finished steel is limited and large stocks await absorption. It is reported, however, that some users have disposed of their Continental steel and are now working on British material.

Buying in the finished steel section has been confined to small parcels, but the important consuming industries continue to take up large supplies. The heavy steelworks have a good reserve of orders on their books and recently the demand for the lighter descriptions of steel has shown signs of improving. Export business in all descriptions of steel is irregular.

★

Sheffield.—The quiet conditions normal in August in the iron and steel market are operating, and the volume of business is unimportant. Forge pig iron is completely neglected, and only a few replacement orders for foundry are recorded. Demand for basic pig is moderate. Hematite users are well covered by contract, and are in the market only for special qualities, which are well taken up. There is little business in finished iron, of which crown bars are the weakest feature.

There is moderate buying of acid and basic billets, and demand for stainless steel sheets is maintained. Good business is being done in small bars, and structural steel shows some slight improvement.

Although the pressure at some of the steelworks has eased considerably, the heavy engineering and electrical sections have plenty of work on hand. The railway wagon repair shops are busy, but the small tool and cutlery trades are experiencing a less active demand.

Middlesbrough.—Very little business is being discussed as most of the local works are closed down for holidays. Where blast-furnaces are in operation these are being run on slack blast, and only in one or two cases is the production being converted into steel ingots to avoid the storing of cold pig iron and afterwards remelting. Some of the furnaces which went out of operation last week are damped down and have not been blown out, so that they can be brought into production in a few days. Steelworks and rolling mills are closed down and the opportunity is taken of effecting needed repairs.

The reduced imports of foreign ore are still above requirements and some of the mineral is going into stock. There is no demand either for blast-furnace coke or for iron and steel scrap.

★

Glasgow.—Production at plants in many industries in Glasgow and the West of Scotland is satisfactory. While new business placed with the heavy steelmakers is somewhat restricted, the reserve of orders on hand will cover some months' operations, and the situation is not causing anxiety. Makers of semis are likewise finding new business somewhat scarce, but it is understood that consumers' stocks are being absorbed and that stocks will soon be reduced to about normal dimensions, when more steady business may be expected. Sheet makers here are doing quite an important amount of business with users in the West of Scotland, and a fair proportion of the mills are now operating. Inquiries in almost every branch of the industry are numerous.

★

Cardiff.—Demand in the tinplate trade remained unsatisfactory last week although stocks held by producers were being slowly reduced. The annual Canadian order for about 1,000,000 boxes, which is usually placed at this time of the year, is expected shortly. Richard Thomas and Company have secured this order for several years past. Steel sheets continued in very slow request. The usual table of the statistical position of the tinplate and sheet industry is now given on our page of Commodity Statistics.

Textiles

Cotton (Manchester).—There have been no signs of any improvement in the market. Some business has been done, but buyers have not been disposed to operate more freely. Rather wider fluctuations have occurred in raw cotton prices. Weather reports from the United States have been favourable, and undoubtedly in most districts the plants are making good progress. The average price on the spot markets in the Southern States has been below the loan dead-line, and some announcement with regard to a new loan to farmers is expected at an early date. There are very few indications of an increase in world consumption.

The slack state of affairs in the yarn market has not been relieved. Only a limited business has been done in American counts. The decision to drop the price governed by the 56's weft agreement by ⅛d. per lb. has been important. This has been necessary owing to reductions in the prices of other uncontrolled yarns, and the parity has been upset. Naturally there has been some uneasiness as to the possibility of further changes. Home demand for Egyptian yarns has continued poor, but some contracts have been reported for the Continent. Sales of piece-goods have again been confined to odd lots. A miscellaneous business has been done for India, but bulk lines remain absent. Home trade buyers have displayed very little enterprise. Further contracts have been placed by the Government in heavy goods.

★

Wool (Bradford). A fair measure of business in wool is being done, and this is undoubtedly the healthiest section of the West Riding textile industry. There is a fair inquiry, especially for low crossbreds, but other qualities remain steady and firm with a moderate turnover. In a fortnight's time a new selling season will open in Sydney, and another big clip is expected. It is probable that when mills resume work next week there will be an increase of about 10 per cent. in running machinery compared with two months ago. Wool prices are firm, and no material change is anticipated when the next Australian season opens on August 29th.

THE COMMODITY MARKETS

BUSINESS has generally been restricted in most markets; consumers are apparently waiting for the appearance of a definite upward trend in the United States before committing themselves. Metals reacted to a slow demand by a fall in price, and grain prices continue to decline, with good crop reports and selling pressure from Russia. Moody's daily index of commodity prices in the United States fluctuated within narrow limits and stood on Wednesday at 143.1 (December 31, 1931 = 100), compared with 142.9 a week ago and 146.8 a month ago.

Metals

Copper.—Although standard cash copper closed above the lowest level of the week at £39 16s. 3d. per ton, the price showed a net loss of £1 7s. 6d. compared with a week ago. This decline appears particularly remarkable, as the July statistics, published this week, made a very good impression. World production showed a substantial decline and consumption a satisfactory advance in July, and world stocks fell during the month from 551,495 short tons to 523,196 short tons, the lowest level since the end of January last. Nevertheless, there are increasing doubts regarding the immediate outlook in the United States as a result of the slowness with which new orders for metal manufacture are being placed.

★

Tin.—Tin was also adversely affected by the easier Wall Street tendency and the continued lack of buying interest on behalf of United States consumers. The standard cash price lost £1 5s. and thus closed at £192 15s. per ton. The U.S.A. tinplate industry continues to operate at the very low

(*Continued on page* 389)

COMPANY MEETINGS

CABLES INVESTMENT TRUST, LIMITED

DIVIDEND OF 5 PER CENT.

The third ordinary general meeting of Cables Investment Trust, Limited, was held, on the 16th inst., in London.

The Rt. Hon. Lord Pender (the chairman) said: I will deal briefly with the figures which, I think you will agree, are satisfactory. Your directors have taken the opportunity of eliminating the item "Income accrued to June 30th" from the balance sheet, which has the effect of reducing the balance of £47,451 carried forward on June 30, 1937, to £17,633. The income received during the year amounts to £369,556, against £356,264. An interim dividend of 2 per cent., less tax, has been paid on the ordinary stock, and your directors now recommend a final dividend of 3 per cent., less tax, making 5 per cent., less income tax, for the year. After deduction of management expenses and making provision for debenture interest, the net revenue for the year amounts to £240,841, and after payment of preference dividends and ordinary dividends, the amount carried forward is increased by £50,841 to £68,474.

As at June 30th, the distribution of securities was as follows: 32 per cent. bonds; 17 per cent. preference stocks and shares, and 51 per cent. ordinary stocks and shares. The past year has proved to be another period of great political and economic uncertainty, and therefore one of considerable difficulty for those responsible for large investments.

Your directors have deemed it wise to confine the great bulk of your investments to securities within the British Empire, and to take whatever steps are possible to safeguard your interests against fluctuations in foreign currencies. In common with the experience of other investment trust companies, the market value of the securities, as compared with their book value, shows a considerable but not excessive fall in view of prevailing conditions. Substantial recovery in security values must remain dependent on a return to some degree of sanity in world politics, and to freer international trade.

As regards the outlook for the current year, it would appear likely that some reduction in income may be experienced, especially bearing in mind the heavier load of taxation, of which the Trust has not yet felt the full effect.

The report and accounts were unanimously adopted.

TREPCA MINES, LIMITED

AMALGAMATION APPROVED

An extraordinary general meeting of Trepca Mines, Limited, was held, on the 16th instant, at 20 Aldermanbury, E.C., to consider resolutions approving an amalgamation of Kopaonik Mines, Limited, Novo Brdo Mines, Limited, and Zletovo Mines, Limited, with this company, increasing the capital of the company and making certain alterations in the articles of association.

Mr A. Chester Beatty, the chairman, said that the proposals arose out of a request by the Yugoslav Government that they should carry their operations within the country a stage further by producing metallic lead, zinc and silver instead of exporting their production in the form of concentrates. The Government's request could be readily understood when it was realised how substantial a part of the cost of base-metal production lay in the secondary stages of smelting and refining and that hitherto that money had all been spent abroad instead of going to the benefit of the country of origin.

An arrangement had been reached with the Yugoslav Government, covering a period of fifteen years, with which the directors were well satisfied. Certain concessions in regard to taxation and foreign exchange had been obtained from the Government which would have the effect of providing added security with which they could look forward to the future, and also some reduction in their operating costs. The company had undertaken to erect within fifteen months a lead smelter and refinery of 12,000 tons annual metal capacity, to be enlarged by January, 1941, to treat the whole of their production of lead concentrates, and to erect within two years a zinc smelter of 10,000 tons metal capacity and a small zinc refinery.

They proposed as a first step to merge the three associated companies into this company by means of an exchange of shares. The proportions in which Trepca shares were to be exchanged for shares of the other companies were:—One Trepca share for every 4 Kopaonik shares, one for every 25 Novo Brdo shares and 2 for every 5 Zletovo shares.

The amalgamation would increase their issued capital by approximately 990,000 shares or, say, 22 per cent. At the same time it would increase their treatment capacity. He would say with confidence that, provided the prices of lead and zinc maintained a reasonable average level, the investment was one which they should have no cause to regret.

The resolutions were carried unanimously, and the scheme was unanimously approved at meetings of the three associated companies.

(*Continued from page* 388)

rate of 35 per cent. of capacity and unless there is an increase in activity United States consumers will hardly resume buying. In spite of the war, China has practically maintained last year's record rate of shipments in the first half of 1938 by exporting 4,470 tons of the metal, due to the fact that the whole of the Chinese tin is produced in the extreme south of the country, which is not affected by the hostilities.

★

Lead and Spelter.—Lead closed 7s. 6d. down at £13 18s. 9d. per ton, while spelter lost 13s. 9d. to close at £13 2s. 6d. per ton. On both markets there was an acute lack of buying interest, so that the turnover of the L.M.E. reached very low levels. Consumption of the two metals outside the United States has not improved of late and production is still in excess of requirements.

Grains

PRICES of wheat declined further, with only a limited demand and free offerings from Russia. In comparison with the end of last week, prices are down by 6d. to 1s. 9d. per quarter. Favourable harvesting reports continue to be received from the United States; the condition of the Canadian spring wheat was estimated at 82 per cent. on August 1st, compared with 91 per cent. in July, but the reduction was not unexpected and had no effect on the market. Larger offerings of maize from the Argentine, and a sharp decline in Argentine futures, have reversed the premium which this grain has held over American maize, and the demand for the Southern crop has consequently improved. But a further small decline in barley prices, due to large sales by Russia and limited Continental demand has kept barley very competitive with maize as an animal feeding stuff.

Other Foods

Provisions.—Bacon prices were reduced by 1s. to 3s. per cwt. at the end of last week, since when the market has been quiet. Prices of butter and hams were also lower, with a dull demand, while egg prices showed a small rise.

★

Colonial Produce.—Business has been quiet in the sugar market and there was a dull trade in coffee. After a good demand early in the week at the tea auctions, later prices were again lower, and the better demand for cocoa was not maintained.

★

Fruit and Vegetables.—Potato prices were little changed during the week, the larger supplies being well taken up. Imported and English apples met a brisk demand, but heavy supplies of pears did not sell readily. There was a good market for English peas and prices tended to rise during the week.

Miscellaneous Commodities

Rubber.—The market has been dull and little business has been transacted; prices moved within narrow limits and that for standard sheet closed unchanged at 7 7/16d. per lb. The latest statistics from America show that stocks there and afloat were unchanged during July, and consumption in July, at 32,209 tons, was only 1,580 tons above that for June.

★

Milk.—The latest statistics issued by the Milk Marketing Board, which are summarised in the accompanying table, show that the increase of 4d. per gallon in the liquid price for July raised the average price paid to producers by 2½d. per gallon, compared with June. Liquid consumption, after a fall in June, was a little larger in July in spite of the higher retail prices, and was 2.6 million gallons more than in July of last year.

	July, 1937	May, 1938	June, 1938	July 1938
Prices (per gall.)	d.	d.	d.	d.
Liquid	13	13	13	17
Av. manufacturing	5·550	6·615	6·699	6·655
Av. pool	10·09	10·07	10·32	12·61
Contract sales (mill. galls.)				
Liquid	50·5	53·8	52·4	53·1
Manufacturing	31·0	36·3	37·4	35·0
Total contract	81·5	90·1	89·8	88·1
Used by farmhouse cheesemakers	3·0	3·4	3·5	3·4

CURRENT STATISTICS

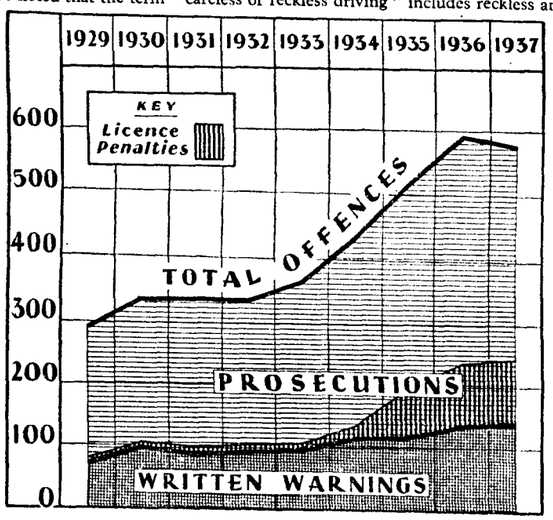
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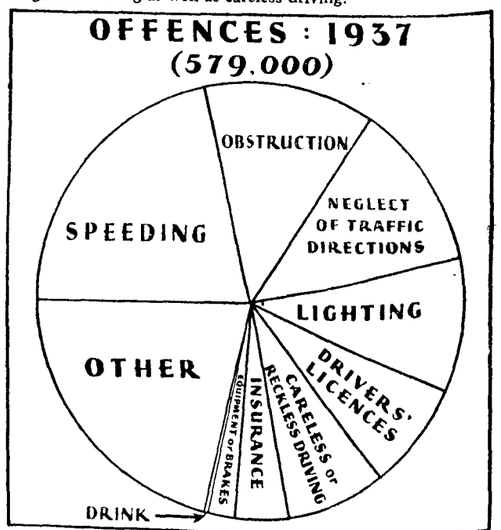
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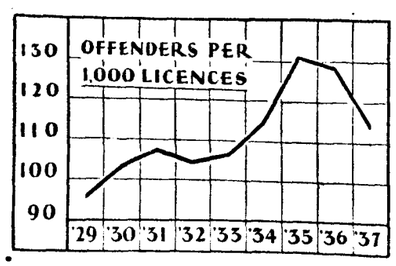
All tables appear regularly except those whose titles are printed in italics, which are special to this issue.

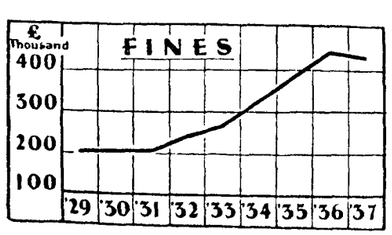
Motoring Offences

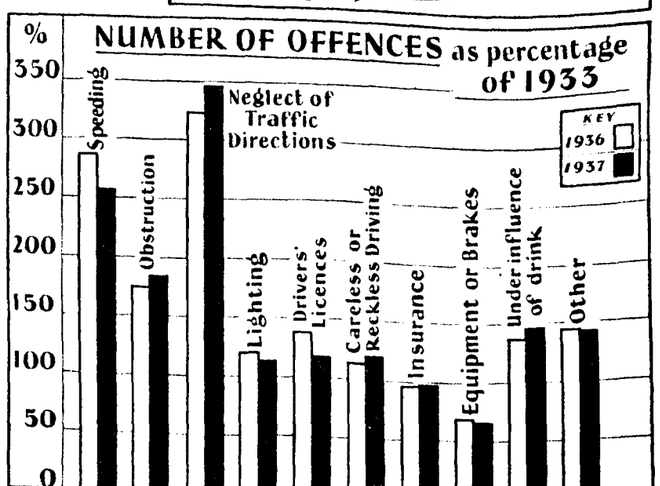
In the following charts we present the recent statistics of motoring offences in England and Wales. The figures include both offende dealt with summarily and those committed for trial. On the left-hand side we have separated the total number of offences into those dea with by written warnings and those dealt with by prosecution. In addition we show the number of prosecutions resulting in the endorsemer disqualification or suspension of driving licences. The graph of offenders per 1,000 licences shows the number of acts in respect of which person was charged with one or more offences, and not the number of separate offenders, since an individual may be included more tha once in respect of offences committed on different occasions. The figures of fines are the total amount imposed in each year (excluding costs On the right-hand side we analyse the principal offences showing their relative importance in 1937 and the changes since 1933. It shou be noted that the term " careless or reckless driving " includes reckless and dangerous driving as well as careless driving.











Finance

GOVERNMENT RETURNS

For the week ended August 13, 1938, total ordinary revenue was £11,718,000, against ordinary expenditure of £17,220,000. Thus, excluding sinking fund allocations, the deficit accrued since April 1st last is £133,045,000, against a deficit of £82,295,000 a year ago.

ORDINARY AND SELF-BALANCING REVENUE AND EXPENDITURE

Receipts into the Exchequer (£ thousands)

Revenue	Estimate, 1938–39	April 1, 1937, to Aug. 14, 1937	April 1, 1938, to Aug. 13, 1938	Week ended Aug. 14 1937	Week ended Aug. 13 1938
ORDINARY REVENUE					
Inc. Tax ...	‡341150	39,074	37,917	3,280	3,228
Sur-tax.....	62,000	6,060	7,360	110	120
Estate, etc., Duties.....	88,000	33,990	29,400	1,200	1,010
Stamps.....	24,000	6,680	6,800	520	150
N.D.C.....	20,000	...	3,950	...	370
Other In. Rev. Duties	1,250	130	410	...	30
Total I. Rev.	536,400	85,934	85,837	5,110	4,908
Customs ...	227,950	81,713	80,986	4,271	4,413
Excise	116,150	37,951	37,900	1,051	1,000
Total Cust. and Excise	344,100	119,664	118,886	5,322	5,413
Motor Duties.....	36,000	8,362	8,219	239	230
P.O. (Net Receipt) ...	8,670	8,070	6,140	1,350	1,150
P.O. Fund	2,400	...	...	...	...
Crown Lds.	1,330	500	520	...	...
Rec. from Sun. Loans	5,250	2,961	3,219	...	...
Misc. Rec.	10,500	2,561	2,008	404	17
Total Ordinary Revenue	944,650	228,052	224,829	12,425	11,718
SELF-BAL. REVENUE Post Office and Broadcasting* ...	80,442	23,780	25,910	1,050	850
Total ...	1025092	251.832	250,739	13,475	12,568

Issues out of the Exchequer to meet payments (£ thousands)

Expenditure	Estimate, 1938–39	April 1, 1937, to Aug. 14, 1937	April 1, 1938, to Aug. 13, 1938	Week ended Aug. 14 1937	Week ended Aug. 13 1938
ORDINARY EXPEND.					
Int. & Man. of Nat. Dt.	230,000	96,162	96,195	417	414
Payments to N. Ireland	8,900	2,448	2,568	...	...
Other Cons. Fund Serv.	5,239	1,487	1,254	5	56
Total.....	244,139	100,097	100,017	422	470
Supply Serv.	†702409	210,250	257,858	8,420	16,750
Total Ordy. Expend. ...	§946548	310,347	357,875	8,842	17,220
SELF-BAL. EXPEND. P.O. and Broadcasting Votes	80,442	23,780	25,910	1,050	850
Total.....	1026990	334,127	383,785	9,892	18,070

* Revenue required to meet expenditure.
† Excluding Post Office and Broadcasting and £112,900,000 under Defence Loans Act.
‡ After concessions of £100,000 made during passage of Finance Act.
§ After adding Navy and Air Supplementary Estimates, Consol. Fund increase under Eire Act and reduction by revised Civil Estimate (net increase, £2,150,000).

After raising Exchequer balances by £166,489 to £2,674,772, the other operations for the week (as shown below, but excluding £240,000 issued to Sinking Funds), raised the gross National Debt by £5,908,000 to about £8,279 millions.

WEEK'S CHANGES IN DEBT

(£ thousands)

NET INCREASE IN DEBT		NET REPAYMENTS, ETC.	
3% Nat. Def. Loan	28,200	Treasury Bills ...	21,692
		Public Dept. Adv. ·	170
		Nat. Savings Certs.	150
		P.O. & Tel. (Mon.) Acts	250
		N. Atlantic Ship...	30
	28,200		22,292

AGGREGATE ISSUES AND RECEIPTS

The aggregate issues and receipts from April 1, 1938, to August 13, 1938, are shown below :—

(£ thousands)

Ordinary Exp. ...	357,875	Ordinary Rev. ...	224,829
Inc. in balances	311	Eire receipts* ...	3,000
		Gross borr.	132,828
		Less Sinkg. Fds.	2,471
		Net borrowing ...	130,357
	358,186		358,186

* Receipts under Sec. 2 (3) of Eire (Confirmation of Agreement) Act, 1938.

FLOATING DEBT

(£ millions)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt	Floating Assets
1937						
Mar. 31	674·6*		23·5	...	698·1	...*
Aug. 14	556·0	303·0	28·9	...	889·9	331·9
Dec. 31	889·7*		39·4	55·7	984·9	...*
1938					887·3	317·3
May 14	570·0	278·1	39·2	...	887·8	317·8
" 21	570·0	276·0	41·8	...	892·2	322·2
" 28	570·0	281·4	40·8	...	929·6	352·6
June 4	575·0	308·7	43·9	2·0	932·3	352·3
" 11	580·0	310·7	41·6	...	928·5	343·5
" 18	585·0	303·4	40·1	...	933·4	350·4
" 25	583·0	305·7	44·7	...	934·9	*
" 30	651·0*		42·4	41·5	914·5	341·4
July 9	573·0	298·3	43·1	...	911·1	343·0
" 16	568·0	302·3	40·7	...	909·4	341·3
" 23	568·0	304·1	37·2	...	920·7	355·7
" 30	565·0	309·1	46·6	...	924·3	364·3
Aug. 6	560·0	320·1	44·2	...	902·5	342·5
" 13	555·0	298·4	44·1	...		*

* Owing to inequalities between Treasury bill payments and maturities at the end of the quarter, it is impossible to separate tender and tap issues or to calculate floating assets.

TREASURY BILLS

(£ millions)

Date of Tender	Amount Offered	Amount Applied for	Amount Allotted	Average Rate %	Per Cent. Allotted at minimum Rate
				s. d.	
1937					
Aug. 13	45·0	82·1	45·0	10 5·64	46
Dec. 31	50·0	80·5	50·0	10 11·59	47
1938					
May 6	45·0	87·8	40·0	10 0·69	29
" 13	30·0	73·5	30·0	10 1·12	29
" 20	35·0	74·3	35·0	10 1·11	35
" 27	45·0	69·0	45·0	10 9·37	57
June 3	50·0	83·1	50·0	12 1·04	51
" 10	50·0	86·0	50·0	12 9·19	58
" 17	50·0	80·5	48·0	11 5·68	69
" 24	45·0	66·7	45·0	10 9·18	57
July 1	45·0	84·8	45·0	10 5·33	40
" 8	45·0	85·2	45·0	10 5·43	40
" 15	45·0	90·7	45·0	10 5·21	37
" 22	45·0	88·3	42·0	10 5·03	32
" 29	40·0	82·4	40·0	10 1·90	58
Aug. 5	35·0	78·6	35·0	10 1·80	40
" 12	30·0	76·8	30·0	10 1·50	30

Bills are paid for during following week, on any working day at applicant's option. When normal length is 92 days, bills paid for Saturday are 91-day bills and there are no Monday maturities. When normal length is 90 days, bills paid for on Monday are 89-day bills. Bills paid for in February are 89-day bills, except those paid for each Tuesday, which are 88-day bills.

On August 12th, applications at £99 17s. 5d. per cent. for bills to be paid for on any day except Saturday of the following week were accepted as to about 30 per cent. of the amount applied for. Applications at higher prices were accepted in full. Applications for bills to be paid for on Saturday at £99 17s. 6d. per cent. and above were allotted in full. £35·0 millions of Treasury bills are being offered on August 19th.

NATIONAL SAVINGS CERTIFICATES

Sales in	Number	Purchase Price
		£
30 weeks to :—		
July 31, 1937† ...	19,454,992	14,591,244
July 30, 1938	19,576,576	14,682,437
Week to :—		
July 31, 1937	594,553	445,915
July 23, 1938	591,307	443,480
July 30, 1938* ...	631,122	473,341

* Net Exchequer receipts, week ended July 30, 1938, £50,000.
† After adjustments to June 19th.
N.B.—At the end of June, 1938, balances due to Post Office and Trustee Savings Banks depositors were £727,635,000, and the value of Savings Certificate holdings was £516,800,000.

BANK OF ENGLAND RETURNS

AUGUST 17, 1938

ISSUE DEPARTMENT

	£		£
Notes Issued :		Govt. Debt..	11,015,100
In circuln.	482,623,335	Other Govt. Securities	188,453,306
In Bnkg. Department	43,788,415	Other Secs.	519,250
		Silver coin...	12,344
		Amt. of Fid. Issue	200,000,000
		Gold Coin & Bullion ...	326,411,750
	526,411,750		526,411,750

BANKING DEPARTMENT

	£		£
Props' capital	14,553,000	Govt. Secs...	104,641,164
Rest	3,618,467	Other Secs. :	
Public Deps.*	20,107,445	*Disc., etc....*	*6,462,076*
		Securities...	*21,991,808*
Other Deps. :			28,453,884
Bankers ...	*105,722,857*	Notes.....	43,788,415
Other	*34,066,811*	Gold & Silv. Coin	1,185,117
	139,789,668		178,068,580
	178,068,580		

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

THE WEEK'S CHANGES

(£ thousands)

Both Departments	Amt. Aug. 17, 1938	Compared with Last Week	Compared with Last Year
COMBINED LIABILITIES			
Note circulation	482,623	– 7,370	– 8,352
Deposits : Public	20,107	+ 790	– 8,433
Bankers'.....	105,723	– 356	+ 17,223
Others.....	34,067	– 447	– 2,464
Total outside liabilities	642,520	– 7,381	– 2,025
Capital and rest	18,172	+ 25	– 12
COMBINED ASSETS			
Govt. debt and securities	304,110	– 5,076	– 1,510
Discounts and advances	6,462	– 2,776	+ 275
Other securities	22,511	+ 447	– 623
Silver coin in issue dept.	12	+ 2	– 0
Gold coin and bullion....	327,597	+ 48	– 179
RESERVES			
Res. of notes & coin in banking department...	44,974	+ 7,418	+ 8,172
Proportion of reserve to outside liabilities—			
(*a*) Bankg. dept. only (" proportion ")	28·1%	+ 4·7%	+ 4·1%
(*b*) Gold stocks to deposits and notes (" reserve ratio ")	51·0%	– 6·8%	+ 0·1%

COMPARATIVE ANALYSIS

(£ millions)

	1937	1938			
	Aug. 18	July 27	Aug. 3	Aug. 10	Aug. 17*
Issue Dept. :					
Notes in circ.	491·0	493·3	497·8	490·0	482·6
Notes in banking dept.....	35·4	33·1	28·6	36·4	43·8
Govt. debt and securities ...	198·5	199·9	200·0	199·5	199·5
Other secs. ...	1·5	0·0	0·0	0·5	0·5
Gold	326·4	326·4	326·4	326·4	326·4
Deposits:					
Public	28·5	11·2	9·5	19·3	20·1
Bankers'.....	88·5	116·4	113·4	106·1	105·7
Others	36·5	35·1	34·7	34·5	34·1
Total	153·6	162·6	157·6	159·9	159·9
Bkg. Dept. Secs.:					
Government ..	107·1	115·8	114·7	109·7	104·6
Discounts, etc.	6·2	9·5	9·6	9·2	6·5
Other	21·6	21·3	21·8	21·5	22·0
Total	134·9	146·5	146·1	140·5	133·1
Banking dept. reserve.....	36·8	34·2	29·7	37·6	45·0
" Proportion "	24·0	21·0	18·8	23·4	28·1
Reserve ratio†	50·9	49·9	50·0	57·8	51·0

† Gold stocks in both departments to deposits and notes in circulation. * At this date, Government debt was £11,015,100 ; silver coin in Issue Department, £12,344 ; capital, £14,553,000 ; rest, £3,618,467.

OVERSEAS BANK RETURNS

NOTE.—A return of the Bank of Spain appeared in *The Economist* of May 28th last. The latest return of the Bank of Roumania appeared in *The Economist* of April 23rd; Danzig of July 23rd; Egypt and Lithuania, of July 30th; International Settlements, Federal Reserve Reporting Members, Argentina, Australia, Canada, Czechoslovakia, Denmark, Estonia, Latvia, New Zealand, Portugal and Sweden, of August 13th.

U.S. FEDERAL RESERVE BANKS

Million $'s

12 U.S.F.R. Banks	Aug. 19, 1937	July 21, 1938	Aug. 11, 1938	Aug. 18, 1938
RESOURCES				
Gold certifs. on hand and due from Treas.	8,832	10,633	10,633	10,632
Total reserves	9,145	11,050	11,036	11,032
Total cash reserves	303	406	394	391
Total bills discounted	18	7	7	7
Bills bt. in open mkt.	3	1	1	1
Total bills on hand	21	8	7	7
Industrial advances	21	16	16	16
Total U.S. Govt. secs.	2,526	2,564	2,564	2,564
Total bills and secs.	2,569	2,588	2,587	2,587
Total resources	12,472	14,351	14,250	14,328
LIABILITIES				
F.R. notes in actual circulation	4,238	4,124	4,136	4,150
Aggregate of excess mr. bank res. over reqts.	780	3,040	2,920	2,930
Deposits — Member-bank reserve account	6,744	8,201	8,046	8,085
Govt. deposits	156	723	839	802
Total deposits	7,240	9,279	9,249	9,236
Cap. paid in and surplus	306	309	309	309
Total liabilities	12,472	14,351	14,250	14,328
Ratio of total res. to deposit and F.R. note liabs. combined	79·7%	82·4%	82·4%	82·4%
U.S.F.R. BANKS AND TREASURY COMBINED RESOURCES				
Monetary gold stock	12,527	12,989	13,033	13,052
Treasury and Nat. Bk. currency	2,577	2,717	2,723	2,724
LIABILITIES				
Money in circulation	6,500	6,433	6,466	6,485
Treasury cash and deposits with F.R. Bks.	3,828	3,045	3,206	3,185

NEW YORK FEDERAL RESERVE BANK.—Million $'s

	Aug. 19, 1937	July 21, 1938	Aug. 11, 1938	Aug. 18, 1938
Total gold reserves	3357·5	4612·6	4639·1	4655·4
Total bills discounted	8·0	2·4	1·1	1·7
Bills bt. in open mkt.	1·1	0·2	0·2	0·2
Total U.S. Govt. secs.	725·0	780·1	780·0	780·1
Total bills and securts.	739·6	786·9	785·1	785·8
Deposits — Member-bank reserve account	2879·0	3919·1	3798·1	3846·8
Total res. to dep. and Fed. Res. note liabilities combined	83·7%	86·8%	86·9%	86·9%

BANK OF FRANCE.—Million francs

Assets	Aug. 12, 1937	July 14, 1938	Aug. 4, 1938	Aug. 11, 1938
Gold	55,717	55,808	55,808	55,808
Advances on gold coin	1,099	...	...	...
Bills: Commercial	9,486	5,921	6,819	6,347
Bought abroad	881	744	726	726
Advances on securities	3,967	3,560	3,675	3,588
Thirty-day advances	698	660	826	665
Loans to State without interest: (*a*) general	3,200	3,200	3,200	3,200
(*b*) provisional	23,878	†40134	†40134	†40134
Negotiable bonds, Sinking Fund Dept.	5,637	5,574	5,574	5,670
Other assets	4,228	4,221	4,111	4,280
LIABILITIES				
Notes in circulation	88,905	101100	101351	100224
Deposits: Public	2,243	3,335	3,172	3,155
Private	14,323	12,657	13,506	14,235
Other liabilities	3,320	2,731	2,841	2,705
Gold reserve to sight liabilities	52·8%	47·6%	47·2%	47·4%

† Of which fcs. 18,050 millions under Conventions whose permissible limit is Fcs. 30,000 millions.

REICHSBANK

Million Reichsmarks

Assets	Aug. 14, 1937	July 15, 1938	Aug. 6, 1938	Aug. 15, 1938
Gold	69·3	70·8	70·8	70·8
Of which depstd. abroad	19·5	20·3	20·3	10·6
Res. in foreign currencs.	6·0	5·6	5·6	5·7
Bills of exchange and cheques	4871·7	5693·7	6065·7	5826·3
Silver and other coin	185·3	195·2	141·6	176·7
Advances	30·2	49·0	38·7	33·3
Investments	403·4	846·6	847·2	847·3
Other assets	709·3	1097·4	1167·4	1158·2
LIABILITIES				
Reserves	493·0	514·4	514·4	514·4
Notes in circulation	4756·2	6080·1	6429·4	6290·5
Other daily maturing obligations	625·1	941·4	958·1	863·0
Other liabilities	250·9	272·5	285·0	300·3
Cover of note circulatn.	1·58%	1·26%	1·19%	1·21%

NATIONAL BANK OF BELGIUM

Million belgas

Assets	July 14, 1938	July 28, 1938	Aug. 4, 1938	Aug. 11, 1938
Gold	2,911	2,954	2,972	3,016
Silver and other coin	47	47	45	44
Foreign exchange, etc.	817	817	867	917
Bills and securities	753	721	666	634
Advances	57	52	58	50
LIABILITIES				
Notes in circulation	4,173	4,205	4,233	4,245
Deposits: Govt.	8	16	13	18
Other	319	284	275	341

NATIONAL BANK OF BULGARIA

Million levas

Assets	July 31, 1937	June 30, 1938	July 23, 1938	July 31, 1938
Gold holdings	1,801	1,994	1,994	1,994
Balances abroad and foreign currencies	390	855	816	846
Discounts and advances	1,142	965	920	917
Advances to Treasury	3,523	3,468	3,468	3,468
LIABILITIES				
Reserves	1,212	1,201	1,196	1,195
Notes in circulation	2,543	2,313	2,328	2,489
Sight liabs. and deposits	3,126	4,052	3,957	3,749

BANK OF FINLAND

Million F. marks

Assets	Aug. 7, 1937	July 8, 1938	July 30, 1938	Aug. 8, 1938
Gold reserve	602·9	620·6	620·6	620·6
Gold abroad not in gold reserve	37·0	...	...	...
Foreign correspondents	2076·1	2022·9	1950·0	2003·0
Foreign bills, etc.	86·4	54·3	92·1	76·9
Inl. bills and home loans	1023·2	1545·4	1545·7	1522·2
Finnish & foreign bonds	540·3	411·0	406·0	403·3
LIABILITIES				
Notes in circulation	1846·7	2055·3	2046·7	2028·8
Sight deposits: Govt.	291·9	107·2	71·0	69·9
Other	1004·7	1211·4	1177·6	1259·0
Ordinary cover to sight liabilities	78·3%	74·2%	73·1%	74·2%

BANK OF GREECE.—Million drachmae

Assets	July 31, 1937	July 30, 1938	July 23, 1938	July 31, 1938
Gold and gold exchange	3,308	3,447	3,385	3,297
State gold bonds	543	522	522	522
Bills discounted	557	648	652	664
Advances	3,298	6,256	6,415	6,469
State debt	3,557	3,838	3,763	3,763
LIABILITIES				
Notes in circulation	6,330	6,467	6,501	6,551
Dep. and current accts.	4,968	7,764	7,754	7,580
Foreign exch. liabilities	161	206	233	190

NATIONAL BANK OF HUNGARY

Million pengo

Assets	Aug. 7, 1937	July 7, 1938	July 31, 1938	Aug. 7, 1938
Metal reserve:				
Gold coin and bullion	84·1	84·1	84·1	84·1
Foreign exchange	58·9	72·2	73·6	73·7
Res. of token money	6·1	6·8	6·5	5·6
Inl. bills, wts., & secs.	379·0	392·9	391·1	380·0
Advances to Treasury	111·5	120·3	148·2	150·1
LIABILITIES				
Notes in circulation	425·8	539·9	581·8	563·8
Current accounts, deposits, etc.	174·2	204·3	180·2	187·9
Cash certificates	92·9	69·7	69·7	69·7

RESERVE BANK OF INDIA

Million rupees

Assets	Aug. 13, 1937	July 15, 1938	Aug. 5, 1938	Aug. 12, 1938
Gold coin and bullion	444	444	444	444
Rupee coin	600	651	673	674
Balances abroad	160	9	33	34
Sterling securities	803	721	695	695
Indian Govt. rupee securities	274	324	324	324
Investments	81	66	64	65
LIABILITIES				
Notes in circulation:				
India	1,777	1,680	1,671	1,676
Burma	32	73	72	71
Deposits: Govt.	102	140	150	138
Banks	354	216	229	244
Gold and sterling to liabilities	58·8%	54·5%	55·3%	53·3%

BANQUE MELLIÉ IRAN

Million rials

Assets	July 6, 1937	June 5, 1938	June 21, 1938	July 6, 1938
Gold	306·5	312·0	312·4	‡312·5
Silver	404·1	405·7	405·7	‡405·7
Discounts	224·5	295·9	276·8	251·6
Public departments	531·0	678·2	666·4	682·1
Other debit balances	673·1	658·3	654·4	665·8
Notes in circulation	813·0	781·3	768·1	770·0
Public departments	341·8	512·8	496·2	500·2
Other credit balances	808·6	988·6	1039·3	1038·0

N.B.—Based on London prices and £ sterling in Teheran, actual value is: †414,744,000 rials; ‡373,373,000 rials.

BANK OF JAPAN.—Million yen

Assets	July 24, 1937	June 25, 1938	July 16, 1938	July 23, 1938
Coin & bullion: Gold	495·0	801·3	801·3	501·3
Other	56·7	47·9	47·3	46·9
Spec. fd. for for. exch.	...	...	...	300·0
Discounts and advances	798·4	488·7	484·9	488·4
Government bonds	699·0	1280·0	1167·8	1086·3
Agencies' accounts	107·0	117·8	120·0	131·7
LIABILITIES				
Notes issued	1447·4	1946·1	1824·6	1881·2
Deposits: Government	255·1	258·8	385·1	310·4
Other	59·6	193·6	130·1	92·0

BANK OF JAVA.—Million florins

Assets	Aug. 14, 1937	July 16, 1938	Aug. 6, 1938	Aug. 13, 1938
Gold and silver	132·50	136·83	137·52	137·21
Discounts, advances & other investments	78·12	71·74	76·62	72·45
Foreign bills	4·58	2·98	3·01	3·58
Other assets	68·60	52·59	57·30	54·43
LIABILITIES				
Notes in circulation	200·53	190·02	194·46	193·01
Deposits and bills	70·20	61·52	67·27	61·93

NATIONAL BANK OF JUGOSLAVIA

Million dinar

Assets	Aug. 8, 1937	July 8, 1938	July 31, 1938	Aug. 8, 1938
Cash reserve:				
Gold at home and abroad	1,688	1,835	1,837	1,839
Other foreign exchange	1,558	1,548	1,574	387
Discounts and advances	2,251	2,241	2,241	1,570
Government advances				2,241
LIABILITIES				
Notes in circulation	5,743	6,007	6,142	6,166
Sight liabilities	2,106	2,448	2,250	2,268

NETHERLANDS BANK

Million florins

Assets	Aug. 16, 1937	July 18, 1938	Aug. 8, 1938	Aug. 15, 1938
Gold	1265·9	1480·7	1480·8	1480·5
Silver	19·7	20·1	20·5	22·0
Home bills etc.	13·1	8·3	9·3	9·6
Foreign bills	2·5	4·9	5·0	5·0
Loans and advances in current account	180·1	325·3	296·7	298·0
LIABILITIES				
Notes in circulation	821·9	920·1	921·1	911·6
Deposits: (*a*) Govt.	82·8	166·8	182·7	191·7
(*b*) Other	598·3	770·8	727·1	730·6

BANK OF NORWAY

Million kroner

Assets	Aug. 7, 1937	July 7, 1938	July 30, 1938	Aug. 8, 1938
Coin and bullion (gold reserve)	118·8	131·0	134·0	134·0
Bal. abroad & for. bills	131·2	191·1	186·1	186·4
Funds provisionally in gold, not in gold res.	70·3	84·7	87·7	87·9
Norwegian and foreign Govt. securities	83·5	121·7	120·6	120·0
Discounts and loans	162·1	104·4	105·3	100·2
LIABILITIES				
Notes in circulation	418·5	446·8	456·1	450·3
Deposits at sight	99·2	144·2	134·0	138·1

BANK OF POLAND

Million zloty

Assets	Aug. 10, 1937	July 10, 1938	July 31, 1938	Aug. 10, 1938
Gold	427·7	446·5	447·2	447·5
For. exch. and balances	31·5	11·7	11·9	11·0
Bills discounted	517·0	685·6	686·4	678·0
Loans against securities	27·3	25·4	32·7	25·9
Treas. bills discounted	51·6	28·6	36·7	34·9
Securities	135·4	127·5	127·6	127·6
LIABILITIES				
Notes in circulation	981·7	1102·3	1123·5	1106·2
Sight liabilities:				
(*a*) Government	8·1	32·1	54·2	27·8
(*b*) Others	266·3	256·2	209·3	230·1

SOUTH AFRICAN RESERVE BANK

Million £'s

Assets	Aug. 13, 1937	July 15, 1938	Aug. 5, 1938	Aug. 12, 1938
Gold coin and bullion	22·70	22·28	23·39	23·90
Bills discounted:				
Home	0·03	0·02	0·03	0·03
Foreign	5·39	6·38	6·48	6·48
Investments	1·73	1·72	1·72	1·72
Other assets	10·88	10·76	11·21	11·42
LIABILITIES				
Notes in circulation	15·67	16·16	17·43	16·41
Deposits: Government	1·73	2·24	1·52	1·85
Bankers'	19·08	19·36	21·82	22·58
Cash reserves to liabilities to public	65·1%	54·8%	54·7%	55·0%

SWISS NATIONAL BANK

Million francs

Assets	Aug. 14, 1937	July 15, 1938	Aug. 6, 1938	Aug. 15, 1938
Gold	2553·4	2786·2	2794·2	2826·0
Foreign exchange	168·6	379·1	387·5	382·7
Discounts, etc.	7·6	5·1	4·9	5·1
Advances	28·0	21·1	20·1	20·0
Securities	15·9	95·0	94·8	94·7
LIABILITIES				
Notes in circulation	1361·2	1496·3	1511·9	1498·6
Deposits	1381·4	1767·2	1761·2	1807·5

N.B.—Exchange Equalisation Fund and assets included in returns December 31, 1935, onwards at 538,583,653 fls.

CLEARING BANKS

LONDON

(£ thousands)

	Month of July 1937	Month of July 1938	Change †	Week ended Wednesday Aug. 18, 1937	Week ended Wednesday Aug. 17, 1938	Aggregate from January 1 to Aug. 18, 1937	Aggregate from January 1 to Aug. 17, 1938
Number of wkg. days:	27	26	%	6	6	191	192
Town	3,360,627	2,976,141	− 8·0	679,374	692,373	24,040,027	21,416,401
Metropolitan	204,103	187,040	− 4·8	36,905	35,049	1,397,307	1,338,481
Country	341,599	318,322	− 3·2	67,986	63,893	2,424,284	2,356,066
Total	3,906,329	3,481,503	− 7·4	784,265	791,315	27,861,618	25,110,948

† Based on average working day.

PROVINCIAL

(£ thousands)

	Month of July 1937	Month of July 1938	Change †	Week ended Saturday Aug. 14, 1937	Week ended Saturday Aug. 13, 1938	Aggregate January 1 to Aug. 14, 1937	Aggregate January 1 to Aug. 13, 1938
No. of working days:—	27	26	%	6	6	189	190
BIRMINGHAM	13,271	12,210	− 4·5	2,238	1,694	86,781	77,724
BRADFORD	4,613	3,380	− 23·9	926	672	34,611	25,952
BRISTOL	5,810	5,570	− 0·4	1,205	1,217	41,434	40,688
HULL	4,128	3,701	− 6·8	928	736	29,755	27,338
LEEDS	4,771	4,468	− 2·7	802	620	33,438	31,525
LEICESTER	3,650	3,494	− 0·6	679	595	24,666	22,895
LIVERPOOL	31,322	23,865	− 20·9	6,113	4,384	230,680	170,695
MANCHESTER	49,154	39,618	− 16·3	9,773	7,768	360,948	302,521
NEWCASTLE	6,878	6,333	− 4·4	1,453	1,272	47,395	49,352
NOTTINGHAM	2,502	2,327	− 3·4	477	425	17,123	16,388
SHEFFIELD	5,151	4,779	− 3·7	913	756	35,960	35,795
Total: 11 Towns	131,250	109,745	− 12·9	25,507	20,139	942,791	800,853
DUBLIN	...	...	...	4,668	4,966	189,550	204,464

† Based on average working day. ‡ 33 calendar weeks.

MONEY RATES

LONDON

	Aug. 11, 1938	Aug. 12, 1938	Aug. 13, 1938	Aug. 15, 1938	Aug. 16, 1938	Aug. 17, 1938	Aug. 18, 1938
Bank rate (changed from 2½% June 30, 1932)	% 2	% 2	% 2	% 2	% 2	% 2	% 2
Market rates of discount							
60 days' bnkrs.' drafts	17/32	17/32	17/32	17/32	17/32	17/32	17/32
3 months' do.	17/32	17/32	17/32	17/32	17/32	17/32	17/32
4 months' do.	17/32−9/16	17/32−9/16	17/32−9/16	17/32−9/16	17/32−9/16	17/32−9/16	17/32−9/16
6 months' do.	9/16	9/16	9/16	9/16	9/16	9/16	9/16
Discount Treasury Bills							
2 months'	1/2−17/32	1/2−17/32	1/2−17/32	1/2−17/32	1/2−17/32	1/2−17/32	1/2−17/32
3 months'	1/2−17/32	1/2−17/32	1/2−17/32	1/2−17/32	1/2−17/32	1/2−17/32	1/2−17/32
Loans—Day-to-day	1/2−1	1/2−1	1/2−1	1/2−1	1/2−1	1/2−1	1/2−1
Short	1/2−1	1/2−1	1/2−1	1/2−1	1/2−1	1/2−1	1/2−1
Deposit allwncs.: Bk.	1/2	1/2	1/2	1/2	1/2	1/2	1/2
Discount houses at call	1/2	1/2	1/2	1/2	1/2	1/2	1/2
At notice	3/4	3/4	3/4	3/4	3/4	3/4	3/4

Comparison with previous weeks

	Short Loans	Bank Bills 3 Months	Bank Bills 4 Months	Bank Bills 6 Months	Trade Bills 3 Months	Trade Bills 4 Months	Trade Bills 6 Months
1938	%	%	%	%	%	%	%
July 21...	1/2−1	17/32−9/16	17/32−9/16	9/16	2-2 1/2	2 1/4-2 1/2	2 1/2-3
„ 28...	1/2−1	17/32	17/32−9/16	9/16	2-2 1/2	2 1/4-2 1/2	2 1/2-3
Aug. 4...	1/2−1	17/32	17/32−9/16	9/16	2-2 1/2	2 1/4-2 1/2	2 1/2-3
„ 11...	1/2−1	17/32	17/32−9/16	9/16	2-2 1/2	2 1/4-2 1/2	2 1/2-3
„ 18...	1/2−1	17/32	17/32−9/16	9/16	2-2 1/2	2 1/4-2 1/2	2 1/2-3

NEW YORK

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

	Aug. 18, 1937	July 20, 1938	July 27, 1938	Aug. 3, 1938	Aug. 10, 1938	Aug. 17, 1938
	%	%	%	%	%	%
Call money	1	1	1	1	1	1
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:—	Selling Rates					
Members—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Non-mem.—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Commercial accept., 90 dys.	1	1	1	1	1	1

EXCHANGE RATES

LONDON—SPOT

(*a*) Active Exchanges

(Range of the day's business)

London on	Par of Exch. per £	Aug. 12, 1938	Aug. 13, 1938	Aug. 15, 1938	Aug. 16, 1938	Aug. 17, 1938	Aug. 18, 1938
New York, $	‡4·862⅝	4·87−87/8	4·87−87½	4·87−87½	4·87−88¼	4·87⅞−88⅛	4·87⅞−88¼
Montreal, $	4·862⅝	4·89−89¾	4·89−89¾	4·89−89¾	4·89−90	4·89¾−90½	4·89½−90¼
Paris, Fr.	124·21	178¾−15/16	178 15/16−179	178¾−15/16	178¾−179	178¾−15/16	178¾−179
Brussels, Bel.	35·00*a*	28·88−98	28·94−97	28·94−97	28·94−29·02	28·98−29·03	28·98−29·01
Milan, L.	92·46	92½−¾	92½−¾	92½−11/16	92½−⅞	92⅝−⅞	92⅝−⅞
Zurich, Fr.	25·22½	92 7/8−93	92 7/8−93	92 7/8−93	92 7/8−93	92 7/8−93	92 7/8−93
Athens, Dr.	375	21·27−30	21·27−30	21·27−29	21·27−32	21·29−32	21·28−30
Amst'd'm, Fl.	12·107	540−55	540−55	540−55	540−55	540−55	540−55
Berlin, Mk.	20·43	8·94−95½	8·93¾−94½	8·93½−94½	8·93¼−93¾	8·92⅝−93¼	8·91−93¼
		12·14−18	12·14−16	12·14−16	12·14−17	12·15−18	12·16−19
Registered Marks	(*c*)	52−57	52−57	51½−56½	52⅛−57½	52⅛−57⅛	52⅛−57½
Br. India Rup.	†18d.	177/8−15/16	177/8−15/16	177/8−15/16	177/8−15/16	177/8−15/16	177/8−15/16
Hong Kong, $	‡ ...	14 7/8−15⅛	14 7/8−15⅛	14 7/8−15⅛	14 7/8−15⅛	14 7/8−15⅛	14 7/8−15⅛
Shanghai, $	‡ ...	7½−8½ (*l*)	7½−8½ (*l*)	7½−8½ (*l*)	7½−8½ (*l*)	7½−8½ (*l*)	7½−8½ (*l*)
Rio, Mil.	†5·899*d*.	27/8*m*	27/8*m*	27/8*m*	27/8*m*	2⅞*m*	2⅞*m*
B. Aires, $	11·45	18·80−92*g*	18·85−90*g*	18·86−93*g*	18·85−97*g*	19·08*g*	19·10*g*
Valparaiso, $	40	16·12*h* 123*e* (*l*)	16·12*h* 123*e* (*l*)	16·12*h* 123*e* (*l*)	16·12*h* 123*e* (*l*)	16·12*h* 123*e* (*l*)	16·12*h* 122*e* (*l*)
Montevideo, $	†51d.	20−21	20−21	20−21	20−21	20−21	20−21
Lima, Sol.	17·38	21−22 (*l*)	21−22 (*l*)	21−22 (*l*)	21−22 (*l*)	21−22 (*l*)	22−23 (*l*)
Mexico, Pes.	9·76	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd
Manila, Pes.	†24·66d.	24¼−5/8	24¼−5/8	24¼−5/8	24⅛−5/8	24¼−5/8	24¼−5/8
Moscow, Rbls.	...	25·83−83¾	25·81¾−82⅝	25·81¾−82⅝	25·81¾−82	25·87½−88⅜	25·87−87⅞

Usance: T.T., Rio de Janeiro, Lima, Valparaiso (90 days). * Sellers. † Pence per unit of local currency. ‡ Par 8·23⅝₃₂ since dollar devaluation on February 1, 1934. (*a*) Prior to devaluation on April 2, 1935. (*c*) Per cent. discount. (*e*) Latest "export" rate. (*g*) Official rate is $15 sellers. (*h*) Average remittance rate for importers. (*l*) Rate for payments to the Bank of England, for account Controller of Anglo-Italian debts. (*l*) Nominal. (*m*) Official.

(*b*) Other Exchanges

London on	Par of Exch. per £	Aug. 12, 1938	Aug. 17, 1938	Aug. 18, 1938
Helsingfors, M.	193·23	226½−227	226½−227	226½−227
Madrid, Pt.	25·22½	100−200(*l*) 77*j*	100−200 (*l*) 77*j*	100−200 (*l*) 77*j*
Lisbon, Esc.	110	110−110⅝	110−110⅝	110−110⅝
Budapest, Pen.	27·82	24⅝−¾	24½−25	24⅝−¾
Prague, Kc.	$164½§	141−141½	141−141½	141−141½
Danzig, Gul.	25·00	25¾−26¼	25⅝−26⅛	25⅝−26⅛
Warsaw, Zl.	48·38	25¾−26¼	25⅝−26⅛	25⅝−26⅛
Riga, Lat.	25·22½	24⅝−25¾	24⅝−25¾	24⅝−25¾
Bucharest, Lei	813·8	650−670	660−680	660−680
Constantinople, Pst.	110	615* 617*k*	612* 614*k*	612* 614*k*
Belgrade, Din.	276·32	211−221	211−221	210−220
Kovno, Lit.	48·66	28½−29½	28½−29½	28½−29½
Sofia, Lev.	673·66	390−420	390−420	390−420
Tallinn, E. Kr.	18·159	173¼−18⅝	173¼−18⅝	173¼−18⅝
Oslo, Kr.	18·159	19·85−95	19·85−95	19·85−95
Stockholm, Kr.	18·159	19·35−45	19·35−45	19·35−45
Copenhagen, Kr.	18·159	22·35−45	22·35−45	22·35−45
Alexandria, Pst.	97½	97⅜−⅝	97⅜−⅝	97⅜−⅝
Kobe, Yen	†24·58d.	1315/16−14 1/16	1315/16−14 1/16	1315/16−14 1/16
Singapore, $	† 28d.	27⅞−28⅛	27⅞−28⅛	27⅞−28⅛
Batavia, F.	12·11	8·91½−94½	8·90−93	8·89−92
Bangkok, Baht	†21·82d.	22−22¼	22−22¼	22−22¼

Usance: T.T., except Alexandria (Sight). * Sellers. † Pence per unit of local currency. § Par, 197·10⁵/₁₆ since krona devaluation on February 17, 1934. Rate for payments to the Bank of England: (*j*) Under Anglo-Spanish Agreement. (*k*) Under Anglo-Turkish Agreement. (*l*) Nominal.

LONDON—FORWARD

(Closing quotations)

London on		Aug. 12, 1938 Per £	Aug. 13, 1938 Per £	Aug. 15, 1938 Per £	Aug. 16, 1938 Per £	Aug. 17, 1938 Per £	Aug. 18, 1938 Per £
New York, cent.	1 Month	(*p*) 3/32−7/32	(*p*) 3/32−7/32	(*p*) 3/32−7/32	(*p*) 3/32−7/32	(*p*) 3/32−7/32	(*p*) 3/32−7/32
	2 „	1/2−5/8	1/2−5/8	1/2−5/8	1/2−5/8	1/2−5/8	1/2−5/8
	3 „	11/16−9/16	11/16−9/16	11/16−15/16	11/16−9/16	11/16−9/16	5/4−5/8
Paris, francs	1 Month	(*d*) 2⅛−2⅜	(*d*) 2⅛−2¼	(*d*) 3⅛−3⅝	(*d*) 2⅛−2⅜	(*d*) 2⅛−3	(*d*) 2¼−2½
	2 „	4¼−4½	4⅜−5⅛	5⅜−5⅝	4¼−4½	4⅝−4¾	3¾−4
	3 „	6¾−7	6⅞−7⅛	7 1/16−7⅜	6¾−7	6⅞−7	5⅛−5⅜
Amsterdam, cent.	1 Month	(*p*) ¾−1/2	(*p*) ¾−1/2	(*p*) ¾−1/2	(*p*) 1⅛−⅝	(*p*) 1⅛−⅝	(*p*) 1−¾
	2 „	1½−1	1½−1	1½−1	1½−1	1½−1	1⅝−1⅛
	3 „	2−1½	2−1½	2−1½	2−1½	2¼−1¾	2⅜−1⅞
Brussels, cent.	1 Month	(*d*) 8−11	(*d*) 8−11	(*d*) 5−10	(*d*) 7−10	(*d*) 8−10	(*d*) 7−10
	2 „	35−40	32−36	31−36	32−27	30−34	22−26
	3 „	56−61	54−59	56−61	57−62	52−56	40−45
Geneva, cent.	1 Month	(*p*) 2−1	(*p*) 2½−1½	(*p*) 2½−1½	(*p*) 2½−1½	(*p*) 2¾−1¾	(*p*) 2½−1½
	2 „	3½−2½	4−3	4½−3½	4½−3	4¾−3¾	4½−3½
	3 „	6−5	6½−5½	7−6	7−6	6½−5½	6½−5½

(*p*) Premium. (*d*) Discount.

EXCHANGE RATES—*cont.*

NEW YORK

New York on	Par of Exch. per cent.	Aug. 11, 1938	Aug. 12, 1938	Aug. 13, 1938	Aug. 15, 1938	Aug. 16, 1938	Aug. 17, 1938
London :—*	Old Par						
60 days ...	4·8666	4·87 5/32	4·86 23/32	4·86 23/32	4·86 21/32	4·87 11/32	4·87 13/32
Cables ...	New Par	4·87 5/16	4·87 1/4	4·87 1/4	4·87 5/16	4·88 1/32	4·88 1/32
Demand...	8·2397	4·87 5/16	4·87 1/4	4·87 1/4	4·87 5/16	4·88	4·88
Paris, Fr. ...	6·63	2·72 11/16	2·72 1/2	2·72 7/16	2·72 3/8	2·73	2·72 1/3
Brussels, Bel.	23·53	16·87	16·83 1/2	16·82 1/2	16·82 1/2	16·83	16·83
Switz'l'd. Fr.	32·67	22·90	22·90	22·89 1/2	22·90	22·91	22·93
Italy, Lira ...	8·91	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4
Berlin, Mk. ...	40·33	40·10	40·10	40·09	40·08	40·10	40·11 1/2
Vienna, Sch.	23·82	...	...	...	...	...	...
Madrid, Pt. ...	32·67	...	...	...	...	...	...
Amst'd'm Gldr	68·06	54·48	54·50	54·50 1/2	54·49	54·62	54·66
Cop'h'gn, Kr.	145·37	21·77 1/2	21·75 1/2	21·75 1/2	21·75	21·79	21·79
Oslo, Kr. ...		24·51	24·48 1/2	24·48 1/2	24·48	24·63	24·53
St'h'lm, Kr.		25·15	25·12 1/2	25·12 1/2	25·12	25·16 1/2	25·17
Athens, Dr....	1·29	0·89 5/8	0·89 1/2	0·89 1/2	0·89 5/8	0·89 5/8	0·89 1/2
M'treal, Can. $	169·31	99·605	99·545	99·560	99·590	99·605	99·590
Yo'hama, Yen	84·40	28·45	28·44	28·41	28·43	28·46	28·46
Shanghai, $...	...	16·45	16·30	16·31	16·30	16·85	16·85
B. Aires, Peso	...	30·26	30·23	30·23	30·22	30·28	30·28
Rio, Ms. † ...	11·96	5·90	5·90	5·90	5·90	5·90	5·90

Usance: T.T. * Dollars per £1. † Official.

IMPORTS AND EXPORTS OF GOLD AND SIL

Week ended August 18, 1938

Imports: From	Bullion	Coin
	£	£
GOLD		
British W. Africa ...	400,300	...
British S. Africa ...	940,959	...
British India	92	461,109
Soviet Union	1,160,621	...
Germany	414,967	...
Switzerland	18,355	21,473
Venezuela	43,978	...
Total*	3,126,693	513,140
SILVER		
British W. Africa ...	...	2,350
British S. Africa ...	6,063	...
Australia	1,419	...
Germany	1,163	550
Belgium	5,500	23,079
France	8,700	427
Switzerland	...	585
Total*	25,933	29,073

Exports: To	Bullion
	£
GOLD	
Finland	23,972
Netherlands	429,095
France	8,093
Syria	...
Switzerland	645,160
Morocco	...
United States ...	5,777,202
Total*	6,892,298
SILVER	
British India	18,680
Sweden	2,000
Germany	3,375
Other countries ...	80
Total	24,135

* Including other countries.

Investment

TRANSVAAL GOLD OUTPUT

Statistics for July 1938 (on basis of £7 1s. 0d. per fine ounce)

Name of Mine and Group	Tons Milled	Output Fine ozs.	Net Estimated Value	Working Costs	Profit	Working Costs Per Ton
			£	£	£	s. d.
Anglo-American Corporation						
Brakpan Mines	140,000	...	252,527	147,000	105,527	...
Daggafontein Mines	145,000	...	288,217	150,694	137,523	...
Spring Mines	150,000	...	302,142	152,123	150,019	...
West Springs	89,300	...	128,636	82,430	46,206	...
S. African Land and Exploration*	26,100	...	19,647	49,031	*Dr29384*	...
Central Mining—Rand Mines						
City Deep.....	111,000	21,815	153,941	...	22,767	23 7·6
Cons. Main Reef	171,000	30,386	214,211	...	50,033	19 2·4
Crown Mines	366,000	89,514	631,637	...	262,694	20 1·9
Durban Roodpt. Deep	113,000	22,305	157,359	...	38,725	21 0·0
East Rand Prop.	221,000	48,178	340,012	...	101,628	21 6·9
Geldenhuis Deep.....	68,200	10,230	72,218	...	17,608	16 0·1
Modderfontein B.	92,000	15,423	109,118	...	45,527	13 9·9
Modderfontein East ..	123,000	23,338	164,644	...	57,086	17 5·9
New Modderfontein	198,000	36,444	257,503	...	110,976	14 9·6
Nourse Mines	84,000	17,131	120,801	...	23,510	23 2·0
Rose Deep	81,000	13,149	92,951	...	17,204	18 8·4
General Mining						
Van Ryn Gold	63,000	...	55,216	...	5,205	16 3
West Rand Cons. ...	178,000	...	247,652	...	99,831	16 11
Goldfields						
Simmer and Jack.....	114,000	24,600	173,432	...	55,413	20 9
Robinson Deep	125,000	29,131	205,173	...	85,461	19 1
Sub Nigel	60,000	42,220	297,523	...	198,037	33 1
Vogelstruisbult	70,000	16,763	118,180	...	31,546	24 9
Rietfontein Cons.	27,000	4,057	28,573	...	10,200	13 7
Luipaards Vlei	54,500	11,522	81,233	...	22,525	21 10
Johnnies Group						
East Champ D'or ...	27,000	...	48,048	...	17,004	23 1
Government Areas ...	210,000	...	360,956	...	180,527	18 1
Langlaagte Estate ...	104,000	...	107,232	...	10,111	18 11
New State Areas	124,000	...	253,368	...	140,143	18 6
Randfontein Estates	400,000	...	439,728	...	110,255	16 7
Van Ryn Deep.....	105,000	...	123,133	...	32,055	17 5
Witwatersrand	90,000	...	100,390	...	12,606	19 10
Johnnies Group Total	1,060,000	...	1,441,855	...	502,701	17 11
Union Corporation						
East Geduld	147,000	42,711	301,358	118,949	182,409	...
Geduld Prop.	112,000	27,725	196,025	81,870	114,155	...
Modder Deep	49,900	6,816	48,354	40,222	8,132	...
Van Dyk Cons.	60,500	12,094	85,753	68,350	17,403	...
Other Mines						
Glynn's Lydenburg...	8,700	2,642	18,642	...	5,283	30 8
New Kleintontein ...	73,400	14,138	99,617	70,226	29,391	19 2
Transvaal Gold	30,200	4,786	33,774	...	4,849	19 1
Witwatersrand Deep	45,000	7,808	54,935	48,552	6,383	...

* Approximate.

THE WEEK'S COMPANY RESULTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation: Dividend Prefce. Amount	Ordinary Amount	Ordinary Rate	Carried to Reserve, Depreciation, etc.	Balance Forward	Corresponding Period Last Year: Net Profit	Dividend
Breweries		£	£	£	£	£	%	£	£	£	%
Alton and Company	June 30	58,477	39,463	97,940	7,375	31,313	42½	399	58,853	40,047	42½
Strettons Derby Brewery ...	June 30	64,477	106,153	170,630	9,341	82,687	37½	11,290	67,312	93,866	35
Financial Land, etc.											
N. Charterland Explor (1937)	Dec. 31	...	*Dr. 980*	*Dr. 980*	...	...	...	...	*Dr. 980*	(*a*)	(*a*)
Iron, Coal and Steel											
Baird (William) and Co.	May 31	121,674	380,064	501,738	...	217,342	16	115,000	169,396	283,088	13
Rubber											
Chungloon Rub. Estate (1932)	Mar. 31	2,119	5,096	7,215	...	2,617	9	250	4,348	3,622	10
Gadjah Rub. Estates (1932)	Mar. 31	1,526	6,250	7,776	...	3,616	7½	547	3,613	5,634	10
Tebing Rub. Estates (1931)	Mar. 31	1,530	6,356	7,886	...	4,493	5	...	3,393	7,971	7½
Tonghurst Rub. Estates (1932)	Mar. 31	1,284	2,476	3,760	...	2,009	8	250	1,501	2,762	9
Shipping											
Tyne-Tees Steam Shipping	June 30	6,689	47,496	54,185	...	20,461	5	25,000	8,724	48,720	5
Textiles											
Fulton (William) and Sons...	June 30	1,778	*Dr. 768*	1,010	...	...	...	...	1,010	5,763	...
Other Companies											
Batchelor's Peas	June 30	11,197	55,867	67,064	15,000	20,000	10	9,457	22,607	47,697	10
Carter and Company	May 31	12,480	28,298	40,778	12,645	9,425	12½	6,000	12,708	36,057	20
Joseph May and Sons (Leeds)	June 30	16,544	21,002	37,546	15,000	6,000	3	...	16,546	34,072	7½
O-Cedar, Ltd.....	Mar. 31	4,216	4,755	8,971	...	1,275	10	3,000	4,696	4,417	12½
O-Cedar Consol. Trust	Mar. 31	9,394	1,034	10,428	...	...	...	...	10,428	1,127	...
Smith (Stephen) and Co. ...	Apr. 30	5,331	29,276	34,607	9,719	20,213	12½	...	4,675	37,850	12½
Wright's Biscuits.....	June 30	500	16,866	17,366	5,218	6,378	17½	2,562	3,208	17,273	15
Total Profits, 1938, in £'000s :	*No. of Cos.*										...
To August 13	*1,678*	*64,079*	*234,650*	*298,729*	*38,645*	*124,174*	...	*65,675*	*70,235*	*211,377*	...
To August 20...	*1,694*	*64,398*	*235,400*	*299,798*	*38,719*	*124,603*	...	*65,848*	*70,628*	*212,047*	...

(*a*) Comparable figures not available. Information refers to period March 18–December 31, 1937.

TRANSPORT RECEIPTS

BRITISH RAILWAY TRAFFICS

	Gross Receipts, week ended Aug. 14 (£'000)					Aggregate Gross Receipts 32 weeks (£'000)				
	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts
L., M. & S.—										
1937	*719*	*474*	*230*	*704*	*1,423*	*16,901*	*15547*	*8,139*	*23,686*	*40,587*
1938	696	391	224	615	1,311	16,885	14460	7,947	22,407	39,292
L. & N. E. (*a*)—										
1937	*469*	*319*	*234*	*553*	*1,022*	*10,983*	*10723*	*7,841*	*18,564*	*29,547*
1938	468	270	216	486	954	10,876	10084	7,548	17,632	28,508
Great Western—										
1937	*313*	*192*	*102*	*294*	*607*	*7,134*	*6,277*	*3,545*	*9,822*	*16,956*
1938	306	164	94	258	564	7,064	5,895	3,418	9,313	16,377
Southern—										
1937	*442*	*64*	*26*	*90*	*532*	*10,622*	*1,980*	*972*	*2,852*	*13,574*
1938	433	58	26	84	517	10,554	1,910	952	2,862	13,416
Total—										
1937	*1945*	*1049*	*592*	*1641*	*3,584*	*45,640*	*34527*	*20,497*	*55,024*	*100,664*
1938	1903	883	560	1443	3,346	45,379	32349	19,865	52,214	97,593

(*a*) Week ended Aug. 13.

CUMULATIVE AND WEEKLY COMPARISONS

(000's omitted)

	L.M.S.	L.N.E.R.	Great Western	Southern
Cumulative Figures	£	£	£	£
Gross increase, second half 1937, over second half 1936	+ 1,443	+ 1,099	+ 647	+ 372
Gross decrease, first half 1938, over first half 1937	— 780	— 638	— 318	— 105
Gross decrease, second half 1938, over second half 1937 :—				
6 weeks to Aug. 14, 1938	— 515	— 401	— 261	— 53
Weekly Figures				
Av. weekly decrease, 2nd half 1938	— 85·83	— 66·83	— 43·50	— 8·83
Latest week compared with 1937 ...	— *112*	— *68*	— *43*	— *15*
Latest week compared with average 1927–30	— *114*	— *166*	— *56*	— *49*

IRISH RAILWAY TRAFFICS

Company	Gross Receipts, week ended Aug. 12 (£'000)			Aggregate Gross Receipts 32 weeks (£'000)		
	Pass.	Goods	Total	Pass.	Goods	Total
Belfast & Co. Down—						
1937	*4·3*	*0·4*	*4·7*	*85·6*	*15·7*	*101·3*
1938	4·7	0·4	5·1	82·2	13 6	95·8
Great Northern—						
1937	*17·7*	*8·9*	*26·6*	*351·0*	*301·6*	*652·6*
1938	17·4	9·1	26·5	345·0	280·9	625·9
Great Southern—						
1937	*57·4*	*37·6*	*95·0*	*1145·4*	*1293·7*	*2439·1*
1938	56·9	38·2	95·1	1149·4	1239·9	2389·3

AMERICAN RAILROADS

Company		Month of June, 1938	Compared with June, 1937	6 Months, 1938	Compared with 6 Months, 1937
		$	$	$	$
Baltimore and Ohio	Gross...	10,802,000	— 3,703,000	61,612,000	— 26,400,000
	Net† ...	1,381,000	— 639,000	2,514,000	— 11,250,000
New York Central ...	Gross...	23,040,000	— 7,963,000	138,943,000	— 47,889,000
	Net† ...	922,000	— 307,000	108,000	— 22,467,000
Pennsylvania Railroad ...	Gross...	29,017,000	— 1,647,000	167,524,000	— 57,075,000
	Net† ...	5,046,000	— 1,488,000	18,934,000	— 18,661,000
Southern Pacific	Gross...	17,158,000	— 2,916,000	92,895,000	— 19,582,000
	Net† ...	1,436,000	— 1,070,000	25,000	— 11,957,000
Union Pacific	Gross...	11,135,000	— 1,557,000	62,300,000	— 12,857,000
	Net† ...	818,000	— 373,000	3,853,000	— 1,479,000

† Net operating income.

LONDON TRANSPORT BOARD

	Receipts	Compared with prev. Year
	£	£
Week ending Aug. 13, 1938, before pooling	526,000	— 3,400
Total, 7 weeks to date	3,944,300	+ 30,700
L.P.T.B. receipts 52 weeks to June 25, 1938	29,388,200	+ 657,100
L.P.T.B. receipts, 52 weeks to June 26, 1937	28,732,000	+ 255,000
L.P.T.B. receipts, year to June, 1937, after pooling ...	30,247,378	+ 522,655
London Transport Pool receipts, year to June 30, 1937...	41,377,929	+ 771,590

OVERSEAS WEEKLY TRAFFIC RECEIPTS

INDIAN

Name	Weeks	Ending	Gross Receipts for Week: 1938	+ or —	Aggregate Gross Receipts: 1938	+ or —
		1938	Rs.	Rs.	Rs.	Rs.
Bengal & N. Western	17	July 31	†9,47,819	— 1,47,699	1,33,90,849	— 7,69,315
Bengal-Nagpur	17	31	‡21,88,000	— 2,40,816	3,13,22,230	— 8,24,295
Bombay, Bar. & C.I.	18	Aug. 10	‡26,80,000	1,67,000	4,27,66,000	— 9,13,000
Madras & S. Mah....	17	July 31	†19,83,000	— 1,18,852	2,60,90,650	— 12,48,164
S. Indian	16	20	‡15,26,271	— 41,325	1,73,56,076	— 1,42,582

† 11 days. ‡ 10 days.

CANADIAN

		1938	$	$	$	$
Canadian National...	31	Aug. 7	3,215,008	— 307,018	100,151,284	— 15030041
Canadian Pacific ...	32	Aug. 14	2,458,000	— 121,000	77,391,000	6,602,000

SOUTH & CENTRAL AMERICAN

		1938				
Antofagasta.....	32	Aug. 14	£19,910	+ 4,610	502,900	— 30,290
Argentine N.E.	6	13	‡183,300	+ 16,100	*1,191,300*	+ *118,000*
			*£11,371	+ 999	73,902	+ 7,320
B.A. and Pacific.....	6	13	‡1,202,000	— 97,000	7,502,000	— 1,006,000
			*£74,566	— 6,017	465,386	— 62,406
B.A. Central	6	6	$116,000	— 42,200	642,800	— 206,500
B.A. Gt. Southern...	6	13	‡2,055,000	+ 121,000	12,743,000	+ 132,000
			*£127,481	+ 7,506	790,509	+ 8,189
B.A. Western	6	13	£647,000	— 174,000	3,902,000	— 831,000
			*£40,136	— 10,795	242,058	— 51,553
Central Argentine ...	6	13	‡1,751,850	— 458,000	10,614,150	— 4,431,150
			*£108,676	— 28,411	658,447	— 274,883
Central Uruguayan	5	6	*d*143,653	+ 8,300	769,542	+ 12,761
			e£16,743	+ 1,516	89,684	+ 4,476
Leopoldina	32	13	*M*1978000	— 63,000	53,949,000	— 3,167,000
			£22,912	— 2,701	616,635	— 118,409
Mexican Railway ...	31	7	$281,400	— 16,700	1,480,300	— 109,900
Nitrate	32	15	*a*†£5,852	— 230	96,757	— 4,631
United of Havana ...	6	13	£16,200	+ 4,528	102,414	— 20,327

* Converted at average official rate 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."

SUEZ CANAL RECEIPTS

		1938	£	£	£	£
Transit Receipts‡ ...	31	Aug. 10	252,200	— 17,600	5,880,300	— 959,100

‡ 10 days.

MONTHLY TRANSPORT & POWER RETURNS

Company	Months	Ending		Receipts for Month: 1938	+ or —	Aggregate Receipts: 1938	+ or —
Brazilian Tractn.	6	June 30	Gross	$3,227,488	— 252,088	18,473,125	— 61,480
			Net	$1,736,424	— 246,412	9,765,427	— 388,071
Canadian Nat.	6	June 30	Gross	$13,702,244	— 2,389,657	82,759,559	— 12,236,755
			Net	*Dr. $770,582*	— 1,205,770	*Dr.5,679,982*	— 12,347,930
Canadian Pacific	6	June 30	Gross	$10,145,000	— 1,274,000	61,288,000	— 5,502,000
			Net	$511,000	— 684,000	2,681,000	— 5,579,000
Int. Rlys. *Cent. Amer.*	6	June 30	Gross	$425,611	— 9,637	3,010,489	— 115,899
			Net	$64,261	+ 7,870	751,564	— 102,953
Mexican Light & Pr.	6	June 30	Gross	$639,859	— 65,378	4,320,124	— 59,711
			Net	$121,430	— 30,570	1,172,462	— 22,690
Peruvian Corp.	1	July 31	Gross	£74,055	— 7,079	...	...
Rhodesia Rlys.	9	June 30	Gross	£425,403	+ 5,522	3,743,259	+ 391,201
Suez Canal	7	July 31	Gross	£793,600	— 70,600	5,628,100	— 941,500

SHORTER COMMENTS

(*Continued from page* 382)

Kern Oil Company.—A circular has been issued setting out results of discussions between the company and Chemical and Petroleum Investment concerning modification of the contract whereby latter company and others were to take up 3,750,000 shares, of which 2,750,000 at 4s. were under an option to be exercised by July 31, 1938. The following options for the 3s. 4d. shares at 4s. have been substituted: on 600,000 shares on each occasion under options to be declared by July 31, 1938 (already exercised), September 30, 1939, and September 30, 1940, for issue in 1939, 1940 and 1941, respectively. Chemical and Petroleum will place at board's disposal part of the shares issuable in June, 1939, for issue to Kern stockholders at 4s.

Scottish Bank Insurance and Investment Trust Units.—Third half-yearly distribution, to July 18, 1938, is 2·8872d. per unit *net* (against 2·8622d. a year ago). Progress report No. 3 sets out the Fund's investments, including the percentage earned and paid on the equity stock of each company. Holdings in bank shares are 22·23 per cent. of Trust Fund; insurance, 21·14 per cent., and investment trust, 54·86 per cent.

Sunbeam-Talbot, Ltd.—Messrs W. E. and R. C. Rootes (who hold the controlling interest in these and other companies) announce that Sunbeam Motors, Ltd., and Clement-Talbot, Ltd., will in future operate as Sunbeam-Talbot, Ltd. The engineers of the two companies have been working in close collaboration for some time.

O.K. Bazaars (1929), Ltd.—It is reported that Mr I. W. Schlesinger has resigned as chairman and director of this company and its subsidiaries, and that he has disposed of over 90 per cent. of his holding in O.K. Bazaars to a London financial syndicate. Mr Michael Miller succeeds Mr Schlesinger as chairman. It is understood that the remainder (equal to 7 per cent.) of Mr Schlesinger's holding has been purchased at 32s. a share.

Blades, East and Blades, Ltd.—This company is taking over the City printing business of Messrs Pearse, Morrison and Son, which will be carried on as before under the management of Mr H. Cameron Morrison.

Stephen Smith and Company.—Trading profits in the year to April 30, 1938, declined from £48,062 to £36,241, and total profits £11,809 lower at £45,831. Tax and N.D.C. require £13,189 against £16,133. Dividend, 12½ per cent. (same). Carry forward, £4,675 (£5,331).

OVERSEAS TRADE RETURNS

IMPORTS (Value C.I.F.)

	Month ended July 31		Seven months ended July 31	
	1937	1938	1937	1938
	£	£	£	£
I.—Food, Drink and Tobacco—				
A. Grain and Flour	7,584,658	6,025,431	50,606,338	45,872,784
B. Feeding-stuffs for Animals	777,599	877,764	6,297,819	6,650,927
C. Animals, Living, for Food	532,316	746,789	3,837,334	4,415,918
D. Meat	6,982,318	8,528,659	49,124,105	54,136,259
E. Dairy Produce	6,798,415	7,850,788	39,465,022	47,662,837
F. Fresh Fruit and Vegetables	3,565,137	3,167,309	23,737,678	24,824,758
G. Beverages and Cocoa Preparations	2,956,556	3,776,581	24,619,912	24,159,004
H. Other Food	4,117,657	4,570,055	30,272,509	29,724,838
I. Tobacco	723,488	833,161	5,488,274	9,695,388
Total, Class I	34,038,144	36,376,537	233,448,991	247,142,713
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	5,353	703	17,167	8,070
B. Other Non-Metalliferous Mining and Quarry Products and the like	503,197	355,096	2,873,819	2,792,427
C. Iron Ore and Scrap	1,432,725	710,346	6,226,209	8,575,306
D. Non-Ferrous Metalliferous Ores and Scrap	1,308,245	1,339,659	10,119,645	10,111,466
E. Wood and Timber	7,989,622	4,691,797	27,787,184	21,393,206
F. Raw Cotton and Cotton Waste	2,704,827	2,431,085	29,062,533	18,550,790
G. Wool, Raw and Waste, and Woollen Rags	3,073,986	2,732,237	37,072,118	29,743,400
H. Silk, Raw, Knubs and Noils	150,995	90,808	1,124,111	1,332,558
I. Other Textile Materials	716,046	530,839	8,430,849	6,885,793
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	2,956,071	2,342,728	21,783,330	19,736,475
K. Hides and Skins, Undressed	2,059,837	1,476,440	14,581,349	10,923,410
L. Paper-making Materials	1,298,423	1,019,263	8,002,958	9,453,709
M. Rubber	1,294,019	942,565	5,940,615	7,704,974
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	818,439	517,138	5,862,599	5,122,214
Total, Class II	26,311,785	19,180,684	178,884,486	152,333,798
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	8,972	750	85,326	4,021
B. Pottery, Glass, Abrasives, etc.	701,780	585,257	4,652,026	4,323,956
C. Iron and Steel and Manufactures thereof	1,813,828	756,801	7,746,593	10,671,175
D. Non-Ferrous Metals and Manufactures thereof	5,424,081	3,237,023	31,789,392	24,324,837
E. Cutlery, Hardware, Implements and Instruments	730,462	549,797	4,491,789	4,124,991
F. Electrical Goods and Apparatus	357,478	275,395	2,318,830	1,750,365
G. Machinery	2,400,468	1,822,063	14,204,601	13,254,862
H. Manufactures of Wood and Timber	815,797	487,604	4,674,651	3,771,223
I. Cotton Yarns and Manufactures	292,255	220,990	1,894,044	1,817,305
J. Woollen and Worsted Yarns and Manufactures	318,785	283,502	2,509,087	2,141,063
K. Silk Yarns and Manufactures	198,544	161,881	1,506,186	1,244,928
L. Manufactures of other Textile Materials	625,542	521,337	4,621,711	4,183,840
M. Apparel	612,040	565,687	4,897,156	5,037,255
N. Footwear	187,226	147,849	1,426,311	1,680,627
O. Chemicals, Drugs, Dyes and Colours	1,098,638	1,026,304	7,623,212	6,994,233
P. Oils, Fats and Resins, Manufactured	4,074,417	3,619,585	26,954,148	27,035,268
Q. Leather and Manufactures thereof	852,736	472,211	5,930,315	3,661,892
R. Paper, Cardboard, etc.	1,459,800	1,047,905	8,917,874	8,417,473
S. Vehicles (including Locomotives, Ships and Aircraft)	565,588	245,176	4,013,287	2,799,184
T. Rubber Manufactures	65,405	67,672	443,093	471,412
U. Miscellaneous Articles wholly or mainly Manufactured	2,001,718	1,617,864	12,762,551	12,227,693
Total, Class III	24,605,560	17,712,653	153,462,183	139,957,603
IV.—Animals, not for Food	285,048	337,312	1,535,448	1,784,576
V.—Parcel Post	263,633	331,725	1,688,958	1,916,158
Total	85,504,170	73,938,911	569,020,066	543,134,848

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.)

	Month ended July 31		Seven months ended July 31	
	1937	1938	1937	1938
	£	£	£	£
I.—Food, Drink and Tobacco—				
A. Grain and Flour	128,831	133,984	1,030,934	973,444
B. Feeding-stuffs for Animals	44,308	49,590	448,958	437,821
C. Animals, Living, for Food	8,455	225	95,147	1,533
D. Meat	78,573	87,777	581,910	612,699
E. Dairy Produce	161,838	115,012	687,038	627,447
F. Fresh Fruit and Vegetables	10,142	16,038	272,903	113,690
G. Beverages and Cocoa Preparations	1,304,742	951,373	8,681,255	7,321,279
H. Other Food	1,133,577	1,115,042	6,758,728	6,370,198
I. Tobacco	440,385	434,505	2,924,260	2,873,289
Total, Class I	3,310,851	2,903,546	21,481,133	19,331,400
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	3,925,655	3,242,742	20,569,782	21,518,314
B. Other Non-Metalliferous Mining and Quarry Products and the like	98,812	84,480	777,828	555,310
C. Iron Ore and Scrap	53,149	30,911	631,472	158,754
D. Non-Ferrous Metalliferous Ores and Scrap	266,083	156,362	1,984,024	1,255,437
E. Wood and Timber	8,210	5,865	61,857	46,819
F. Raw Cotton and Cotton Waste	97,232	30,742	640,530	278,816
G. Wool, Raw and Waste, and Woollen Rags	656,303	507,155	6,190,733	3,423,039
H. Silk, Raw, Knubs and Noils	1,017	977	5,648	2,902
I. Other Textile Materials	44,312	96,163	364,264	426,370
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	282,281	222,546	2,405,374	1,740,590
K. Hides and Skins, Undressed	141,388	62,156	1,241,693	687,809
L. Paper-making Materials	166,564	88,143	1,098,141	672,295
M. Rubber				
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	42,672	16,899	241,115	139,870
Total, Class II	171,925	153,863	1,756,616	1,493,373
III.—Articles Wholly or Mainly Manufactured—	5,955,603	4,699,004	37,969,077	32,399,698
A. Coke and Manufactured Fuel	409,700	252,296	2,294,599	1,630,579
B. Pottery, Glass, Abrasives, etc.	949,153	809,815	5,732,609	5,551,431
C. Iron and Steel and Manufactures thereof	4,468,683	2,992,609	27,624,692	25,199,559
D. Non-Ferrous Metals and Manufactures thereof	1,447,864	922,461	8,996,688	6,971,910
E. Cutlery, Hardware, Implements and Instruments	905,831	767,566	5,454,561	5,275,452
F. Electrical Goods and Apparatus	1,142,928	1,081,783	6,967,186	7,819,436
G. Machinery	4,365,479	4,874,323	27,315,301	34,037,159
H. Manufactures of Wood and Timber	109,542	87,384	759,835	637,221
I. Cotton Yarns and Manufactures	6,447,589	4,023,435	40,721,915	29,893,919
J. Woollen and Worsted Yarns and Manufactures	3,548,258	2,300,851	21,196,419	15,621,955
K. Silk Yarns and Manufactures	125,614	85,482	858,500	764,770
L. Manufactures of other Textile Materials	1,852,703	1,198,815	11,994,704	8,870,352
M. Apparel	954,462	652,869	5,845,570	4,717,012
N. Footwear	202,918	159,866	1,216,574	1,145,150
O. Chemicals, Drugs, Dyes and Colours	2,151,910	1,669,804	14,734,213	12,676,394
P. Oils, Fats and Resins, Manufactured	501,441	404,937	3,486,705	3,138,091
Q. Leather and Manufactures thereof	487,180	309,102	3,210,373	2,136,992
R. Paper, Cardboard, etc.	730,519	526,713	4,467,538	3,988,938
S. Vehicles (including Locomotives, Ships and Aircraft)	3,910,836	3,245,336	22,517,364	25,024,330
T. Rubber Manufactures	154,561	152,102	1,020,092	984,352
U. Miscellaneous Articles wholly or mainly Manufactured	2,534,273	2,445,353	16,135,811	16,284,591
Total, Class III	37,401,444	28,962,902	232,551,250	212,459,593
IV.—Animals, not for Food	75,367	53,399	418,323	331,680
V.—Parcel Post	851,412	851,118	6,504,936	6,105,957
Total	47,594,677	37,469,969	298,924,719	270,628,328

(*Continued from page* 395)

MINES

Transvaal Output, Employment and Working Profit.—Gold output, July, 1938: Witwatersrand, 1,000,725 fine ounces; outside districts, 26,398 fine ounces; total, 1,027,123 fine ounces. Value for purposes of declaration £7 1s. Total output, June, 1938: 1,018,712 fine ounces. The number of natives employed at end of July was: Gold mines, 318,773; coal mines, 17,131; total, 335,904.

Trepca Mines.—At an extraordinary meeting held on August 16th which approved the absorption of Kopaonik, Zletovo and Novo Brdo, Mr Chester Beatty explained that the reason for the merger was the Jugoslavian Government's desire to have the smelting and refining carried out within the country. In return a 15-year agreement embodying some taxation relief and guaranteeing foreign exchange requirements had been granted. While issued capital would be increased by 22 per cent., treatment capacity would be 60 per cent. greater.

Rantau Tin Dredging.—The total amount of preference dividends since incorporation having exceeded 100 per cent., the preference shares cease to carry preferential rights. The existing 850,000 $1 preference and the 600,000 $1 ordinary shares will therefore be consolidated into a single class (1,450,000 $1 shares).

OIL OUTPUTS

British Burmah Petroleum Company.—Production of crude oil was 42,993 barrels in July, 1938.

British Controlled Oilfields.—Production for week ended August 13th was 12,847 barrels, of which Western Area, 10,055 barrels, and Central Area, 2,792 barrels.

Trinidad Petroleum Development Company.—Production for week ended August 13th, was 55,642 barrels.

Venezuelan Oil Concessions.—Production for the week ended August 13, 1938, was 1,073,122 barrels, of which Bolivar district 1,040,408 barrels, and Maracaibo district 32,714 barrels.

THE ECONOMIST

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MONTHLY TRADE SUPPLEMENT

The Shape of the Trade Cycle

THE British Association annually suffers from the fact that its meeting falls in the silly season, when the news-hungry Press stands ready to dress in all the inaccurate glory of the headlines any scrap of scientific, semi-scientific or pseudo-scientific news that can be made to sound like a novelty in lay ears. Yet the contributions of the British Association's members to the advancement of their respective sciences are not for the most part intended to appear as exciting novelties. The business of the scientists assembled at Cambridge is simply to report work in progress, and much of their information is by its very nature meaningless to lay men. This is not to say that their researches are unimportant to people outside academic circles. Far from it. Year by year the experts' knowledge of the world we live in is widening, and nowhere is the tale of solid achievement more plainly registered than in the proceedings of the Economics and Statistics Section of the British Association. Our economists are hard and laboriously on the track of solutions for our most obdurate social problems.

Many, if not most, of these problems can be traced to the periodic fluctuations of industrial activity; and the trade cycle has naturally received its full meed of attention at Cambridge. Some of the most interesting papers were concerned with the after-effects of depression. Thus, Dr Marschak presented the results of investigations undertaken at the Oxford Institute of Statistics into the mobility of labour from distressed areas into more prosperous regions. Mr Tress's paper tackled the problem from the other end: that of establishing new industries in distressed areas rather than sending distressed persons to new industrial areas. But in each case the papers gave admirable demonstrations of the way in which scientific research can lay the foundations for effective action.

More important than the consequences of the trade cycle, however, are its causes, and for this reason Sir William Beveridge's paper on "Unemployment and the Trade Cycle" was, in the words of Lord Stamp, "of first-class importance." Sir William gave to his audience on Monday the results of three years' minute investigation of the course of unemployment during various cycles of trade since 1890. His conclusions were notable, for they revealed that these cycles (measured in terms of employment) conformed, not merely in general, but, to a greater extent than is usually believed, in detail, to a common pattern. In each case the first industries to plunge into depression were the export trades of textiles and metals. In each case the industries most seriously affected were the engineering, shipbuilding and constructional trades. And in each case consumers' goods industries were depressed last and least.

The most important of these three features, common to pre-war and post-war depressions alike, and discernible already in the pattern of our present recession, which may still be in its early stages, is the first. Textiles and tinplates lead us into recession—just as they lead us out again; and these are export trades *par excellence*. Sir William's own

explanation of this common factor in all the cycles he had studied was only tentative. In the main, our exports were exchanged for the produce of agricultural countries; and the periodic setbacks in exports which seemed to set in motion the cyclical succession of depression and recovery, affecting all industries ultimately, might well be due to changes in the terms of trade between industrial and agricultural producers, to harvest changes or movements in the prices of agricultural products. Sir William found extra support for this view in the discovery that ever since 1890 the turning points of the successive trade cycles (as measured by employment), from recovery to recession or from slump to revival, fell in this country in August or at the turn of the year, the harvest seasons of the two hemispheres. The key to the trade cycle might, he argued, be found in the farmers' fields.

It was not Sir William's intention to dogmatise. His figures related solely to employment or unemployment; they concerned only Britain. And the connection between the fact that certain export trades are always the first to feel depression and the hypothesis that harvest conditions may be in some way responsible is purely speculative. Exports shipped and sold to all the far parts of the Eastern and Western hemispheres are inevitably sensitive to the thousand and one disturbing factors, political and economic, which make for change in the world. The experience of the United States hardly confirms the correlation of agricultural malaise and the onset of recession; and, in any case, the rôle of harvests in economic development is almost as debatable as it was when Tooke argued that good harvests meant bad trade and Bagehot affirmed the exact opposite. On the other hand, the changing relationships between agricultural and industrial prices are clearly of crucial significance in the working of a world economy based upon the exchange of primary products for manufactures. Low agricultural prices relative to industrial prices mean small purchases of manufactured goods and slackened industrial activity; and, while high agricultural prices mean high exports of manufactures from the industrial nations and quickened industrial activity, they also bring with them rising costs of industrial production and an enhanced cost of living which eats into the purchasing power of the industrial masses. Sir William's plea for study of the relationships between individual prices in place of the traditional concentration upon the course of general prices was a valuable stimulus to constructive trade cycle research.

Sir William's researches have emphasised once again that the more the trade cycle is studied the more it seems to follow the pressure of forces which, if they are not wholly beyond the reach of human control, have at least enough of the inexorable in their nature to make the policies of Governments resemble the struggles of fish caught in the tides. Sir William pointed out that the trade cycle ignores politics; he might have added that it overrides economic policies.

It would be doing Sir William an injustice, however, to interpret his conclusion as fatalistic. The rhythm of the trade cycle is, indeed, powerful. But intensive research may yet lay bare its causes and prepare the way for their removal. And in the meantime there is much that can be done by the analysis of the economists and the prudence of politicians. If depressions cannot be entirely avoided, they can certainly be moderated. For example, if harvests are of importance in precipitating changes in trade then we may minimise their influence upon prices and purchasing power by, say, some such scheme of commodity storage as that proposed by Mr Keynes to the British Association last week. If it is established that certain industries, such as textiles and tinplate, are reliable forerunners of general changes in trend, then we can learn to base our policy on their movements and be forehanded in the application of remedies instead of wasting months in futile confidence talk. Above all, we can see that the institutions through which economic changes work themselves out function properly, and that our banking system is not forced, by lack of confidence in its soundness, to redouble deflation precisely when monetary expansion is most needed.

In all these ways, though we cannot yet cure the trade cycle, we can affect its shape and temper its disastrous consequences. It is a vast field for research and action, in which the economist and the statesman have a great deal yet to learn about extending their collaboration.

The Courting of Hungary

EVER since the Peace Treaties, Hungary has suffered from the bitter feeling of being left out in the cold, of being the Forgotten Man of Europe. But times have changed, and at the moment no country of the Continent is more prominently in the headlines. Half Europe has spent the week courting the Magyars. Admiral Horthy, the Regent, with his Prime Minister, his Foreign Minister and his War Minister, has been in Germany. In honour of the first head of any foreign State to visit post-war Germany, the Nazis have put on their best show; the decorations for Admiral Horthy have equalled those for Signor Mussolini in the spring, and the Hungarian visitor, like the Italian, has been assured that the Nazis will never, never dream of questioning the southern frontier of Germany's new Ostmark. All this, of course, is done with a purpose: Germany wants something from Hungary. What she wants is not Hungary's wheat and any oil that may emerge from the new discoveries, for she would get those in the normal course of trade in return for German manufactures. She wants a political and military alliance that will carry the long arm of the Reichswehr far down the Danube valley. She wants to outflank Czechoslovakia and be in a position to cut the long corridor that connects Prague with Roumania and Russia.

Into the middle of the love feast at Kiel came unexpected, perhaps even startling, news from Bled. In that little Slovenian town the Council of the Little Entente was meeting. For at least a year past the Little Entente, originally formed to encircle Hungary, has been trying to negotiate an agreed settlement with the Magyars. The chief difficulty has always been the treatment of the Magyar minorities in the three surrounding countries, and especially in Roumania. During the brief Goga interlude in Roumania, the negotiations had perforce to be entirely suspended. But since King Carol gave the policy of his country a more rational twist, and especially since the issue of the new and surprisingly liberal Minorities Law, the Hungarian negotiations have been taken up with renewed vigour. So much was well known. All the same, it came as something of a surprise to have their success announced right in the middle of the much-touted visit to Germany. This impression is deepened by the fact that both the contents of the agreement and the manner of its conclusion bear all the signs of last-minute haste. It was evidently decided both by the Hungarians and by the Little Entente that some purpose was to be served by concluding it now rather than a month hence—and that purpose, in the context, can only have been to remind Herr Hitler that the nations of Danubia are still independent.

The contents of the Agreement are of a provisional nature. The one point that appears to have been finally decided is that the Little Entente powers withdraw their objections to Hungarian re-armament. There is also a non-aggression pact between Hungary on the one hand and the three Little Entente powers on the other. This was initialed in Bled, but is not to be signed until the question of minorities is settled. The chief delaying difficulty on this point is the absence of an agreement on minorites between Czechoslovakia and Hungary. Czechoslovakia is already prepared to grant her Magyar minority at least as much as is granted by Jugoslavia and Roumania. But the Hungarians believe that by waiting to see what the Sudetens manage to achieve they may secure even more for the Magyars in Slovakia. This appears to mean that the non-aggression pact, which would prevent any attack on Czechoslovakia's rear, will not be formally in force during the crucial phases of the Sudeten problem.

The conclusion of this Agreement in Bled has been welcomed in Prague as a resurrection and reinforcement of the Little Entente. It has been welcomed in Rome for the precisely opposite reason. With such divergence of testimony, it is necessary to inquire very closely below the surface to determine its real meaning. That the Agreement and especially the circumstances of its conclusion are unwelcome in Berlin is obvious. No suitor likes to discover that the lady in his arms is accepting the propositions, however harmless, of third parties. But it would be very wrong to conclude that Hungary has joined an anti-German *bloc* or even that she is moving in an anti-German direction. In her situation, she cannot afford to. She is overawed by the bulk and might of her new neighbour and economically dependent upon her to an increasing degree. Before Hungary could join an anti-German *bloc* (assuming such a *bloc* were to be found in Central Europe) she would need to have not only the assurance of strong military support but very large economic concessions. The Little Entente is offering, and can offer, neither. From Hungary's point of view, accordingly, the new Agreement must be regarded only as an attempt to strengthen her bargaining power against the Reich. It will be used, at the best (at the best for Europe and Hungary, that is to say), to secure her neutrality; at the worst, to exact better terms for an understanding with Germany.

What, however, of the motives of the Little Entente powers? That the Czechs should be anxious to protect their rear is comprehensible. But the lead in bringing the negotiations to such a hurried conclusion was taken by Dr Stoyadinovitch, the Jugoslav Prime Minister, hitherto accounted friendly to Italy and flirtatious towards Berlin. It seems probable that, of all the countries concerned in the Bled Agreement, Jugoslovia has altered her policy most to achieve it. Save for Czechoslovakia, no country is more menaced by the Rome-Berlin axis and the annexation of Austria. Lying as she does on the dividing line between the Italian and the German spheres of influence, Jugoslavia is bound to suffer from the advance of either. Germany cannot expand far in the Danube or towards the Adriatic, and Italy cannot expand anywhere in Europe, except at Jugoslav expense. This obvious fact, together with the pressure exerted on Dr Stoyadinovitch by the strong pro-Czech and pro-French sympathies of the Jugoslav army and people, appears to be having its effect on his policy. First in the Balkan Entente's agreement with Bulgaria, now in the Little Entente's agreement with Hungary, Dr Stoyadinovitch seems to be trying to build up a solid *bloc* of the States from Prague to Angora threatened by the expansion of the Great Powers. Roumania, isolated both from Rome and from Berlin by the interposition of other States, but ultimately, because of her oil, at least as much threatened, is pursuing a very similar policy. It is pleasing neither to Italy nor to Germany. But it would be a mistake to call it anti-Italian or anti-German. It is merely a reassertion of independence.

The vision of a neutralised Danubia and a neutralised Balkans has, however, one conspicuous weakness. The collapse of Czechoslovakia would bring the whole structure down in pieces. Geographically, it would bring Germany to the edge of the Balkans. Morally, it would demonstrate that not even the best-armed and best-allied of these minor Danubian and Balkan Powers can stand against the might of Nazi Germany. For dreams of security in Roumania and Jugoslavia, just as in Britain and France, Bohemia is the bastion. This fact is very clear in Belgrade and Bucharest. But it would be rash therefore to assume that they would rush to Prague's assistance. The vital importance of Bohemia is clear enough in London and Paris, but it is only recently and after much hesitation and many backward glances that the Western Powers, with their infinitely greater strength, have begun to give definite warnings to Berlin. If we have hesitated, is it any wonder that the Roumanians and the Jugoslavs also hang back? They would like to find some way of ensuring Czechoslovak independence, but if the only way is by courting war with Germany, that is as poor an outlook for them as the fate against which the Czech bastion is designed to protect them.

Thus all eyes in Europe, from every quarter, are trained on the arena in Prague, where, in the merciless glare of present publicity and under the watchful eye of future history, Lord Runciman labours to achieve a settlement between Czech and German. The latest phase of his efforts is discussed elsewhere in this issue. His task is not so much, as is frequently represented, to persuade the Czechs to accord the Sudeten Germans an adequate measure of local autonomy, as to persuade Herr Hitler to leave Czech sovereignty untouched. It is Czech sovereignty, not Sudeten liberty, that is the cement of the structure of peace in Europe.

Weather to Measure

SOME day we shall doubtless learn first to predict and then to control the weather. The scientists will not, of course, be deterred from pursuing this ambition by any doubts of its wisdom or desirability; and we shall wake up some day to discover that we can mix our own weather, long before anybody has troubled to enquire what sort of weather we want. But already weather made to measure can be sampled indoors. Air-conditioning is a new industry rather than a new invention. Though it employs no startlingly novel processes, it collects many separate devices together and integrates them for a new purpose. Though it is a logical development of ventilation and heating, it is something considerably more than either. Air-conditioning proper involves both the systematic removal of foul air and the introduction in its place of air whose temperature, humidity and cleanliness have all been regulated to taste.

The different systems of air-conditioning vary in detail. But all of them include four main processes. The air must be cleansed of impurities; it must be brought to the desired temperature; it must have the proper degree of humidity; and it must be circulated into the rooms to be air-conditioned. Two of these four processes are familiar to everybody: circulation is achieved by mechanical blowers and suction fans; heating can be accomplished in a variety of immemorial ways, and the cooling of air is a commonplace of mechanical refrigeration. The other two processes—the cleansing of the atmosphere and the regulation of its humidity—are the chief novelties of air-conditioning. For each process there are two main alternative methods. Purification can take the form either of filtering the air or of

washing it. In the first case the air is drawn through a textile filter or a labyrinth coated with a viscous substance; in the second case it is passed through sprays of water. The regulation of humidity is more complicated, but just as essential for full comfort. The increase of humidity is easy and can be effected in the same process as washing. Humidity can be lessened either by the absorption or by the precipitation of excess moisture. The former method is to pass the damp air over some hygroscopic substance, such as silica gel or lithium chloride; but this has the disadvantage that the absorbing element has to be periodically replaced and dried out. The alternative method relies on the fact that warm air will absorb and retain a greater volume of moisture than cool air. The damp air is therefore cooled and the excess moisture is deposited as a dew. The disadvantage of this method is that the air is by now probably too cold for circulation, and it has to be brought back to the right temperature without allowing its moisture content to rise, a process that sometimes results in an uncomfortably cold atmosphere.

The precise regulation of the processes is therefore a matter of some delicacy, and the solution of the problems it poses is the main task of the air-conditioning engineer. Since many of the controlling factors can be adjusted, an efficient plant is capable of producing a wide range of conditions; but in practice this variability is seldom required, and the plant's flexibility is used rather to produce a standard atmosphere, despite changes outside.

It does not require a very fertile imagination to visualise a vast number of circumstances under which an air-conditioning plant would be extremely welcome. Installation is sometimes prevented by the technical difficulty of securing a sufficient degree of insulation from outside conditions. But for the most part the limiting factors are cost and unfamiliarity. The influence of the latter is to be seen in the greater progress made in the United States than in this country. There is admittedly more to be gained by installing such a device in a land where the seasonal changes are so severe. But, partly for that reason, the Americans had already become acquainted with the idea of creating an artificial atmosphere. Air-conditioning in summer is a natural corollary to the creation of hot-house conditions in winter by means of steam-heating.

In the domestic field air-conditioning is, however, a costly luxury. It has been installed, even in this country, in one or two expensive blocks of flats and a few private residences. In America it has not been much more widely adopted for domestic purposes, even by the rich. It is in industry and commerce that air-conditioning finds its main affiliations; and in some branches it has already made itself almost a conventional necessity. Thus it has become a standard feature of super-cinemas, where its advantages are obvious and its application is assisted by the absence of windows. It is also being used on an extensive scale in crowded stores, restaurants, hotels and offices. In the case of the first three the benefits may be measured more or less directly by observing the public response. In offices they are somewhat more intangible. But in any case the benefits depend upon the relative discomfort of the outer air; and they are inevitably less in a temperate climate such as Great Britain's than in more violent extremes.

Some of the advantages of conditioned air are, however, as valuable in this country as elsewhere. This is particularly true of cleanliness and of the absence of noise. In his home, the average Englishman could not be persuaded to seal hermetically all his windows and chimneys for any gain of temperature, humidity or even cleanliness. But in his office the average town-worker would welcome any device that would enable him to close his window. The great popularity of air-conditioned coaches on the American railways (where in the last few years they have become standard practice for long journeys) is to be attributed to the removal of noise and dirt rather than to any control of heat or humidity. In another branch of transport, ocean travel, on the other hand, air-conditioning's chief contribution is in the removal of humidity. The air-conditioned dining saloon on the new Orient liner "Orcades" adds greatly to the comfort of a meal in the Red Sea, even though the temperature is but little reduced. The "Queen Mary" also has an air-conditioning system, but the high cost limits the possibilities of installing them on liners which do not pass through the tropics.

In industry proper the advantages are both general and particular, and it is here that most progress has so far been made. The general increase in efficiency due to a more congenial atmosphere is as great for the manual worker in a factory as for the office clerk. But in some cases there are more specific reasons for its adoption. The traditional example is the cotton industry, in which the dampness of the Lancashire climate has long been supplemented or imitated by blowing a little steam into the weaving sheds—a primitive form of air-conditioning which helped the manufacturing process, even if it damaged the health of the operatives. More exact control is now possible, and has been applied in many industries besides cotton. Cardboard is most easily handled in a moist atmosphere, while rayon, sugar, flour, paper and many others require dryness. Foodstuffs, generally speaking, should not be exposed to excessive heat during storage, and there are many processes in the chemical industry which require precise combinations of temperature and humidity.

There was a time some five years ago when air-conditioning was cast in the United States for the rôle of the economic deliverer that was to uncover a vast new source of demand for the products of industry and carry the country back to prosperity in the 1930's, just as the automobile industry was the foundation of prosperity in the 1920's. This has remained a dream, and the industry, though growing rapidly, is still comparatively small. In Great Britain it is still smaller. Most air-conditioning installations in this country are required to meet individual requirements, and the industry is still largely in the hands of specialist contractors, who produce the designs and have the parts manufactured by general engineering firms. This fact makes it difficult to quote any figures for the size of the industry. But some idea can be gained from the fact that the total value of the output of air-filtering machinery, according to the Census of Production of 1935, was only £48,000, as compared with £28,000 in 1930, while the output of "ventilators, pipes, ductwork, cowls, etc., of sheet metal" was only £676,000.

The bespoke tailoring of weather is thus in its earliest infancy. There is unquestionably a market for small standardised air-conditioning units, of which there are already several in existence. These units, which can be fitted in any room where there is an electric plug, are naturally not as effective as a specially designed plant; but they perform the essential functions of replacing used air by cleaned fresh air. But the demand for these appliances will always be less in Great Britain than in the United States, for the Englishman, though he grumbles about his climate, very rarely suffers serious inconvenience from the state of the atmosphere he breathes. The future of the industry seems to lie not so much with the general householder as with the discovery of particular new uses by the constant research that is being applied to the subject. These range from installations in gas-proof shelters to self-contained cubicles for the use of sleepers in the tropics. As with most new industries, the price is as yet too high to permit of large sales, but research should do much both to remedy the grievance and to disprove the complaints that "manufactured" air is unhealthy or unpleasant when applied to small spaces. Meanwhile, the industry is in tune with the times; and it stands to be the gainer from Man's eternal discontent with his environment.

Public Opinion By Sample

ANY democracy is necessarily concerned with public opinion, since it is the voice of the people that is the ultimate arbiter of all political differences. But no other democracy, not even the Swiss with its referenda, has ever been so fully governed by public opinion as the American. Nowhere is the legislator more attentive to the news from his constituency; nowhere else are there so many and such frequent elections. Even the complicated mechanism of official elections, however, is not enough to quench the insatiable American thirst for precise measures of public opinion, and for many years newspapers have been in the habit of taking "straw votes" in the intervals between elections, and particularly when an election approached.

The name of the "straw vote" derives from the fact that it is intended to show which way the electoral wind is blowing, and its technique was, at the inception, extremely simple. The newspaper conducting the straw vote would scatter its ballot papers broadcast and count the replies received. In the most famous of these straw polls, that conducted before every recent Presidential election by the *Literary Digest*, several million ballot papers were distributed and returned, the addresses being taken in the main from telephone directories and automobile registration lists. These polls relied for their accuracy upon the size of the sample taken, and for many years they were surprisingly accurate. The *Literary Digest* correctly predicted victory for Mr Coolidge in 1924, for Mr Hoover in 1928 and for Mr Roosevelt in 1932. But in 1936, the simplicity of the method was its undoing. For the first time in American history, the division between the two major parties was in that year to a significant extent a division between social classes, and even in America, at least a third of the electors are unrepresented in lists of owners of either cars or telephones. The *Literary Digest*, correctly sampling the opinion of the upper two-thirds, predicted victory for Mr Landon. But Mr Roosevelt, with the support of the lowest third, swept the country.

The principle of the straw vote has survived this setback. It has done so because other samplers of public opinion began applying to the problem the principles of statistical method. The leader in this reform has been a body known as the American Institute of Public Opinion, of which the guiding spirit is Dr George M. Gallup, an advertising expert. Dr Gallup's main refinements have been two. In the first place, he realised that the sample of the public to be polled must be a miniature replica of the divisions of opinion in the community as a whole. It must be scattered across the country in proportion to the actual geographical distribution of the population; it must have the correct proportions of men and women, of town-dwellers and country-dwellers, of young and old, of rich and poor, of Republicans and Democrats. And secondly, he discovered that having properly balanced the sample, a very small sample would give a tolerably accurate reproduction of the opinion of the whole.

Based upon this formula, the Institute has for the past three years been taking regular polls on a great variety of subjects—an index to the results contains no less than 104 items, on some of which more than one poll has been taken —and it is claimed for the results that they are an accurate representation of public opinion in the mass. This is a claim that must, of course, be accepted with reserve. But it can at least be said that sampling is a familiar and established statistical technique. If the Institute's sample is correctly balanced (a matter of no little practical difficulty), and if the question asked is unambiguous (a danger against which the Institute takes what precautions are possible) there is a *prima facie* presumption that the result will be accurate. Moreover, whenever the result of one of the Institute's polls could be tested by actual election results, it has proved to be satisfactorily near the mark. For example, the Institute gave Mr Roosevelt a 56 per cent. majority in 1936, while the actual figure was 62½ per cent. Even this small margin of inaccuracy can be plausibly explained by the fact that, by the unanimous account of all observers, sentiment was changing rapidly in the President's favour in the last few weeks between the date of the Institute's poll and the actual election. Other elections have been much more closely predicted. The theoretical presumption of accuracy, coupled with the tested correctness of a few of the results, has been enough to persuade even the most responsible American newspapers to treat the results with respect.

If we may safely adopt a similar attitude of *prima facie* acceptance of their approximate accuracy, many of the Institute's polls are of outstanding interest. Here, for example, are a few on foreign affairs (the dates are significant):—

Which European country do you like best? (April, 1937.) *Answer:* England 55 per cent., France 11 per cent., Germany 8 per cent., Finland 8 per cent., Ireland 4 per cent.
[Finland merits a place because of her War Debt record.]

If England and France have a war with Germany and Italy, which side would your sympathies be with? (July, 1938.) *Answer:* England and France 65 per cent., Italy and Germany 3 per cent., neither side 32 per cent.
[Note the remarkably low proportion of indifferent persons.]

If another war like the World War develops in Europe, should America take part again? (November, 1936.) *Answer:* No, 95 per cent.

If there is another general European war, do you believe the United States can stay out? (January, 1937.) *Answer:* Yes, 62 per cent.
Same question (July, 1938). *Answer:* Yes, 54 per cent.

What nation or nations do you think will be responsible for starting another World War? (August, 1937.) *Answer:* Germany 30 per cent., Italy 27 per cent., Japan 19 per cent., Russia 11 per cent.

Should the war debts be cancelled and forgotten, or should they be reduced to a point where at least something might be collected, or should we continue to try to collect them in full? (February, 1937.) *Answer:* Collect in full 54 per cent., reduce 37 per cent., cancel 9 per cent.
Same question (March, 1938). *Answer:* Collect in full 47 per cent., reduce 42 per cent., cancel 11 per cent.

Do you think the peace treaty after the war was too easy or too severe on Germany? (August, 1937.) *Answer:* Too easy 41 per cent., too severe 30 per cent., about right 29 per cent.

Should the colonies taken from Germany after the World War be given back to her? (November, 1937.) *Answer:* No, 76 per cent.

It would be possible to multiply these examples many times over, but enough has been said to show the interesting character of the answers given, which must be at least presumed correctly to represent American opinion. It is clear that the people of the United States have formed astonishingly warm sympathies and antagonisms in the international dispute. But they still hope that these emotions can remain platonic. Of the people polled in October, 1937, 59 per cent. declared their sympathies with China rather than with Japan. But only 37 per cent. of this 59 per cent. (or 22 per cent. of the total) were prepared to go,

even in theory, as far as refusing to buy Japanese goods. On the other hand, the belief in the possibility of keeping out of a general war is, it will be noticed, significantly falling. As a final example in the foreign field, it may be mentioned that a majority of 73 per cent. in favour of an Anglo-American Trade Agreement was returned in March, 1938.

Questions on foreign affairs, however, provide only a small part of the material of these surveys. On domestic matters, the answers given demonstrate even more clearly the ability of a democratic electorate to hold a variety of mutually inconsistent views. Thus President Roosevelt has retained his popularity month by month. But only 41 per cent. of the voters would give the President more power than he now has, and 42 per cent. think he has too much power already. Moreover, when a poll was taken in April of this year on the question whether the best course for the Government to pursue to get the country out of the depression should be to increase spending on public works or to help business by reducing taxes, only 21 per cent. voted for increased spending—which is Mr Roosevelt's remedy. During the Supreme Court conflict, steady majorities of about 60 per cent. were returned against the President's proposals, but his own personal popularity suffered very little. Or, again, in the struggle between Capital and Labour, as represented in particular by the C.I.O., the public's sympathies are heavily with Capital and with the less militant brands of trades unionism. But the President's policy has amounted at times almost to an alliance with the C.I.O. The electorate's attitude is perilously close to that of keeping the President in office and forbidding him to pursue the policies he advocates.

It is unlikely that these contradictions and paradoxes are peculiar to American democracy. On the contrary, it is probable that Public Opinion at all times and in all countries has a large element of the illogical, even of the impracticable, in its composition. That being so, the question inevitably arises whether this new technique of ascertaining the will of the people week by week is likely to make for good government—even for good government of the people, by the people, for the people. Few of us to-day would join with Sir Robert Peel in describing public opinion as "that great compound of folly, weakness, prejudice, wrong feeling, right feeling, obstinacy and newspaper paragraphs." But very many would agree with Lord Bryce's words: "That conceit of his own goodness and greatness which intoxicates an absolute monarch besets a sovereign people also, and the slavishness with which his Ministers approach an Oriental despot may reappear in the politicians of a Western democracy. The duty, therefore, of a patriotic statesman in a country where public opinion rules would seem to be rather to resist and correct than to encourage the dominant sentiment." Resistance and correction will be impossible when the master's voice is made known daily and in detail. The new technique points to the triumph of the common man's opinion. But it also points to the disappearance of the long view, the abolition of the second thought, the annihilation of responsibility. These are dangers upon which it will be wise to reflect before we abandon ourselves to Government by Sample.

Topics of the Week

Franco Says No.—At long last General Franco has taken notice of a communication from virtually all the Powers of Europe, and his reply to the British Plan (which the Spanish Government accepted nearly a month ago) was published on Monday last. The delay has not served the sole purpose that would have made it excusable; for the reply is definitely unfavourable. It is true that General Franco accepts the withdrawal of volunteers in principle, and even advances from 3,000 to 10,000 the number which he is definitely prepared to release. But this withdrawal must be matched by an equal, not a proportionate, withdrawal from Government Spain, and it will be conceded only after full belligerent rights have been granted. By thus rejecting the two main elements of the compromise effected in the British Plan—proportionate withdrawals and the grant of belligerent rights only after an initial withdrawal—General Franco in effect, and deliberately, rejects the Plan. The meaning of his rejection, which was certainly decided upon on y after the fullest consultation with his allies, is made brutally plain by the reply given almost simultaneously in Rome by Count Ciano to the British enquiries about the persistent reports of the despatch of further Italian men and materials to Spain. Count Ciano did not try to deny these reports, he claimed only that they could not be proved; and when even the Palazzo Chigi cannot bring itself to deny charges, they can safely be assumed to be true. Still another indication of Italo-insurgent policy is given by General Franco's claim that, while the control of the Franco-Catalan frontier is tightened up, all supervision of the insurgent ports should be lifted. In short, and without diplomatic euphemisms, Rome and Burgos have no further use for "non-intervention," unless it is openly admitted to mean an international blockade of the loyalists together with unlimited gun-running for the insurgents.

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If we were faced by General Franco alone, the British Government would doubtless now declare that they had had enough of this impudent foolery, and would be firm, as they have shown in Mexico that they can be. But British policy has been emasculated since the start of the Spanish affair by the fact that General Franco is merely pilot-fish for Signor Mussolini. Mr Chamberlain has staked his policy not only on achieving appeasement among the Great Powers but on achieving it through the intermediary of an Anglo-Italian agreement. Having in this way laid his cards upon the table, he can be finessed on every trick. And finessed he has been. Guided solely by the rightful desire for appeasement, misled mainly by their unwillingness to believe in the dishonesty of others, the British Cabinet have time and again been hoodwinked in secret and then induced to condone the deception in public. The significance of the twin principles of the British Plan does not lie in their practical importance—nobody believes that the peace of Europe or the fate of Spain turns upon a handful of volunteers or upon the precise date on which the insurgents are to be allowed to bombard, as well as to bomb, British ships trading to Spain. But these principles enshrine all that is left of the British Government's dignity. They are the remnant of the price that the Italians and the insurgents are asked to pay, for the saving of democratic faces, before they are given all they want. But the old game is to be played again. Since the lion can be made to express gratitude for the insults he swallows, let one more reef be taken in his tail. And the game will probably be successful once again. Since Mr Chamberlain has shown so clearly and so often that, in his mind, Spain is well lost for an Anglo-Italian agreement, there is all too much justification for the Labour Party's fears of further concessions. Appeasement is, indeed, an aim for which much would be worth sacrificing. But is it not about time we realised that we are not the only ones who need appeasement, and not the only ones who can be made to pay for it? Is it not time we realised that there is no Great Power in the world, and few small nations, who can less afford to be entangled in war than Italy? And is it not time we realised that even the most benevolent lion secures peace and appeasement by an occasional salutary growl?

Hours of Work in France.—M. Daladier's broadcast speech on Sunday has set the cat among the pigeons of the Popular Front. The Prime Minister's main purpose in addressing the nation was to call for a modification of the 40-hour week. He argued that its rigid application was holding down the level of French production to its present abysmally low proportions. The national income had fallen from 49 milliard gold francs in 1931 to 22 milliards in 1937, of which the State and local authorities absorbed 10 milliards. When other nations, particularly Germany, were working night and day on re-armament, France must at all costs increase her production. For this purpose, it must be made possible for factories to work longer hours. If they needed to work 48 hours instead of 40 in the week, they must be allowed to do so, without either submitting to endless negotiations or paying extortionate rates of pay for overtime. All this seems to the outside observer, and to many Frenchmen, to be eminently sensible. There is little doubt that the rigid manner in which the 40-hour week has been applied in France has been responsible for at least part of the decline in production (though to use that mythical currency, the gold franc, as a means of comparison, as M. Daladier did, is, of course, to beg a host of questions). It does not need profound economic insight to perceive that it will, at the least, be difficult for the workers to benefit from a measure that limits the amount of wealth that the community can create.

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Unfortunately, however, the 40-hour week has become the chief symbol of the achievements of the first Popular Front Government, under the leadership of the Socialists and M. Blum, who are still M. Daladier's supporters though not his colleagues. So far from seeking the approval of his Parliamentary allies for his views, M. Daladier had apparently not even consulted his Cabinet, for his broadcast was followed by the resignations of MM. Frossard and Ramadier, the Ministers of Public Works and Labour. Their places were immediately filled by two other members of the same party, the Republican Socialists, but a storm broke from the Left, and particularly from the Trade Unions, which, had the Chamber been sitting, might have brought the Government down. Fortunately, M. Blum knows, if his followers do not, the dangers of a Governmental crisis in France at this perilous moment, and his influence is being exerted on the side of conciliation, while M. Daladier explains that he wants only a modification and not the abolition of the 40-hour week. The odds are that the immediate breach will be repaired, but the cracks in the Popular Front are obviously widening, labour unrest is again on the increase, and the outlook for the autumn session of the Chamber is not promising. Perhaps the most depressing lesson of the last few days is that a measure such as the 40-hour week, the economic repercussions of which are obviously important and possibly vital, cannot apparently be discussed with objectivity.

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Science and Society.—The discussions of the British Association at Cambridge have provided food for serious thought as well as headlines for the Press. In the Agricultural Section, for instance, a series of important papers upon the technique and personnel of British farming provided new grist for the mills of policy, at a time when the rôle of agriculture in Britain's economy is still empirically decided by the pull-devil pull-baker of vested interests and the fear of war; and Mr Keynes's proposal for commodity storage gave an even more cosmic view. Last year at Nottingham, Mr H. G. Wells hovered in spirit over more sections than the Education one which he excited by an attack on orthodox teaching: blue prints for a planned society were the theme of a score of papers on diverse sciences. His influence, or that of ideas akin to his, has not passed. The power and responsibility of scientists to shape the society which depends increasingly upon them for its apparatus has been much emphasised at Cambridge. An entirely new departure in the form of a new Division to take as its province the social and international relations of science has been made. This body is seemingly designed to co-ordinate work in various subjects and various countries, in addition to sponsoring research. It will even be available to politicians and public men as a consultant. That the scientist should be made more aware of the world outside his laboratory is wholly desirable, that infant social studies should be coaxed, where possible, to the full status of sciences by sympathetic aid is commendable; and none would deny the value of synthesising the implications for Society of scientific researches. But there are dangers in rushing too precipitately from the half-light of the study into the full glare of day. The scientist *qua* scientist must not seek to become a politician.

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Labour and Arms.—The skilled artisans of the key engineering industry have still to come to terms with their employers about the details of their co-operation in accelerated re-armament. Like a number of other important trade unions, the Amalgamated Engineering Union, in particular, are distrustful of the Government's foreign policy, and suspicious of proposals to interfere with trade union practices. This week the General Council of the Trades Union Congress have stated their mind on these matters. Their report for the annual T.U.C. conference next month explicitly repudiates the use of industrial weapons to achieve political ends. They themselves are uneasy about Mr Chamberlain's diplomacy, as they told him last May; but they are strongly of the opinion that trade union leaders should be guided by industrial, not political, considerations. It is not the business of the unions to impose political guarantees as a condition of co-operation in the manufacture of arms, or to seek to break down the Government's policy of non-intervention in Spain by strikes or embargoes. Proposals for political action will be urged upon the T.U.C. in September by a number of affiliated unions. They will receive short shrift from the General Council, whose policy, which is true to the traditions of the British trade union movement, will command a majority of the conference's votes. On the question of trade union practices, the Council's attitude is more nearly that of the recalcitrant engineers; they can see no more need for the dilution of labour in engineering than in building. And in building a joint arrangement between unions, employers and the Government for the speeding up of armament contracts has been working for over a year without any appreciable interference with trade union practices. Moreover, the Council will remind the conference that the Prime Minister has explicitly denied any intention of seeking powers to tamper with the unions' regulations. Indeed, one of his avowed reasons for rejecting proposals to set up a Ministry of Supply was the belief that re-armament would be expedited best by the normal process of collective bargaining. The separate unions will have the last word, since decisions in negotiation with employers are their responsibility. But the Council's view that

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political questions are, democratically, the business of Parliament will surely prevail. It is only a pity that Mr Chamberlain's foreign policy, so different from his election platform of 1935, is not more obviously the policy endorsed by the electorate, upon whose will Parliament's final authority should rest.

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Progress or Deadlock in Prague?—All the visible signs indicate that the crucial phase of the negotiations in Prague between the Czechs and Sudeten Germans—crucial not only for these peoples but for the peace of Europe as well—is rapidly approaching. Each side has put forward its proposals, to be completely rejected by the other. Deadlock, however, has not yet supervened, since the negotiations continue. But the task of Lord Runciman as mediator is obviously one of the greatest difficulty, and the visit of one member of his mission to London on Wednesday naturally excited interest. To one school of thought it is a sign that complete deadlock is at hand. Another school sees in it an indication that Lord Runciman himself is about to put forward new proposals. There is, as yet, no whisper of substantial concessions from the German side, although Lord Runciman and his staff have been in constant contact with Herr Henlein and his lieutenants. On the Czech side, however, there is a welcome readiness to consider still further advances towards Herr Henlein's demands. It is reported that thoughts in Prague are beginning to turn back to the original draft of the Constitution for Czechoslovakia in 1918. This draft (which was never adopted owing to Slovak opposition) envisaged a semi-federal character for the Czechoslovak State. The country was to be divided into twenty-three administrative divisions delineated according to their geographical and economic unity and to be known as, in German, *Gaue*, or, in Czech, *Zuba*. In these *Zuba* the administrative officials were to be elected by the local population, not nominated from Prague. Their functions were to be predominantly administrative, but they were also to have certain limited legislative rights.

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Whether a solution on these lines would please the Sudeten party more than the present proposals of the Government depends, of course, upon the exact boundaries of the *Zuba* and the division of functions between them and the Central Government. But it is at least a good sign that the possibilities of this abortive Constitution are being re-explored in the attempt to find a solution which will give the German citizens of the republic the autonomy they demand without opening the way for the impractical paradox of totalitarianism in a democratic State. The whole problem, however, continues to be debated in the dark shadow thrown by the continuous agitation of the German Press and the ominous massing of the German army. Indeed, in a very real sense it is true that the negotiations in Prague are irrelevant to the main issue, for it will be decided in Germany by the balance between Herr Hitler's ambitions and his prudence. The indications are not over-hopeful. Of the three possibilities—that Herr Hitler has decided to get the best terms he can without war; that he has already decided to risk a conflict; or that he has not yet decided—there is no symptom whatever of the first and many signs that could be taken to indicate the second. We believe it to be the opinion of every competent observer in Paris and London that the outbreak of war on the frontiers of Bohemia would sooner or later—and sooner rather than later—involve us all. If that is so, the clearer and more definite the warnings that are sent to Berlin from London the better for all of us, Germany included.

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Berlin's Dress Rehearsal.—The alarm occasioned by the wholesale German mobilisation for autumn manœuvres has to some extent abated, though speculation is still rife about its possible diplomatic implications. The further news this week that all retired officers of the German Army who are under 65 years of age and formerly held ranks lower than major-general were to register with the police before September 20th was received calmly. The registration of retired officers was the practice in pre-war Imperial Germany, and is commonly part of the system of conscription. Similarly, the recent instructions to the young men of the military class of 1913, now aged 25, to register for further training might have been expected. The members of this military class have not done their full training, but only eight weeks' preliminary training before being put on the reserve, and the completion of their service is due. These steps were seemingly no more than routine, but their timing to accompany the disturbing spectacle of a whole nation set on a war footing for several weeks was hardly a contribution to international confidence, and it is not conducive to sound sleep o' nights to know that the means of executing an advantageous decision lie so very ready to the Fuehrer's hand.

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The United States, Canada and Europe.—President Roosevelt and his Secretary of State, Mr Cordell Hull, do not weary of well-doing in their attempt to give leadership to American opinion on the great problems of international affairs. "No country where thought is free," declared the President of the United States in a speech delivered on August 18th on Canadian soil, "can prevent every fireside and home within its borders from considering the evidence for itself and rendering its own verdict, and the sum total of these conclusions of educated men and women will in the long run become the national verdict. That is what we mean when we say that public opinion ultimately governs policy." In stating some of the issues on which the democratic peoples of America and Europe must sooner or later make up their minds and, if necessary, take the corresponding action, the President, in speaking at the Queen's University at Kingston, Ontario, was reiterating what had been said by Mr Hull in a broadcast address two days earlier. The Secretary of State was re-stating the general principles which are already the creed of the Administration and which may eventually also become its practical policy, if and when these principles have been digested by the people of the United States.

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The President, bringing a message from one of the two great democracies of North America to the other, was more specific. He pointed out that the Americas are no longer isolated from the Old World by the rapidly shrinking oceans, and that, whether they choose or not, their vast power and energy have made them "vital factors in world peace" and "a consideration to every propaganda office and to every general staff beyond the seas." This potent American factor in a world-wide balance of power is as welcome to the peoples and governments of the democratic countries of Europe as it is exasperating and discouraging to those whose schemes for lawless and ruthless aggrandisement, at the expense of the weak, all depend upon the possibility of "anæsthetising" and immobilising the democratic Great Powers on either side of the Atlantic. In the golden chain of democratic solidarity, Canada is an important link, because she is both a fellow North American country with the United States and a fellow State member of the British Commonwealth with the United Kingdom. In accepting the degree that was being conferred upon him, the President announced that, in respect of Canada at any rate, the solidarity of the democracies in resistance to aggression is already assured. "The Dominion of Canada," said Mr Roosevelt, "is part of the sisterhood of the British Empire. I give you the assurance that the people of the United States will not stand idly by if the domination of Canadian soil is threatened by any other Empire." Over this assurance the Press of the Third Reich is already gnashing its teeth.

Rent and Income.—How much better, or worse, off are we than our fathers? There is no question more intriguing or more difficult to answer. Habits and ways of living change. The index of the Ministry of Labour, for instance, which purports to compare the current cost of living with that of pre-war years, provides only a formal statistical comparison because, based as it is on family budgets of nearly a quarter of a century ago, it gives a preponderant influence to food prices. Nowadays, people devote relatively less of their incomes to food and more to other things than before the war. Contemporary family budgets are being collated by the Ministry with a view to finding out how working-class expenditure is actually distributed at the present time, and the index will be revised accordingly. Meanwhile, the Economic Committee of the Trades Union Congress have conducted a parallel inquiry into the share of working-class income absorbed by rent now and in 1914. Since the war a great programme to rehouse the people of Britain has vastly improved general standards of living accommodation and for the most part working people live in better houses than a generation ago. But rent remains a heavy burden, especially upon the smaller wage-earners. Between 1914 and 1936, the Committee report, rents (of controlled and decontrolled houses) rose 59 per cent., the cost of living 47 per cent. and wage rates 80 per cent. On the whole, therefore, while rents now bulk more largely in the cost of living, working-class incomes have tended to rise even more markedly; for similar accommodation rent absorbs a smaller proportion of the worker's income than before the war—though many workers may now be paying the same or a higher proportion of their incomes in rent or its equivalent, owing to the rise in the standard of accommodation.

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On the other hand, a large and important section of the population has not fared so well as this. The average rate of unemployment has been considerably higher since the war than before, and this increased economic insecurity has been most conspicuous in the case of export industries where, in addition, wage rates themselves have risen less than rents. In these trades, the Committee suggest, the worker has been worse off than in the immediate pre-war period; his real income, if unemployment is taken into consideration, has been less, and the burden of rent has been exceptionally heavy. Over the whole range of industry, rent absorbs some 16 per cent. of incomes of between £3 and £4 a week, but takes between 20 and 40 per cent. of incomes of £2 or less. There is still a shortage of cheap houses to let, and in many cases slum clearance schemes have involved the removed tenants in heavy travelling charges. The Committee's survey draws attention to yet another facet of the distressful problems caused by the existence of groups of workers earnings wages too low to permit of their living healthy and secure lives.

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Squalor in London.—It is not very easy to translate figures such as those contained in the T.U.C. Report into human terms. But the imagination is assisted by a remarkable report on housing conditions in one London Borough. Shoreditch is not typical even of poorer London. Its impoverished working-class districts are unrelieved by any middle-class residential area and in Hoxton it includes the most poverty-stricken part of all the Metropolis. Nevertheless, the squalid living conditions revealed by a survey initiated by the Shoreditch Housing Association are vastly disturbing. Here are men and women and, above all, children living in 1938 in conditions comparable to those brought to light by the famous inquiries into the slums of a century ago. The tide of social progress has washed over London and left scarcely a trace in Shoreditch. The survey investigated the homes of 400 school children selected at random. Over 38 per cent. were overcrowded and 75 per cent. were verminous. Washing and lavatory accommodation were in many cases little, if any, better than in the notorious slums of Early Victorian Manchester. Tumbledown tenements, damp basement dwellings, and children spending their days in the streets for lack of room at home or open spaces elsewhere make a tragic picture. Shoreditch is not representative, though in lesser degree these features can be found in many other places, and improvements are being gradually made. But the national health and physical fitness campaigns will not win many successes in Shoreditch so long as the dire poverty of its inhabitants perpetuates their unhappy lot. Low wages are the key to it all; and the children suffer most. This is the story that emerges from every inquiry into poverty. Nothing is plainer than that poverty, bad housing and malnutrition are all problems that can be tackled successfully only on a family basis—on a basis, that is to say, that takes account of the very varied financial burdens that fall upon families of different sizes and ages.

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The German Navy.—The fact that Admiral Horthy's visit to Germany has had a predominantly naval flavour is, of course, a compliment to the Regent's past rank as Commander-in-Chief of the Austro-Hungarian Navy. The compliment was carried further in the choice of name for the new warship launched at Kiel by Mme. Horthy, for "Prinz Eugen" was the name of Admiral Horthy's wartime flagship. This is not, however, the only political significance of the name. To Englishmen Prince Eugene's title to fame is that he was Marlborough's ally at Blenheim. But to Germans he is the general (incidentally an Italian) who drove the Turks out of Hungary, and the moral of a valiant Leader uniting the German and Hungarian peoples against an Oriental danger was duly pointed in the speeches at Kiel. This tactful comparison of Kara Mustafa Pasha and his men with the Bolsheviks will be as gratifying to President Mustafa Kemel Atatürk as it will be to Comrade Stalin to hear himself cast for the rôle of the Unspeakable Turk.

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The new addition to the German Navy is more than a historical compliment. In an article published last week in the German naval and military journal *Die Wehrmacht*, the chief of the Naval Operations Staff, Vice-Admiral Guse, intimates that Germany intends now to carry her naval construction up to the treaty limit which she imposed upon herself in concluding the German-British naval arrangement of 1935. In view of the proportional basis of the arrangement and of the formidable subsequent increase in the strength of our own Navy, which, by the terms of the arrangement, sets the pace for the German Navy's expansion, the 35 per cent. ratio which the arrangement assigns to Germany enables her now to build up a considerable fleet if she chooses. Presumably Germany's primary naval aim is to secure for herself a command of the Baltic, for this would enable her to achieve several objects in the event of another world war. She would be able to cut the maritime communications, via the Baltic, between Russia and the Western Allied and Associated Powers; she might be able to launch a naval expedition against Leningrad; and she could exert naval pressure on those northern neutrals—Sweden, Norway and Finland—whose territories, unlike Denmark's, she could not directly threaten overland. It may be doubted, however, whether Germany will push her naval construction to extremes, for

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no Power—not even one with the Third Reich's far-reaching control over the life, labour and property of its subjects—can afford to launch out into an unlimited armaments race at sea, on land and in the air simultaneously; and Germany cannot afford to develop her navy at the expense of either her army or her air force. In submarines, however, there is every indication that Germany is using her capacity to the full. The Anglo-German Agreement allows Germany to build submarines up to 45 per cent. of the British tonnage, if corresponding reductions are made in other categories, and there is no doubt that this higher limit will be taken. Moreover, the agreement speaks of tonnage, and by concentrating on small submarines Germany can have a large number. The later years of the war and the post-war years saw a rapid increase in anti-submarine devices and tactics, and the indications are that the British Admiralty are not unduly worried about submarines in the next war. But whatever the exact degree of the menace, this new German submarine fleet (much larger already than in 1914) is obviously aimed straight at the food supply of Great Britain.

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"Hanging the Kaiser."—Herr Hitler is a stickler for equality of rights. Nearly twenty years ago the Western conquerors of Germany took licence—which they soon ruefully regretted—to put on trial the fallen head of the conquered empire. So to-day the Austrian conqueror of his own fatherland has to demonstrate his equality of rights with "the Big Four" by putting on trial the head of the second of the two former Central Powers. At the beginning of this week it was announced in Berlin that a special court is to be set up in Vienna in implementation of a new "Law concerning the accountability of members of the former Austrian Federal and Provincial Governments and their helpers." The judges are to be appointed by Herr Hitler himself, and Herr Bürckel, the present Commissioner for Austria—beg pardon, we mean for the Ostmark—is to indict the accused in the name of the People. Action, it is officially announced, will be taken only against "the greatest law breakers," and unofficial commentaries add that this category includes at any rate Herr von Schuschnigg and Dr Schmitz (the former Mayor of Vienna). We believe that Herr Hitler will live to regret this step more bitterly than the Allied statesmen after the war had to regret the corresponding political and moral blunder which they contrived to wriggle out of at the eleventh hour. As for the former Austrian Chancellor, Herr von Schuschnigg is a martyr in spirit as well as in his external circumstances; and he can hardly lose by Herr Hitler's decision to advertise the truth. The more preposterous the injustice with which the trial is conducted, the more brilliantly will the prisoner's character and conduct be vindicated in the eyes of the world—and this not only outside the frontiers of Austria and Germany. In particular, there is one charge—that of having deprived the people of their right to express their opinions and of placing his own personal opinions before those of the whole nation—which will certainly leave its target unscathed; for this, at any rate, is a boomerang which will recoil, on a short circuit, to smite the hand that has thrown it. The official verdict will probably make little difference to Herr von Schuschnigg's ultimate fate, which will no doubt be determined, not by justice upon due evidence, but by a resolution of the two Nazi forces of passion and propaganda. Herr von Schuschnigg is a very brave man, who did his work in the face of a continuous threat of death for months and years on end before his Government was overthrown by an irresistible superiority of aggressive force. He will not be afraid of death now.

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Japan's Choice.—The talks at Tokyo between General Ugaki, Japan's Foreign Minister, and Sir Robert Craigie, the British Ambassador, have so far yielded no result. The protestations and the policy of the Japanese are as far apart as ever. Repeatedly since last May, General Ugaki has given assurances that Britain's rights and interests in the Far East, which are the subject of these conversations, would not be violated by Japan; and in the last few days credible accounts in Japanese newspapers have laid stress upon the desire, not only of General Ugaki, but also of other Ministers, including Mr. Ikeda, Minister of Finance, not to antagonise the Western democracies in general, and Great Britain in particular, at a crucial stage of the increasingly difficult campaign in China. The merest prudence would seem to impose a policy of conciliation upon Japan. Her financial position is becoming worse under the weight of war-expenditure. Recent events on the borders of Manchukuo underlined the proximity of Russian military power. And the Powers associated with Japan in anti-Communist professions, Germany and Italy, are clearly not prepared to render their ideological ally more than moral aid. In China itself the war is not going too well for the invaders. Japanese troops have, it is true, gained ground near the Siao-Ho River, and their air-raids against the Canton-Hankow and Canton-Kowloon railways have put the line temporarily out of action. An augmented drive in the Yangtze valley, directed from Nanking instead of Shanghai, is rumoured. But the Japanese advance is, broadly, at a standstill, and the most important feature of recent operations has been a notable increase in guerilla action by the Chinese. In East Hopei some 10,000 irregulars are at work between the Great Wall and the sea, and the arrival of General Lu Chung-li, newly appointed from Hankow as Governor of Hopei, is expected to accentuate the harassing of the invader in a province where Japan is nominally in control. The Japanese Army can spare no men from the protection of the railway lines into Peking to deal with the guerilla menace.

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In these circumstances Japan, while in no danger of overt military defeat, would do well to placate the Powers whose interests have been consistently flouted since the campaign began. So far, however, there has been no intermission in the continuous infringement of foreign rights. In the last few months, when General Ugaki has spoken of goodwill, and, finally, embarked on a campaign to educate Japanese opinion accordingly, the situation has in fact been made worse: shipping has been interfered with and foreign-owned railways seized. European rights in the International Settlement at Shanghai have been disregarded. This was the background of the talks which have hung fire: expediency and discernment have led General Ugaki to ask for Britain's goodwill and perhaps to seek the grounds for a bargain to wean Britain from sympathy with China; but militarism at the front and vocal nationalism at home have created a strong Japanese opposition to any concessions to Britain. General Ugaki is anxious to please, but his way is not clear. The wisdom of damping down Japanese arrogance and meeting the British claims is, in the eyes of many who believe Japan to be powerful enough now to take a strong line against Western "intruders," outweighed by the loss of prestige which might be involved. Common sense may yet prevail, and the tone in Tokyo is definitely conciliatory, but many influential groups in Tokyo and in the Army would rather save their faces than their skins.

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Building Prospects.—In contrast to the sharp setback experienced by the iron and steel and textile industries, activity in the building and contracting trades continues at a remarkably high level. Indeed, building is proving to be one of the main supports of the general business activity of the country. The importance of the constructional industries rests on the fact that they employ some 10 per cent. of the total number of insured persons in this country; together with their numerous ancillary trades, they are an even more substantial sector of British industry. The future course of building activity, therefore, is of considerable relevance to the general business outlook, discussed in the Trade Supplement accompanying this week's issue of *The Economist*, especially as there are now

signs of a gradual decline in the volume of building. The proportion of insured persons, aged 16 to 64, unemployed last month was 3.0 per cent. higher than a year ago in building and 3.4 per cent. higher in public works contracting. Private construction is now gradually declining, though Government building in connection with the defence programme and building by local authorities appear to be well maintained, and expenditure on public works is not likely to be drastically curtailed in the near future. While a gradual decline in constructional activity must be envisaged from now on, there are no signs of anything like a serious slump in the near future. On the whole, therefore, the outlook for the building trades is still reassuring.

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Civilian Defence Plans.—Since the New Year half a million volunteers have come forward to take part in air raid precautions. Twice that number are needed before the year ends; and in a letter to all local authorities last Saturday the Home Secretary suggested various devices to stimulate interest in a nation-wide recruitment campaign to be set on foot in October. Appeals in places of entertainment, displays in shops and the exhibition of sample shelters were among the means suggested by Sir Samuel Hoare. Expenditure on such publicity will rank for Treasury grants. The co-operation of Churches and the Press will be sought, and all the propaganda agencies to which we are now accustomed, including posters, will be brought into play. The crucial question is still whether the citizens of this country can by voluntary effort achieve the degree of efficiency in protection against air attack secured in other countries by more compulsory methods and by ruthless and arbitrary use of the same publicity devices. Can elected local governing bodies prepare and execute adequate plans of defence and provide their voluntary helpers with satisfactory training? Many of the initial obstacles have disappeared. It is no longer fatalistically believed that "the bomber will always get through." All parties and most persons are convinced of the urgency of taking serious and speedy thought for the possible war of to-morrow, and the earlier conspicuous delays on the part of local and central authorities in formulating schemes and providing equipment have been largely overcome. There are still gaps. There is leeway to make up in the provision of anti-aircraft equipment, though considerable progress is now being made. And there is still seemingly an absence of comprehensive and detailed plans for the protection of defined areas. First-aid, anti-gas and fire-fighting measures are not enough; and the surveys which have so far been made of shelter accommodation, like schemes for evacuating parts of urban populations, have been mainly tentative.

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The specimen scheme submitted to the Home Office on Monday by a group of well-known scientists for the protection of the Borough of St. Pancras, with its three railway termini, its dense working-class area, and its scattered residential district, serves as an interesting and important example of what might be done. The evacuation of the young, the aged and the infirm to allotted areas; the establishment of small and scattered camps for the refugees' accommodation; and the cutting of tunnel shelters fifty feet down in the London clay, lit, ventilated, watered and equipped, at a total cost of £11 per head of population; together these proposals provide an integrated scheme for a particular place. It would be reassuring to know that all local authorities were ready and able to plan so thoroughly and, if need be, so expensively.

Overseas Correspondence

From Our Special Correspondents

United States

State Rights and Federal Powers

NEW YORK, August 17.—The legendary cavalier, mentioned before in this Correspondence, who mounted his horse and galloped in all directions, may again be cited as a symbol of American economic policy. On August 12 the National Emergency Council submitted to the President its report on the Southern states, recently described officially as the nation's "economic problem No. 1." This report illustrates the sectional or regional approach to current problems. In many, if not most, of our major problems, it is still an unsolved question whether the unit of effective effort should be the nation, the separate state, or the region.

Historically, since limited powers were conferred by the Constitution on the Federal Government, the economic and social units of government have been the several sovereign states. Until very recently economic and social legislation was exclusively the function of the state Governments, and even now this is preponderantly the case. For example, legislation relating to marriage and divorce is the prerogative of the state; even the regulations covering suffrage are matters of state law. The result is, of course, that there is an immense diversity of legislation on matters which, in any European country, would be deemed the unquestioned province of the national or central Government.

In recent years there has been a distinct tendency for the states to assert their sovereignty in certain matters. In spite of the Constitution, for instance, some states have made ingenious progress in the erection of restrictions tantamount to tariff barriers and other impediments to the "importation" of goods from other states. Some states have even established frontier guards at "ports" of entry to prevent the immigration of citizens from adjacent states. This movement has not yet assumed important proportions, but it has progressed rapidly in recent years, and seems to show a significant trend.

While this trend toward "state isolationism" has been marked, there has simultaneously been a persistent expansion of Federal legislation into areas formerly occupied exclusively by the states—for example, by the Social Security Legislation, by wages-and-hours legislation, etc. Indeed, one of the charges most commonly brought against the New Deal is that it is "erasing states lines," and that under it the Federal Government is "encroaching" on the states.

The fact is that the general Federal system, with its division of powers, was devised under very different conditions of transport and communication from those which have since developed, and the effective unit of government was then of necessity small. No less a statesman than Daniel Webster opposed the annexation of those areas now represented by the states of Washington and Oregon, on the ground that the region could never be represented in Congress because a representative could hardly reach the Federal capital after one election before he would be obliged to return to contest his seat for the next election, two years later. The so-called protectionist tendencies of the states and the alleged encroachments of the Federal Government on states' rights are both expressions of the difficulty of reconciling local interests with the facts of rapid inter-communication.

The Regional Point of View

Cutting across both these tendencies there is a definite trend towards sectionalism. Sectionalism or regionalism is no new phenomenon; but it is becoming more, rather than less, pronounced. In the original United States, the Potomac

River, as the boundary between the North and the South, determined the location of the capital at Washington. Increased sectional differences led to the war of the 'sixties, and a permanent political legacy of that conflict was the "Solid South," a distinct region. Economic regionalism was later recognised by the establishment of the twelve Federal Reserve Districts.

Some of the economic regions of the United States are quite distinctly marked—such as New England, the Solid South, and the Pacific Coast. Others, like the Wheat Belt, the Corn Belt, or the Mississippi Valley, are rather vague. But there can be little doubt that regional consciousness is now becoming an increasing reality. While the State is still the unit of political organisation and expression, the section or region is increasingly the unit of economic thinking. The Federal Government is moving in all these channels at once: its tendency toward centralised nationalism, its more or less grudging acceptance of state sovereignty, and its growing recognition of sectionalism, show that all three approaches to America's problems are being tried simultaneously.

The Plight of the South

The report of the National Emergency Council on the Southern States, itself an illustration of the regional approach, is a detailed economic and sociological description of a region of unusual national resources and widespread individual poverty. It makes no specific proposals, although it indicates the South's outstanding needs. To only a limited extent does it deal with the causes of present discontents. It is blurred by a certain chariness in dealing with the Negro question. The inclusion of Texas and Oklahoma with the Southern States militates against due emphasis on the historical causes of the present situation in the South, such as the impoverishment due to the Civil War and the break-up of a plantation and slave economy. Oklahoma was not then in existence, and Texas, although a member of the Confederacy, was never committed to the plantation and slave economy.

With August half over, it seems clear that the recovery, which first became statistically manifest in June-July, is spreading. The data for early August show a continuation of the upward trend. Coincident with this recovery a new factor has appeared—a sharp decline in the price of agricultural commodities. After successive years of more or less widespread drought, the growing season of 1938 has been well watered almost everywhere, and the result is large crops and low prices. Whereas in the early months of the spring one could describe the state of our economy as urban depression against a background of agricultural prosperity, now the decline in agricultural prices has introduced a new factor into what appears to be the early phase of an urban or industrial recovery.

France

M. Daladier's Move

PARIS, August 25.—In a month the "gold rush" has cost Paris 5,000 to 8,000 million francs of gold or strong currencies, and the money market, which supplies the Treasury with funds, has lost a similar sum. These are serious losses for a far from abundant Equalisation Fund, for a market in a state of convalescence and for a Treasury which must borrow at least 1,000 millions a week. The demand for gold in London and in Paris has now abated. But capital has again fled the country, and once more the question of the hour is how to stimulate its repatriation.

The Minister of Finance is officially optimistic. He has promised that the Budget for 1939 will be speedily drafted, and that it will be balanced. He has formally denied any intention of further devaluing the currency or of instituting exchange control. But none of these professions steadied the markets. The franc touched the official limit of 179 to the pound sterling, and accordingly, M. Daladier decided on a spectacular step.

In a broadcast speech the Prime Minister laid stress upon the stout defences of the franc. He cited the size of the gold [illegible] the recent increase in fiscal receipts and in savings stocks, deposits, and the mounting subscriptions to the Treasury bonds. Nevertheless, he pointed out, national income has steadily fallen from 38,000 million gold francs in 1914 and 49,000 millions in 1931 to 22,000 millions in 1937.

M. Daladier was forthright in his statement of the only remedy. "France must work more." The forty-hour week must be modified; and, as production rises, taxation must be reduced. All extra-Budgetary expenditure must be curtailed. Costs must be reduced and profits improved.

The Prime Minister's plan of action was welcomed both by the public and by the Stock Exchange, and the pressure on the franc was relieved.

Revision of the Forty-Hour Week

The outstanding feature of the speech was the proposal to revise the forty-hour week. The outlines of this proposal were: extra hours of work must be permitted according to the needs of particular industries up to a total of forty-eight hours a week in undertakings engaged in national defence work; and rates of pay for overtime must not exceed an average of 10 per cent., instead of 25 to 100 per cent., as has been demanded.

This proposal led to the resignation of two Ministers, M. Frossard, Minister of Labour, and M. Ramadier, Minister of Public Works. These posts were, however, immediately filled by two other members of the same Parliamentary group, M. de Monzie and M. Pomaret. On the whole, the reaction of the Left was not entirely unsympathetic. The mass of the workers have been very much impressed by the military efforts now being made by the totalitarian States, critical accounts of which appear every day in the Left newspapers, and at the same time they are anxious to combat the rising cost of living by working extra time and so increasing their earnings.

Great satisfaction was naturally expressed by the Moderates at M. Daladier's move. They emphasise, however, that the hoped-for increase in production cannot be sufficiently rapid to prevent the Treasury crisis which is threatening. There is something in this objection, though growing confidence caused by a rising trend in the index of production, accompanied by moderate economies in the drafting of the Budget, would place the Government in a position to have recourse to fresh financial expedients, such as the partial revaluation of the gold stock of the Bank of France.

The financial problem, say the optimists, is simply one of authority. If the Government can give proofs of its strength and determination, and so win general confidence, then it can solve the problem. Already, during the last six months, the Cabinet of M. Daladier has given two proofs of its determination: it has refused to support pensions for aged workers, and it has now insisted upon the modification of the forty-hour week.

Crisis or Confidence?

What will the next few days bring forth? The agitation aroused by the extremists is rather fictitious, though the Communists are calling for an extraordinary session of Parliament. The Radicals do not believe that this will be necessary, since, in their view, the proposals to modify the forty-hour week have been drafted by the Government so that they are not contrary to the existing law. Moreover, M. Blum, the Socialist leader, has declared that his party would not seek to exploit the present situation to the disadvantage of M. Daladier at a time of such great international tension. The possibility of a political crisis, however, is not ruled out. If the revision of the forty-hour week law is drastic, considerable opposition will make itself felt. On the other hand, if, as is more likely, the revision is only timid and tentative, there will be no immediate political repercussions, but equally there will be no important return of confidence, and the Treasury problem will become more acute. This is the reasoning of the pessimists.

Meanwhile, the markets have recovered. They were stimulated by the decision of M. Daladier. They knew that the opposition of the Left could have no serious consequences, since their social arguments can be countered by higher considerations of national security. Moreover, it was certain that M. Daladier would not provoke serious revolt, since, in his view, the collaboration of labour is as indispensable as the confidence of capital. The franc was then firmer at 178.40, against 178.90; public funds and French stocks found purchasers.

Germany

Bourse Recovery

BERLIN, August 24.—The decline in security prices touched bottom on August 17th. There followed three days of substantial recovery in share prices, with no change worth mentioning in bonds. Yesterday shares were again weak. Only after the collapse ceased was the enforced silence about it broken. That it embarrassed the Government is plain from

various reassuring official statements, of which the most notabie was the prediction of Herr Reinhardt, of the Ministry of Economics, contrary to earlier official views, that industrial profits would continue to increase for three years.

The Minister of Economics dealt with the matter inadequately and somewhat irritably, imputing some of the difficulties to foreign malevolence. He gave no new grounds for the decline, and did not admit that it was due to reasonable apprehensions about future developments. There is no doubt that the magnitude of the decline and its importance were exaggerated abroad, but for that the conspiracy of silence on the spot was largely responsible. The official index of share prices shows a decline between the high level of April and the third week of August from 114.83 to 100.74; and the fall in bonds was from 100.05 to 99.88. An independent average of the prices of twenty active stocks shows a decline from an April high of 139.46 to 116.42 on August 17th. But individual losses were much greater:—

	April, 1938 (high point)	August 17, 1938 (low point)
	(Fractions omitted)	
Vereinigte Stahlwerke	117	95
Mannesmann	122	99
Deutsche Waffen	200	137
Deutsche Erdoel	147	115
General Electricity	127	101
Siemens und Halske	215	178
Farbenindustrie	165	142
Harpener Coal	177	130
Salzdetfurth Potash	177	134
Daimler Motors	154	117
Waldhoff Cellulose	155	126
Norddeutscher Lloyd	85	60
Reichsbank	212	175

The official theory that shortage of money in industry was the main cause of the decline does not fit in with the fact that the volume of selling was small. The *Frankfurter Zeitung*, nevertheless, publishes a detailed analysis to show that the liquidity of industry is at an end. The banks' returns for July show a substantial increase in deposits. A rise of Rm. 450 millions in holdings of "Treasury bills and Treasury certificates" probably consists almost entirely of the new "delivery certificates," and corresponds to about one month's issue of these as shown by the last two Debt returns.

No Setback in Industry

The food position is still unsatisfactory in some respects, although meat consumption has increased. It is understood that a new central food authority is to be created. The innumerable bodies at present controlling or regulating prices, from the departments concerned—the Reich Nutrition Board and the Prices Commissar—down to the police, have failed in face of the pressure of insufficient supplies.

There is no sign so far of a setback in industry and home trade. The Königsberg Eastern Fair was a success. The Reichspost's last return shows increasing business. Retail trade turnover in the first half-year was 8 per cent. higher than in the same months of 1937. Official journals foreshadow a new drive to divert workers from commercial to industrial employment. In this respect the shortage of food and other goods is a favourable factor, since many trade employees and middlemen have been rendered superfluous.

Pig-iron output in July was 1,625,400 tons, and in the first seven months of this year 10,581,900 tons, against 9,055,700 tons in 1937. All reports agree that the expectation of lower Cartel prices, because of price cutting by outsiders, is leading steel consumers to hold back their orders. The rationing system now applied to iron and steel is to be extended to other raw materials. In the first half-year German pig iron and steel output exceeded that of the United States. Coal production in the first seven months of the year was 108,212,000 tons, against 105,180,000 tons in 1937.

Spurt in Exports

The credit balance of the old Reich in July on foreign trade account was Rm. 22 millions, after three months of debit balances. The improvement was seasonal, and was due, as in July, 1937, to a moderate decline in imports and a substantial increase in exports. But exports, as has been the case ever since March, were lower than in the corresponding month of last year. Exports of wholly manufactured goods were valued at Rm. 358 millions, against Rm. 426 millions in July, 1937. Imports of the new Reich, including Austria, amounted to Rm. 472 millions and exports to Rm. 470 millions. Gold imports (old Reich) were Rm. 25 millions and gold exports Rm. 21.5 millions. The details of the trade returns were as follows:—

	Millions of Marks		
Imports	June	July	Jan-July
I. Foodstuffs	**160·4**	**144·7**	**1,155·9**
(*a*) Livestock	9·8	9·4	65·9
(*b*) Animal foodstuffs	36·6	34·9	261·2
(*c*) Vegetable foodstuffs	84·3	72·0	621·3
II. Industrial goods	**265·0**	**267·7**	**1,930·0**
(*a*) Raw materials	153·9	155·1	1,124·2
(*b*) Semi-manufactured	79·3	80·9	577·3
(*c*) Manufactured	31·8	31·7	228·5
Total (including others)	**429·5**	**417·3**	**3,114·3**
Exports			
I. Foodstuffs	**5·5**	**3·8**	**34·7**
(*a*) Livestock	0·1	0·0	0·8
(*b*) Animal foodstuffs	1·7	0·9	4·8
(*c*) Vegetable foodstuffs	2·1	1·3	15·1
II. Industrial goods	**397·1**	**435·4**	**2,986·7**
(*c*) Raw materials	45·3	46·2	311·3
(*b*) Semi-manufactured	28·9	31·5	227·8
(*c*) Manufactured	322·9	357·7	2,447·6
Total (including others)	**402·8**	**439·4**	**3,022·5**

Compared with June, exports to Europe and to overseas countries increased by similar amounts, and, proportionately, there was a particularly marked increase in shipments to South America. In Europe, the largest increase was in exports to Great Britain.

Holland

Guilder Steady

AMSTERDAM, August 15.—The gold rush has been taken calmly. The Exchange Equalisation Fund has, admittedly, had to intervene on several days and to reduce its purchasing rate for sterling. But the excitement did not give rise to any distrust of the guilder, as happened in the case of the French franc and the belga.

Nor was there the slightest sign of excitement on the Stock Exchange. The bond and debenture market remained quite steady, and new issues were well received. The so-called "Investors' Front" has modified its minimum requirements slightly: members now subscribe to issues of 3¼ per cent. municipal loans at par, whereas a yield of 3½ per cent. was originally the criterion for such loans.

In the past a flurry in the gold market and rising gold prices have led to some movement in share prices. On this occasion there was no sign of such a tendency. The rising price of gold failed to exert the slightest stimulus on Stock Exchange quotations, and the market remained dull and lifeless. If anything, the trend was slightly downwards, because of international political influences.

Gold Embargo Removed

Curiously, at the present juncture, the Minister of Finance has announced the withdrawal of the decree prohibiting the export of gold, which was proclaimed in September, 1936, when the gold standard was suspended. This does not imply a reversion to the gold standard, however, as the Netherlands Bank is not bound to release gold for export at a fixed price. In effect, there has been free trade in gold in the Netherlands for some time, since, on June 17, 1937, the Netherlands Bank was authorised by the Government to grant exemptions from the export prohibition in the case of gold coin and bullion.

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Most of the statistics for the second quarter of 1938 justify expectations of a further recession, though the phase of prosperity has not yet wholly passed. There are, however, some encouraging signs: unemployment is still much smaller than it was some years ago; wages have risen and prices are falling; and higher dividends are being distributed. All these factors tend to maintain general purchasing power. Retail turnover, for instance, has so far been well maintained. The Government's plans for increased expenditure on public works and armament orders should also have a beneficial effect on business activity. On the other hand, the shipping position is far from satisfactory.

Falling Foreign Trade

The foreign trade returns for July, published by the Central Bureau of Statistics, show a decline compared with the corresponding month of 1937, in both imports and exports. Imports in July this year were valued at 120 million guilders, compared with 146 millions in July, 1937, and exports fell to 78 millions compared with 102 millions a year ago. The course of imports and exports during recent years is summarised month by month in the following table:—

(Millions of guilders)

	Imports			Exports		
	1936	1937	1938	1936	1937	1938
January	79	106	119	50	73	82
February	74	105	118	50	79	82
March	79	125	120	55	94	90
April	81	142	115	57	101	81
May	76	128	110	53	90	83
June	77	140	119	53	95	81
July	80	146	120	60	102	78
August	82	122	...	63	98	...
September	82	130	...	72	113	...
October	92	149	...	76	106	...
November	101	130	...	77	98	...
December	114	127	...	80	98	...
Total	*1,016*	*1,550*	...	*745*	*1,148*	...

The extent of the decline in foreign trade is clearly shown by the figures for the first seven months of this year. During that period imports were valued at 820 million guilders, against 892 millions in the corresponding seven months of 1937, and exports at 576 million guilders, compared with 634 millions. On the other hand, invisible exports play an important part in the Netherlands' balance of payments, and there are good reasons for anticipating that the current year will show a credit balance. Meanwhile, the trade figures are not encouraging.

Jugoslavia

Falling-off in Foreign Trade

BELGRADE, August 15.—The decline in Jugoslav foreign trade, which set in at the beginning of the year, continues, although it has not become more steep. Thus, while the total volume of trade for the first four months of the year was 4.8 per cent. less than in 1937, the total for the half-year is 4.5 per cent. less than a year ago. That the fall has been arrested is chiefly due to the increase in imports, in part from Germany, intended to diminish the swollen clearing debits. This is obvious from the decline in the credit against Germany from Rm. 14,350,000 on April 8th to Rm. 12,100,000 on July 31st.

Exports for the half-year, on the other hand, have fallen fairly sharply—11.67 per cent. in volume and 15.6 per cent. in value. The result is an import surplus of 258 million dinars, against an export surplus in the first half of last year of 400 million dinars. Exports amounted to 1,870,000 tons, valued at 2,388 million dinars, against 2,115,000 tons, valued at 2,800 millions in 1937. Imports were 610,000 tons, valued at 2,646 million dinars, against 498,000 tons, valued at 2,460 millions.

It is this decline of exports which has made traders here react favourably to the news of a renewal of Anglo-French interest in East European trade. It is felt that, without engaging large amounts, these two countries might be able to ensure this country against a further contraction in trade, and thus prevent a general recession. At the same time they could save Jugoslavia from being too exclusively dependent on the one market that is always open to her, though not on very favourable conditions, namely, Germany.

Openings for Britain and France

At the present moment there are many actual opportunities for increasing trade connections. First, the wheat harvest has been excellent, the surplus for export amounting to no less than 45,000 trucks; and the grain is of excellent quality. Of this surplus, 10,000 trucks have already been earmarked for Germany (5,000 for Germany proper and 5,000 for Austria), 10,000 for Czechoslovakia, 3,000 for Switzerland, and 2,500 for Italy, leaving about 20,000 trucks to be disposed of. In the case of Great Britain, larger purchases from Jugoslavia could not be detrimental, since Jugoslavia is bound by agreement to increase her imports from Great Britain proportionally to British purchases from her. Thus, in June, Jugoslavia bought goods from Great Britain to a value of 56.5 millions, compared with only 28.8 millions purchased from her by Great Britain.

Secondly, trade could be increased by exporting cattle to Palestine, Malta and other British Possessions in the Mediterranean. The British Mediterranean fleet could also be supplied. Neither of these possibilities could be considered as competition against the British farmer.

Resisting the Recession

Apart from the contraction in foreign trade, the recession is being resisted. State receipts are still satisfactory; they amounted to 4,798 million dinars in the first five months of the year, against 4,225 millions in the same months of 1937. The money market is liquid, and savings deposits amounted to 11,531 million dinars at the end of July, compared with 11,032 millions at the end of December, 1937. Car loadings for the first six months were 875,000, compared with 751,000 a year ago, and employment reached a new high level in May, when 742,144 insured workers were occupied, against 692,973 a year ago.

Heavy industries, mining and public works are making specially marked progress, although there has been some setback in the timber industry as a result of Germany's purchases from Austria since the *Anschluss,* and also in the textile industries, which had previously expanded particularly rapidly. Indeed, textiles now occupy the chief place among Jugoslav industries, with 60,200 employees at the end of 1937, out of a total of 425,000 industrial workers, or 680,000 insured workers altogether. The timber industry is second with 51,600 employees, and is followed by metal and machinery with 45,200, food and drink with 38,800, public works with 34,200, clothing with 33,600 and building with 32,600.

There have been several important developments in industry recently, which should help to combat a recession. One is the formation at Sarajevo of a new company, the Jugoslav Steel Company, Limited, with a capital of 600 million dinars, which is an amalgamation of four existing State enterprises—the Zenice iron works, the Breza coal mines, and the iron mines and foundries at Varesh and Ljubija. The new enterprise is thus a vertical combine capable of carrying out the entire metallurgical process.

The second is the putting into operation of an enlarged copper refinery at the Bor mines in Eastern Serbia, by which the capacity for electrolysing copper will be increased from 12,000 to 20,000 tons annually, and the Bor mines will be enabled to yield 2,000 kgs. of gold annually. The third is the merging of the four existing British mining concessions (Trepca, Novo Brdo, Zletovo and Kopaonik) into one concern, with the addition of fresh capital, to bring the total up to £2,570,000.

Japan

The Impact of War

TOKYO, July 11.—The Sino-Japanese war has now entered its second year. Comparisons of the following statistical data, at the outbreak of hostilities and twelve months after, provide some evidence to judge the general trend of economic developments under war-time conditions:—

	June, 1937	June, 1938
	(In thousand yen)	
National Debt	10,580,301	13,720,582
Bank of Japan's gold reserves (at new value)	1,356,485	801,286
Notes in circulation (monthly average)	1,390,086	1,656,017
Tokyo Clearing Banks:—		
Deposits	3,392,733	4,125,398
Advances	2,627,254	3,387,039
Money and Bill Rates:—	%	%
Day-to-day money	2⅞	2⅜
3 months' fine bills	4⅜	4¼

* Outstanding at the end of June.

Foreign Exchanges ..... yen =	1s. 2d.	28⅜c.	1s. 2d.	28⅜c.
Commodity Prices†:—				
Wholesale	189·3		202·2	
Retail	171·4		196·9	
Security Prices (Tokyo Stock Exchange Index)	160·9		147·2	

† Bank of Japan's index number: July, 1914 ... 100.

There are clear signs of strain, though no evidence of irreparably serious consequences is yet discernible.

Declining Trade

The declining tendency of foreign trade still continues, but the shrinkage is heavier in imports than in exports. In each of the past six months of this year the decrease in imports considerably exceeded that in exports; and the import surplus in the same period amounted to a manageable sum of 193.6 million yen, or less than one-third of that in the January-June period of last year. The comparison of the value of foreign trade in the first six months of this year and last is set out below:—

(000's omitted)

	First Six Months			
	1937	1938	Decrease in 1938	
	Yen	Yen	Yen	%
Imports	2,145,920	1,394,251	751,669	*35·0*
Exports	1,527,776	1,200,620	327,156	*21·4*
Total	**3,673,696**	**2,594,871**	**1,078,825**	**29·3**
Import surplus	*618,144*	*193,631*	*424,513*	*68·7*

The decline in imports is principally accounted for by raw materials; raw cotton and raw wool are between them responsible for over four-fifths of the total decrease. There are also notable decreases in imports of crude rubber and timber.

On the export side, the shrinkage spreads over the whole list, with the possible exception of machinery and timber. Among staple exports cotton piece-goods fell in value by 44.7 million yen and raw silk was down by 34.8 million yen.

Government Control

The list of controlled commodities is rapidly lengthening. The consumption of pulp, paper, flax and hemp, leather, timber, tannin, industrial salt, coal-tar by-products, soda, kali, phosphorite, and asbestos has been newly regulated. Maximum prices have been fixed for a wide range of textile goods, light chemicals, and rubber manufactures. The use of raw cotton has been further restricted; the production of cotton goods for domestic consumption has been absolutely prohibited, and unmixed staple fibre tissue will be manufactured as a substitute. The daily ration of petrol has been reduced since July 1st from 2 gallons to 1½ gallons for private cars.

According to the vital statistics recently published by the Bureau of Statistics, the growth of the Japanese population last year was close on the one million mark, after falling far short of that figure in the preceding year. The natural increase in 1937 was 972,510, or 13.67 per 1,000 of the population: the number of births was 2,180,589 (30.65 per 1,000) and of deaths 1,208,079 (16.98 per 1,000). In 1936 the natural increase was 871,523 (12.40 per 1,000), and the birth-rate and death-rates 29.92 and 17.51 per 1,000 respectively. The increase in 1937 is thus accounted for both by a higher birth-rate and a lower death-rate.

South Africa

Sharp Set-back in Exports

JOHANNESBURG, August 6.—External trade statistics for the first half of the year show that the world depression has caused what the Department of Commerce and Industries calls "a sharp set-back to the South African export trade, which, unless the present tendencies are reversed, will lose practically all the headway made last year."

Exports of South African commodities, other than gold and specie, amounted to £14.9 millions for the six months, which is £5.6 millions less than last year, and only £0.7 millions more than in 1936. For individual commodities we have the figures in the following table.

HALF-YEAR'S EXPORTS
(£'000)

	1937	1938
Wool	8,707	4,884
Diamonds	1,917	1,030
Fruit	1,773	2,122
Hides and skins	1,210	649
Wattlebark and extract	606	400

Gold exports show a slight decline, which is of a purely fortuitous character, since both production and price have been maintained. The export surplus is £2.9 millions lower than a year ago.

Record Gold Production

The gold-mining industry has set up more new records. The peak figures for production were reached in May with an output of 1,019,251 fine ounces of gold, valued at £6,919,136, but the June price was 1s. higher at £7 0s. 6d. per fine ounce, so that the aggregate value reached £6,939,101 despite a slight fall in production (1,018,712 fine ounces). For the first six months of the year the comparison with the corresponding period of 1937 may be set out as follows:

TRANSVAAL GOLD PRODUCTION

	January to June	
	1937	1938
	£	£
Tons of ore milled	25,269,150	26,163,650
Yield (fine ounces)	5,816,397	5,951,379
Revenue	40,018,674	40,368,506
Working costs	24,088,601	25,070,364
Working profit	15,930,073	15,298,142
Dividends declared	8,482,878	8,330,805

Satisfactory as the Transvaal's gold-mining operations have been in the first half of the year, there is every reason to anticipate that for the second six months the results will be even more impressive. Three new large-scale mines will then be producing, though their full capacity will only be reached next year. Two of these properties are already in operation—Van Dyk Proprietary Mines (of the Union Corporation Group) and the South African Land and Exploration Company—more familiarly known as "Sallies" (of the Anglo-American Corporation Group). The third—Grootvlei Proprietary Mines—will reach the production stage within a few weeks.

Less Favourable Treasury Position

National revenue has recently taken a turn for the better, after several months in which Customs and Excise collections had made a disappointing showing. For the four months of the Union's financial year, from March to July, the revenue at £9,835,130 is nearly £600,000 below the figure for the corresponding period of 1937. On the other hand, Government expenditure maintains its upward tendency, the July disbursements at £4,189,952 being £357,800 in excess of the expenditure for the same month in 1937; an increase of £113,000 in funds for the assistance of farmers partly accounts for the difference.

Estimates of Government expenditure for the year 1938-39, just presented to Parliament, amount to £42,845,988, an increase over the estimates for the previous financial year of £2,797,851. These figures exclude Railways and Harbours expenditure, for which the estimate is £39,092,909; this is £369,812 more than in 1937-38, though on Railways account the estimate is nearly £3,000,000 higher.

Eire

After the Agreement

DUBLIN, August 19.—The good effects of the Anglo-Irish Agreement have already begun to appear in Irish official statistics. Exports of all classes of agricultural products have increased, while prices have also shown an upward tendency. Moreover, bounties are no longer paid on exports, and the financial situation is thereby greatly eased. The effect of the Agreement on imports will not appear so rapidly, because no duties will be reduced until the Prices Commission have made a full investigation into all the relevant circumstances. It is impossible to foretell the extent to which duties will be lowered as a result of these investigations, but, if the experience of the Ottawa clause in the Dominions is any guide, it would be a mistake to expect any substantial reductions.

There is a danger that the improvement in the economic situation caused by the Agreement may breed a feeling of false complacency. In particular, it has become the fashion

in certain quarters to say that the warnings of the Banking Commission have lost their force and become out of date. While it is true that both the balance of payments and the Budget will benefit as a result of the Agreement, it is equally true that the greater part of the Commission's criticisms of recent public policy are quite unaffected. The recommendations about deadweight debt, land settlement, housing and the indebtedness of local authorities remain completely valid. Moreover, the difficulties in regard to the balance of payments are the result of factors in no way connected with the Anglo-Irish dispute.

These difficulties can all be summed up as unduly high costs. Recent figures of the building and baking trades demonstrate that in Dublin wages are higher and output per man lower than in England. Many capital goods are dear because of the prevailing protective policy, and municipal rates are very high. The agricultural producer is also faced with rising costs owing to protectionism and the fixing of minimum wages which many of the poorer farmers cannot afford to pay. The railways are in a deplorable condition and are dismissing numerous workers. Even the banks have been heard to complain that the fall in their profits is partly the result of a rise in operating costs. These problems are in no way solved by the Agreement. Nor are the problems arising out of the desirable but expensive housing programme which seems destined to involve the country in an annual increase of debt and taxation for many years.

Progress in Electricity

It is pleasant to be able to point to one publicly operated and controlled enterprise that is paying its way and at the same time serving the consumer at a reasonable price. The report of the Electricity Supply Board for 1937 shows that income exceeded expenditure by £410,952, while the average price per unit of current was reduced from 1.74d. to 1.69d. The number of units sold during the year increased by 25 millions and the number of consumers by 14,747. The Shannon scheme is an example of the development of the country's natural resources by the most efficient methods possible, and is in striking contrast to certain other industrial developments which rely on imports for many raw materials or else deflect agriculture into subsidised and less profitable directions. The correct policy for the future is to investigate the possibilities of further developments based on the natural resources of the country. The full utilisation of grass and peat are two problems on which money spent on research would be amply repaid.

The preliminary agricultural statistics for mid-1938 show that the acreage under corn crops and hay has decreased. The decline of 16,000 acres in the case of barley reflects the gradual removal of Guinness's business to England. Pigs, sheep, cattle and poultry have all increased in numbers, but the number of milch cows and heifers has slightly declined.

Letters to the Editor

Can Italy Feed Herself?

TO THE EDITOR OF THE ECONOMIST

SIR,—I should like to correct certain statements in the article "Can Italy Feed Herself?" which appeared in *The Economist* of June 18.

(1) The writer states that "now everybody knows that the *battaglia del grano* must be renewed again, and more vigorously." Absurd. The *battaglia has never ceased*—it is a continuous and systematic policy of cultivators and experts. Despite seasonal adversities, this year's harvest will be at least 70 million quintals (not 60 millions, as was stated). Improved methods have also raised the milling quality of the wheat so effectively that the addition of 10 per cent. of corn meal will enable Italy to meet all her needs until the next harvest, and the bread will be of a better quality than recently produced for a few months, containing as it did 20 per cent. (not 30 per cent.) of meal. Thus, as regards bread, Italy can already feed herself, even in a bad year.

(2) The writer also states, on better authority, that until the average annual production can be stabilised at about 85 million quintals, Italy must remain to some extent dependent on imported wheat, but he adds that such an output could only be attained by diverting land from other uses. He does not seem to know that *bonifica integrale* is both creating new land and raising the productivity of areas already in use. The reclaimed and improved land is mainly used for cereals and other crops, the output of which could, according to the article, only be expanded by invading land already in other use. It is true that some hill land has been devoted to wheat in a manner that might appear "uneconomic"; but here there is a social advantage in the increased security of peasants, who are guaranteed a remunerative price for this product of their mixed farming. This may be only a temporary advantage, because other crops and livestock are being brought under similar schemes.

(3) The increase in general production secured through the *bonifica* is undeniable—there are plenty of statistics to prove it—but the writer says that "since 1935 expenditure on *bonifica* has virtually ceased." This is a gross misstatement. In the years 1935, 1936 and 1937 expenditure was not only considerable, as before, but 100 million lire was added to the vote; and in September 1937 a further fund of 3,000 million lire was voted, while 686 million lire were still available from the previous vote.

(4) The writer must again have been drawing on his imagination when he stated that "Italy must have another 50 million olives, and it is suggested that half a million be planted each year," thus arriving at self-sufficiency "in a century," while "most of the new olives must be put down on land now occupied by other, but indispensable, crops." Actually, the olive policy is mainly concerned with improved methods of cultivation and extraction of the oil, which have already given satisfactory results, the yield in the Province of Leghorn, for example, rising by more than 50 per cent. This is to be supplemented by a programme of grafting and replacement of inferior trees, and a limited amount of new planting in proportion to the growth of population. For the full required quota of olive oil, production has only to be raised by a third, which can certainly be accomplished without planting trees by the million.

(5) The writer is also wrong in ridiculing the notion that sheep can be added to the intensively cultivated farms of Central Italy. This is being done extensively and without impinging upon other activities. Livestock, in fact, is the crux of the agricultural problem. Better production was partly limited by technical factors, but mainly by the economic insecurity of the producer caused by fluctuating world prices. A representative, non-profit-making board has recently been authorised to undertake the purchase and distribution of all imported livestock, for the purpose of stabilising domestic prices and improving quality.

(6) It is absurd to write gloomily about the "sacrifices" imposed by guaranteed prices and by the policy of insulating Italian agriculture from these shocks of a disorderly world. Guaranteed prices benefit the consumer as well as the producer, both by assuring steadiness of production and by giving the peasants a higher and more stable purchasing-power, which makes them better customers for industry, thus increasing and stabilising employment. And it should be noted that in Italy the consumer is protected by control of rents, retail prices and the charges of public utilities.

In conclusion, may I point out that for an agricultural country like Italy, a policy of autarky for the main industry is essential. Foreign purchasing power must be freed to buy the raw materials not available at home but essential to the life of any civilised community. It may seem paradoxical, but maximum self-sufficiency is thus the one sure policy which will enable Italy to take a more orderly and active part in international trade.

ODON POR.

Rome, July 24, 1938.

The author of the article writes: —

(1) It is true that the *battaglia* has never ceased. But victory has been declared so long and loud that the layman does not know this. The estimate of 60 millions was on weather reports, and at the time it was made was not a misstatement. Signor Por will be in a minority of one if he thinks that Italy can avoid wheat imports this year; for it is difficult to see how 77 million quintals (i.e. with the adulteration) can cover a demand expertly estimated at about 85 million quintals. If it is intended to supplement the harvest from stores of grain already in reserve, then imports will still be necessary in order to re-fill the silos.

(2) Land reclamation cannot "create" land, however desirable that would be. It is doubtful if the "social advantage" accruing to upland peasants balances their loss of livestock, since it was usually their custom, formerly, to grow sufficient wheat for their own subsistence.

(3) The money voted for reclamation in 1936 and 1937 had not been forgotten. But it appears that until spring, 1938, very little of this money was spent—in any case a very small proportion of what was spent in the halcyon years of 1928-34. There is, after all, a difference between voting lire and spending them. It would be interesting to know why it was that in September, 1937, "686 million lire were still available from the previous vote."

(4) The story of the 50 million olives is official. See a symposium "Agricoltura e Autarchia Economica," published by the official *Confederazione Fascista dei Lavoratori dell'Agricoltura*, pp. 234-7.

(5) The livestock board was appointed since the publication of the original article. Scepticism is permissible in view of the long record of failure which has met recent efforts to improve and increase Italian livestock.

(6) With all respect to Signor Por, the sacrifices are real. What do the factory workers of the North think of the wheat tariff? Macaroni and other farinaceous foodstuffs have just been subjected to a rise in prices due, it is explained, to the rising cost of grain. As the Rome correspondent of *The Times* reported on July 11th last:

> "The general rise in the cost of living has been noticeable in every household of late, and, as the housewives know to their cost, it is often impossible to obtain food except at prices considerably above the figures officially quoted as maxima."

So much for consumer-protection! Sacrifices are no less unpleasant for being called "price stabilisations."—ED. *Economist.*

A New Venture in Advertising

TO THE EDITOR OF THE ECONOMIST

SIR,—The social effects of advertising were exhaustively discussed about a month ago at the Glasgow meeting of the Fourth International Advertising Convention. Lord Horder has recently drawn timely attention in the House of Lords to the advertising of "quack" medicines. It may be of interest to call attention to one of the most revolutionary methods of advertising we have encountered. Not surprisingly it originates in the United States.

No unbiased student of economics can fail to realise the important influence exercised by American methods of research in the development of economic psychology in theory as well as in all spheres of daily life. The fact that we characterise modern achievements in advertising and propaganda as "American" seems to confirm this view.

The advertisement of one of America's leading distillers, appearing currently in various magazines and newspapers, runs as follows: —

> . . . . We do not want to sell whisky to anyone who buys it as a sacrifice of the necessities of life. Whisky is a luxury and should be treated as such. Fine whisky can play a pleasing part in the scheme of gracious living . . . . but only when taken in moderation and only after the bills are paid . . . . This statement may seem contrary to our self-interest. Actually it is not . . . . In the long run, we believe, it is a good business for us to say, "pay your bills first. . . ."

There will, of course, be much argument among the experts about whether the method adopted by this firm is likely to prove successful in increasing the consumption of their products. But, from a far-sighted point of view, the slogan "Pay your bills first" might serve the useful purpose of preventing the killing of the goose which lays the golden eggs, viz., the fleecing of the consumer who nowadays does not buy high-price branded goods solely to satisfy a real need. At least as far as housewives—the picked troops of the consumers' army—are concerned, this assumption apparently holds good.

A particularly interesting consumer's research investigation, conducted by the Marketing Department of the National Institute of Industrial Psychology, and the previous experience of this Institute, lead to the conclusion that

> the house-wife of to-day, in all classes, distinguishes no longer between luxuries and necessities, and is principally concerned with satisfying desires . . . . Each family comes to possess those articles which advertising makes them feel unhappy if they do not acquire.

Obviously, advertisers have come to a cross-road. On the one side, there is hardly a presidential address delivered at the advertisers' annual meetings that omits an emphatic hint that it is essential for the eventual success of each advertisement for it to be considered absolutely trustworthy and honest. On the other, Mr. J. Donald Adams, Editor of the *New York Times* Book Review, has stated that

> We observe a steadily mounting dishonesty in advertising copy that claims qualities for a product which even the chicken-brained must sometimes realise have not the slightest basis in fact.

These differences of opinion about the methods of advertising are only another illustration of the great change which is taking place in the economic structure all the world over. This question of advertising, and kindred consumers' problems, may open new fields of economic and social research, particularly for institutions which, like the National Institute of Economic and Social Research and Nuffield College, aim at combining the results of economic science with the economic demands of daily life.

Yours faithfully,
LEON ZEITLIN.

London, N.W.6.

POINTS FROM LETTERS

Coal at Sea.—The report of the Committee appointed to examine the possibility in the national interest of obtaining an increased use of coal for bunkering purposes attempts to impose arbitrary horse-power limits "in the range from 1,500 to 8,000 s.h.p." on the use of coal at sea. Reporting, as these limits practically do, that ships already burning coal should continue to burn coal is not helpful towards obtaining an increased use of coal. With modern methods there is no limit, high or low, of horse-power for a coal-burning ship. The Committee states that: "The price of bunker coal is the crux of the economic problem." It is not. The crux is the relative prices of coal and oil.—*G. Bowles, Secretary, British Coal Campaign.*

Banking and Trade Recession.—Cheap and abundant money and a banking system willing to follow the lead of the Government can certainly not by themselves put an end to the tragedy of depression. The disinclination of individuals to buy is a factor of vital importance. So far this factor is not under any form of control, and present monetary policy is therefore inadequate.—*Oskar Liebeck, London, N.W.3.*

PUBLISHED TO-DAY

HUNGER AND WORK

statistical studies

J. KUCZYNSKI

10,000,000 WORKERS BELOW THE POVERTY LINE: this is the conclusion to which the author comes as a result of his careful analysis, based on official figures, with the help of the Trade Unions concerned, of the condition of the industrial working class in this country. The standard he takes is the well-known Rowntree minimum, and with respect to this he analyses the basic industries of the country.

He only deals with the worker in industrial employment and ignores the very large number of people in this country who exist on various forms of relief on even lower scale. But this conclusion is sufficiently startling, especially at a time when the rise in the cost of living and the threatened economic depression is drawing people's attention to such matters.

LAWRENCE & WISHART LW 2 Parton St., London, WC 1

Books and Publications

Imperial Bankers

THE present decade is witnessing the centenaries of some of the famous Empire banks as well as those of the great British institutions, and it is meet that the opportunity should be taken of publishing a record* of colonial banking. Barclays Bank (Dominion, Colonial and Overseas) is itself of only post-war foundation, but its three major constituents, the Colonial Bank, the Anglo-Egyptian Bank, and the National Bank of South Africa, all have long and honourable histories. From these much can be learned, not only of the peculiar needs and difficulties of banking throughout a large part of the Empire, but also of the many economic vicissitudes of the scattered territories themselves.

The Colonial Bank received its charter in 1836. Originally it was a West Indian Bank, although later it extended its activities across the Atlantic to British West Africa. Its history is an enthralling story of doubloons and pieces of eight, of volcanoes and earthquakes, intermingled with more mundane controversies over the bank's right to issue notes. There are graphic descriptions of the Mount Pelée eruption of 1902 and the Kingston earthquake of 1907, when great gallantry was displayed by the bank's staff.

The history of the Anglo-Egyptian Bank, from its incorporation in 1864, was even more eventful. The bombardment of Alexandria, the finances of the old Khedival Government, Egypt's part in the Great War, and the extension of the bank's activities to Palestine, all find their place in this history.

Nor does the National Bank of South Africa lag behind in interest. Itself a merger of several banks, it lived through the South African War of 1899-1902, when it had to tread a perilous path between the contending forces—a path fraught with danger not to its personnel but to its specie. It saw the growth of the South African gold-mining industry, and the union in 1910 of the four South African Provinces. The economic benefits of the Union are brought out very clearly in this history.

In 1926 came the formation of Barclays Bank (Dominion, Colonial and Overseas). It was due to the vision of the late Mr Goodenough, chairman for seventeen years of Barclays Bank. It was a bold project, to link together banking interests spread over a large part of the Empire and serving the most diverse activities. Yet, though the history does not entirely make it clear, in this diversity lies the bank's strength.

A bank serving one territory and one crop is always at the mercy of that crop; and banking in primary producing countries is subject to wide seasonal influences. After the harvesting and marketing of the crop a bank may be swamped with deposits, while during the crop-growing season it is pressed to lend up to the limit of its resources. But a bank which operates in such widely separated territories, raising such different crops and enjoying such a variety of climatic conditions, may safely reckon that it will never have to lend up to the hilt everywhere at once.

Barclays Bank (Dominion, Colonial and Overseas) has justified itself not only in the history of its constituents, but also in its own briefer record. It has weathered the Great Depression and the peculiar vicissitudes of all the countries it serves. It has seen the Empire drawn closer together and acquire a loose but common monetary system based on the pound sterling. It has witnessed and has also approved of the Ottawa Agreements.

But the bank is not only celebrating its past history. A bank operating in Jamaica, Trinidad and Palestine cannot forget that fresh pages of its history are being written to-day. Fortunate, therefore, is it in its staff, of many nationalities and speaking many languages, but all able to serve the bank well in their various ways.

* A Banking Centenary. Barclays Bank (Dominion, Colonial, and Overseas) 1836 - 1936. Published for private circulation. A limited number of copies are available at the Bank's Head Office, 54 Lombard Street, E.C. 3, at a price of 7s. 6d.

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Shorter Notice

"Le Problème du Contrôle des Changes en France." By Robert Verret. Librairie du Recueil Sirey. 180 pages. Frs. 40.

The fresh deterioration since mid-summer in the French financial position and M. Daladier's broadcast of August 20th, in which he urged the need of increased production and a sound currency, certainly impart fresh importance to the question of exchange control in France. Prophecies have, in fact, for some time been freely made, both in France and elsewhere, that the country, whether or not she desires it, is being pushed by the pressure of events in that direction. It is therefore of importance to learn what exchange control would mean to France, and so M. Verret's discussion of the question is extremely timely. M. Verret recognises the grave consequences of exchange control to a country with a Colonial Empire. He admits the French dislike for any form of control, and realises that France would thereby find herself aligned, in the economic sense, with the totalitarian States. Exchange control for France would also mean the torpedoing of the Tripartite Agreement and a further blow to M. van Zeeland's hopes. Nevertheless, France is rapidly becoming faced with the choice between the system of free exchange, in force to-day and firmly advocated by M. Daladier, and a system of exchange control. M. Verret has no illusions about the latter. There is no half-way house, no possibility of "contrôle souple" in place of "contrôle rigoureux et stricte." The latter would come to govern France—not only in the external field of exchange transactions but over the whole of her external economy. The results to French foreign trade would be serious, and in M. Verret's view there would be a slight increase in the cost of living. On the other hand, he holds that control could be applied in such a way as to stimulate production, and it is common ground that this is France's fundamental problem. Whether M. Verret is right both in his foreshadowing of exchange control and in his estimation of the likely consequences, time alone can show. But at least he has written a stimulating book upon a subject, which, though mournful in itself, badly needed discussing.

THE BUSINESS WORLD

Coal and the Investor

FOR most of the post-war period coal mining shares have been unpopular with investors. In the early and middle 'twenties wage disputes and strikes drew continuous attention to the industry's problems, and the relative calm of the late 'twenties was too short to restore confidence before the great depression began to cast its shadow. When coal shares really began to win favour, from about 1935, many investors hoped that the industry had overcome its troubles. Yields of between 7 per cent. and 9 per cent., which can now be obtained on representative coal shares, are not necessarily inconsistent with that view. But the results of Houghton Main Colliery and the reduced Hilton Main dividend, published this week, show that the industry is less profitable in present conditions of trade recession than a year ago. The question which the investor must decide is whether coal shares now face a spell of temporary recession or whether they may revert to their old condition of relative unpopularity.

Very broadly, the commercial history of the coal trade since the war can be divided into two phases, and a third phase appears to be developing now. The first period was one of downward adjustment after the war-time inflation. Prices were too high in the immediate post-war years, and so far as costs were lowered, either through increased efficiency or reduced wage rates, the consumer obtained the benefit. From 19s. 9½d. in 1923, the average price of coal fell steeply to 13s. 3d. in 1928, and profits amounting to 2s. 2d. per ton in 1923 were replaced by losses of 11d. per ton in 1928. A second phase followed, in which a "natural" stability at these new low prices was later reinforced by the Act of 1930, which deliberately set out to achieve stabilisation through district output quotas. In this second period, efficiency steadily improved—for example, the proportion of coal output cut by machines rose from 26 per cent. in 1928 to 55 per cent. in 1936; of coal mechanically conveyed underground, from 12 per cent. to 48 per cent.; and of coal cleaned before sale, from 25 per cent. to 43 per cent. But the effects of rising efficiency on costs were at first obscured by the over-riding influence of the depression. The satisfactory profits which began to emerge as the depression lifted took the investor rather by surprise, and coal shares came suddenly into better favour.

It seems probable, however, that in 1936 a third phase commenced, whose effects in turn were at first obscured by the over-riding influences of prosperity. In that year the miners made good their claim to higher wages, and thus set a limit to a series of cost reductions which had been in progress for many years. Ten years before, the industry had been compelled to yield, for the benefit of consumers, the fruits of any economies which it could achieve; now it was being compelled to hand them to the wage-earner. Advancing prosperity provided an easy and immediate solution of the problem in the form of a general increase of coal prices. Subsequently, pressure of demand drove prices far higher than was needed to cover higher wage rates alone. Coal mining profits in 1936 and 1937, therefore, jumped to levels unknown for years. But those were near-boom conditions. In the long run, it is possible that the check to cost reductions which occurred in 1936 may prove more significant than the jump in prices which, for a time, has yielded such good profits.

Recent movements both in costs and prices have been very substantial, and the delaying effect of long supply contracts has projected their rise well into the current year, although more sensitive commodity prices collapsed early in 1937. We show in the following table average production costs, proceeds, and profits per ton annually from 1932 to 1937, and for the first quarter of 1938 (the latest figures available) compared with the corresponding period of 1937:—

	Per Ton disposable commercially Production Costs	Proceeds	Profits
	s. d.	s. d.	s. d.
1932	13 8	13 10	0 2
1933	13 3½	13 6½	0 2½
1934	12 11½	13 4½	0 5
1935	12 11½	13 6	0 6½
1936	13 8	14 7½	0 11½
1937	14 7½	15 10½	1 2½
1st Quarter 1937	*13 9*	*15 6½*	*1 9½*
1st Quarter 1938	*15 5*	*17 4½*	*1 11½*

Though later figures are not yet available, the probability that current deliveries of coal are still being made at prices higher, on the average, than those of mid-1937 is suggested by the July, 1938, average export price of 21s. 3d. per ton, against the July, 1937, average of 19s. As recently as April, indeed, the chairman of Cortonwood Collieries declared that his company was then only running off its old lower-priced contracts, and obtaining the benefit of higher prices.

For the time being, therefore, profits are not suffering in extreme degree from the recession. Output has fallen off somewhat, but selling prices are higher, and even a sharp jump in costs did not prevent a material rise in profits in the first quarter of 1938. Investors, therefore, may reasonably expect fairly satisfactory colliery profits in coming months, despite the evident deterioration in trade conditions reported by the industry for some time past. They should realise, however, that this paradox is due to the operation of a time lag, and not to the enjoyment of any permanent immunity from lower prices on the part of the industry.

We have emphasised that the dominant factor in the industry's present position is to be found in rising costs, which are likely to prove more durable than rising prices—at least, on their recent scale. Of the industry's net costs of 15s. 5d. per ton, for the first quarter of this year, management, royalty, and sundry costs, which are relatively small, show little rise from the levels established in past years. Inevitably, the largest cost factor in coal production is wages, and wages have contributed most to the higher cost level. Compared with approximately 8s. 6d. per ton in the first quarters of 1934 and 1935, before wage rates were increased, wage costs in the first quarter of 1938 amounted to 10s. 2¾d. Undoubtedly, part of this increase is due to the lower efficiency of "marginal" mines and workers, which have been brought in to deal with peak demand. The same factor is reflected in the reduction of output per manshift worked in the first quarter of 1938 to 23.40 cwt., against 23.95 cwt. in the first quarter of 1936. With a reduced total output, some reduction in average wage costs can be expected with certainty. Savings will also be realised

on the costs of stores and timber, which rose from about 1s. 6d. per ton in 1935 to 2s. 3d. for the first quarter of 1938. Indeed, pit wood prices are already falling. But, though reduced pressure of demand should provide some savings in costs, the important points for the investor are first, that miners' wage rates have (with the general approval of the country) been advanced on the average by an amount equivalent to 1s. per ton, and, secondly, that the decline in efficiency due to the re-introduction of "marginal" labour and workings began to show itself clearly in 1937, when the output of commercially disposable coal amounted to only 217,037,110 tons, compared with 222,500,000 tons in 1930 and 239,300,000 tons in 1929. The industry's productive capacity would seem to have shrunk considerably during the past decade, to the accompaniment of a steady drift of labour away from coal mining. Consequently, costs begin to rise rather steeply when output exceeds a point which ten years ago would have seemed only moderately high. This cost factor could be corrected either by training new personnel or by increased mechanisation, but neither correction can be quickly applied. In present conditions, last year's rate of output seems to have represented the maximum which could now be achieved at any reasonable price. To supply home demand on the 1936 or 1937 level, together with exports on the 1929 level, would evidently involve serious—perhaps unsupportable—technical strain.

At any high level of activity, therefore, costs are now considerably increased, and even a moderate rate of output involves some increase arising from higher wage rates. Yet it is evident that a considerable downward pressure on prices may soon develop not only in the export trade but in the home trade too. Despite the high proportion of output which is still being delivered against old contracts there have already been substantial reductions in the price of many classes of coal for new business; and there is no ground for supposing that average prices will not fall further. When lower prices become effective, the effects of increased costs, hitherto masked, will begin to appear. Investors would accordingly be wise if they budgeted for the possibility of difficult profit-earning conditions developing next year and perhaps continuing for a period.

It does not follow that the British coal industry is necessarily condemned to another long phase of low profits, or coal-mining shares to a prolonged period of malaise. Recent price movements in the British coal trade, remarkable though they have been, differ very little from those of our chief competitors. This fact is evident from the following table of average export prices per ton for coal from this country, Germany and Poland:—

	U.K.	Germany	Poland
	s. d.	Rm.	Zl.
1936 year	17 0	9·4	15·5
1937 year	18 8	11·1	16·8
1937 January–July	18 1	10·3*	16·0*
1938 January–July	21 0	12·5*	18·8*

* January–June.

The rise between 1936 and the first part of 1938 is about 23½ per cent. for this country, 33 per cent. for Germany and 21 per cent. for Poland. German reichsmark prices may not be an accurate guide to true export values in terms of free currencies, but the figures do not substantiate alarmist reports of dumping on the part of Germany and Poland. If a cut in export prices has to be faced, all principal exporters will share the burden. Continental reports even suggest that such a prospect may bring some form of international coal export agreement considerably nearer than hitherto.

Nor need the difficulties of home business be long-enduring if the industry faces its problems in a spirit of broadminded determination. Manifestly, increased costs make the need for amalgamation yet more urgent. Output should be concentrated at the more efficient pits instead of being spread, by the present quota system, over as wide an area of the industry as possible. Neither the emasculated new Act nor the apparent mood of the coal owners provides much hope that amalgamation will be accepted with good grace. But the fact that some degree of compulsion is now possible, though it is still encumbered by obstacles, together with the difficulties which are to be anticipated from increased costs, suggests that some progress towards amalgamation may be achieved over the next five years. But, though five years would not be a long time in the history of a great industry, it is a long period for the investor. When, and if, amalgamations begin to provide evidence of a further increase in the industry's efficiency, coal shares will again have attractions. But for the time being they cannot be described as a progressive investment medium.

France's Oil Supplies

IN every country's defence plans, the safeguarding of oil supplies has come to be an object of the highest importance. The last war was largely fought and won on petrol; but the thirst for oil of the armies of the next war will be vastly greater than either the demand of 1914-18 or the peace-time consumption of the nations to-day. Every nation is therefore looking to its oil supplies. Of the Great Powers, America and Russia can supply their needs from their own production. Great Britain relies on her Navy to keep the sea-routes open. Germany has an eye on the oil of Roumania, but is developing the domestic production of synthetic fuels.

France, like Britain, depends primarily on imports of oil. On her own territory she is as devoid of petroleum as Great Britain. Despite intensive geographical exploration she has only one small producing field, which in 1937 yielded 72,000 metric tons of crude petroleum. Even this insignificant supply might be endangered in time of war, for the wells are situated at Pechelbronn, near the German frontier. The policy of prospecting is to be continued, but clearly little reliance can be placed on its success.

Nor is the outlook any brighter in the French Colonies. Oil sent from these to the mother country enjoys the same exemption from taxes as oil produced at home, but despite this encouragement and a vigorous prospecting campaign, the results to date have been disappointing. The new Moroccan Petroleum Company produces a modest quantity of crude oil in the Djebel-Tselfort region, but that is virtually all.

France does, however, have one important source of supply at least partially under her own control. Under the San Remo Agreement she was granted a one-fourth share in the Mosul concession, and this has been efficiently exploited by the Compagnie Française de Petroles. About a million tons of crude oil are shipped annually from Iraq to refineries at La Mède (near Marseille) and Gonfreville (near Le Havre). As the following table shows, this represents a sixth of France's imports of crude oil, or rather less than a seventh of her total imports of petroleum and its derivatives:—

IMPORTS OF PETROLEUM PRODUCTS
(Metric Tons)

	1935	1936	1937
Crude oil	5,621,612	6,008,739	6,151,728
Petrol (tourisme)	462,033	466,056	530,005
Petrol (other)	108,297	115,395	75,812
Fuel oil	293,641	397,381	627,574
Gas oil	117,816	178,363	215,428
Lubricants	105,443	98,585	88,012
Other products	57,737	46,812	60,187
Total	6,766,579	7,311,331	7,748,746

Apart from Iraq, France's chief sources of crude oil are the United States, Venezuela, Peru and Columbia. She obtains petrol from Roumania and Columbia; lubricants from the U.S.S.R. and Poland; gas oil from the United States, Iran, the U.S.S.R., Roumania and Venezuela; and fuel oil from the U.S.S.R., Iran, Roumania and Venezuela. Like the United Kingdom, France has insured herself against an interruption of communications by obtaining her supplies by way of the Mediterranean as well as across the Atlantic from the New World.

In view of the inadequacy of her domestic oil supplies, France has sought to strengthen her position in a number of different ways. Thus she has ensured that her imports shall be carried mainly in French bottoms, and shall consist predominantly of crude oil, so that at least the refining process shall be carried out in France. Importers are obliged to hold substantial stocks for use in an emergency, and she has vigorously encouraged the development of local substitutes for imported oil. These various policies deserve examination in detail.

The French tanker fleet has grown steadily since a subsidy was granted in 1935, and now has a total capacity of 450,000 gross tons, or more than double the German figure of 190,000 tons. The subsidy costs the Exchequer some 16 million francs (or only about £90,000) a year, and substantial results have thus been achieved at relatively small expense.

The establishment of refineries was advocated by the Supreme Council of National Defence as long ago as 1922. One of the reasons given was that crude oil is less inflammable than petrol, and therefore safer to transport. Another was that it is physically and chemically more stable than its derivatives, and so can be more easily stored. The policy was eventually adopted, and twelve large refineries were erected between 1929 and 1932. These raised the total capacity of French refineries to 7.9 million metric tons per annum, and made France virtually independent of foreign supplies of finished products. The balance of payments has incidentally been relieved of an annual charge amounting to some 700 million francs (say £4 millions).

There has recently been an interesting development in the French policy of storage. Importers had long been compelled to keep stocks amounting to at least 40 per cent. of the country's annual needs, but these had nearly all been held in vulnerable positions near the ports. In February of this year a law was passed to compel the importers to keep at least 15 per cent. of their quota in regions outside the frontier zone, which was defined as the area within twenty kilometres of the seaboard or sixty kilometres of any land frontier except the Pyrenees. The Ministry of National Defence has also recently authorised the construction of a pipe-line from the refineries at Donges, on the coast near St. Nazaire, to Montargis, 60 miles south of Paris. The line will be 280 miles long, will be laid a metre below the surface, and will deliver a million tons of petrol a year. The line is to be completed by 1940, at an estimated cost of 150 million francs, and will discharge into bomb-proof reservoirs.

The most interesting of all these devices to increase the security of the oil supplies in time of war is perhaps the French experience with substitutes for natural oil. France's coal resources are relatively poor, as her reserves have been estimated at 18 milliard tons, compared with 200 for Great Britain and 289 for Germany. In the past she has, therefore, felt little incentive to embark on large-scale schemes for the hydrogenation of coal, quite apart from the question of expense. A small but increasing quantity of aviation petrol of high octane rating has, however, been produced in regions at some distance from the potential war zone. Thus the annual rate of output of the Bethane works was raised from 2,573 tons in 1936 to 4,146 tons in the first half of 1937, and the corresponding figures for the Lieven works were 3,548 tons and 5,440 tons respectively.

This year's defence programme, however, reveals some change in the Government's attitude towards the production of synthetic oil. Three hydrogenation plants, using respectively coal, lignite and crude oil, are to be erected with a combined capacity of 180,000 tons per annum. The capital cost, however, is estimated at £35 per ton, and lack of funds may prevent the proposals from being carried into effect. If so, the loss to the country will be small, for the price is a very high one, and the contribution to national security almost negligible.

The traditional French policy has been to enforce the admixture of a proportion of alcohol in all petrol. Its object has been as much to placate the peasants, who were thus provided with a market for their surplus produce, as to increase national security. This was particularly the case in the depression years, when surpluses of beet and grapes were threatening to cause a collapse of prices. But the policy is proving very expensive now that agricultural products are fetching better prices. In 1936 the Treasury suffered a loss of 1,117 million francs on sales of 312,880 tons of power alcohol distilled from beet, corn and grapes; and even so buyers were only found by compulsion. The compulsory percentage has already been reduced, and a further cut may be necessary; the French admiralty has been granted complete exemption for vehicles operating in the port areas.

Another device has been to compel the owners of ten or more commercial vehicles to run at least 10 per cent. of their fleet on producer gas. There are over 4,000 small vehicles in use, and the champions of producer gas claim that operating costs are only one-third of those of equally large vehicles run on petrol. There may be a great future for this system, but as yet it is only adopted under compulsion, even though it carries with it a considerable remission of taxation.

French policy is, therefore, necessarily and consciously based upon the assumption that the sea-routes, or at least the Atlantic sea-route, will be kept open. The various policies that have been adopted are designed to protect the country only against a temporary or partial interruption of sea-borne supplies. They cannot do more. In this most vital section of the problem of defence the interests of France and Britain are identical, and, in the last resort, they rest entirely on sea-power and on the ability of the two countries to maintain communications across the Atlantic. They are fortunate indeed to have this possibility; for the only alternative open to countries without natural oil deposits is the enormously costly creation and maintenance of plants for synthetic production of oil.

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Finance and Banking

Gold and the Dollar. — With the exception of Tuesday, when a sudden new hoarding demand developed, London gold dealings have been on a smaller scale, while there is also evidence that the New York exchange rate is beginning to respond to arbitrage sales of dollars against gold purchases in London. The authorities have pursued their policy of keeping the gold premium just low enough to permit of arbitrage, thereby providing a measure of support to the pound. Throughout most of the month the London Control has used this indirect means to supplement its direct support to the pound. Fundamentally it makes no difference whether the Exchange Equalisation Account sells gold direct to the American authorities, or indirectly through the London bullion market. As a matter of pure technique the former method has the advantage of permitting more precise control, for the size of the arbitrage demand for gold in London cannot be pre-determined by the British authorities. Psychologically the latter method has something to recommend it, for it creates an apparently natural demand for sterling, of a kind calculated to exercise a steadying influence on the exchange market. Thus the authorities were probably right to pursue both courses simultaneously, especially when faced with such serious pressure on the pound. This week the rate has shown signs of settling down at $4.88, and there are suggestions that an attempt may be made to hold it there. Even at that rate, sterling is probably still overvalued, a fact which makes it more likely that the pound will at least not return to the higher levels current earlier in the year.

* * *

M. Daladier and the Franc.—The French Prime Minister's broadcast address last Sunday, and the subsequent events in Paris, reference to which is made on pages 403 and 408 of this issue of *The Economist*, have had a steadying influence on the foreign exchange market. At the end of last week the franc became firmer in anticipation of his speech, though this improvement may have been due in part to stage-management on the part of the French authorities. On Monday, feeling was inclined to be dubious, and three months' francs were offered up to Frs. 4⅜ discount. Doubts were then felt whether M. Daladier would achieve his proposed modification of the 40-hour week without causing a serious split among his supporters. Latterly a more hopeful view has been taken, and both spot and forward francs have been steadier. Some official support has continued to be needed, but on a much smaller scale than earlier in the month, and by Thursday morning three months' francs had improved to Frs. 3¾ discount. It is probably true to say that the August flight of capital has now for the moment been arrested, but there are no indications of any reversal of the movement. It is impossible to estimate France's net gold losses during the current month, but her unusually large tourist receipts must have greatly mitigated the effects of the recent capital flight. This makes it reasonable to assume that France still retains a good part of the gold recovered by her last May, and so her exchange position *per se* need not yet cause any anxiety. The Treasury position is less reassuring, but the real crux is whether M. Daladier will be able to bring about any improvement in production. Meanwhile, his refusal to contemplate fresh devaluation or exchange control has given satisfaction in the exchange market—tempered with some apprehension lest future events prove too strong for him.

* * *

Money Against Gold.—Since the Bank of England in May last removed the ban on bank loans secured by gold such business has assumed exceptional importance—far greater than the authorities can have envisaged at the time. The extension of bank accommodation against the security of gold has kept pace with the development of the forward market in gold, the ban on which was removed at the same time. The rehoarding demand for gold and the demand for forward gold which have arisen during the past three months have been the joint product of increased international tension and of renewed loss of confidence in the French currency position. The bulk of the gold bought outright has been paid for and deposited in London, and it therefore makes no call on the credit facilities of this market. But against their forward sales of gold, dealers and brokers have covered themselves by running spot positions in gold, and it is in the financing of these that the demand for credit facilities has its origin. The market for loans against gold is in no way stereotyped, as is the market for loans against bills or short bonds. The rates quoted are largely a reflection of the names concerned and of the periods for which the loans are taken. In certain cases forward sales of gold for periods of two and three months are being financed by day-to-day borrowing in the London market. Clearing banks are prepared to lend on such terms against gold at 1 per cent. The principle underlying such finance is questionable, as the intermediary dealers are in fact lending long and borrowing short. They might be seriously caught were an emergency to arise causing the day-to-day rate to increase substantially or, more important, leading to the withdrawal of their loan facilities. Much sounder is the principle followed by the largest operators in the market, who strive to arrive at an exact balancing of their commitments and tend to keep some equilibrium between the incidence of their forward sales and of their loans against gold. This involves borrowing against the metal for fairly extended periods, and it is in such loans that the differentiation between "good" and "not-so-good" borrowers becomes most apparent. The rates quoted for three months' money against gold may vary between limits as wide as 1⅛ and 2¼ per cent. The manner in which the security against such loans is handled also depends very much on the standing of the parties. In certain cases the lending banks may require the metal securing the loan to be deposited with them. In others they will be content with the weight notes and assay certificates.

* * *

For Hoarders Only.—Until comparatively recently, gold hoarding was generally considered to be bad form, if not a sin against the community. Last year's gold scare, however, revealed the difficulties that might arise from an inadequate demand for gold and a fall in its price. One of the consequences has been a subtle change in the attitude towards hoarding, and in the past twelve months a number of steps have been taken both by the authorities of different countries and by private institutions which, whether intentionally or not, have had the effect of facilitating gold hoarding. Some months ago the embargo on lending on the security of gold was removed; even earlier, the embargo on hoarding gold coins was abolished. Central Banks, with the notable exception of the Bank of England, have taken to catering for the requirements of the retail hoarder, by selling out their stocks of gold coins—at an attractive premium. The supplies of coins that are available were not sufficient to cover the demand by small hoarders during the recent gold rush, and the premium on coins against their bullion value rose to 6 per cent. In order to meet the requirements of those who could not afford to hoard standard bars of 400 ounces, the assaying firms have been engaged for some time in producing small bars, against a charge of 6d. per ounce, with a maximum of 8s. per bar. The bars of one kilo are particularly popular among small continental hoarders, but there is also a fair demand for quite small five ounce bars with a value of approximately £35 each. Needless to say, these bars are not good delivery in the market, and are only bought by dealers for the purpose of melting them down into bars of standard size, at the expense of the seller. For many reasons, the small bars are far less convenient than the coins for the small hoarder, and since the premium on coins has declined to 3 per cent. as a result of the lull in the gold rush, the small bars are likely to lose much of their recently-acquired popularity.

* * *

Export of Reichsmark Notes.—It will be remembered that during the post-war inflation vast quantities of mark notes were exported by the German Government, for the purpose of acquiring foreign exchange. Many dealers in the City are beginning to wonder whether the same expedient is now being repeated, although necessarily on a very much reduced scale. During the last few weeks it has frequently been noticed that packets of brand new reichsmark notes came to the London market, with the original Reichsbank wrapper. At the same time, remarkably large quantities of brand-new silver reichsmarks have also made their appearance. It is, of course, possible that the vigilance of the German frontier guards has been evaded on a large scale, and the desire to export capital from Germany has greatly increased in recent months since the renewal of anti-Semitic agitation; but the penalties are severe and the frontier guards are very vigilant. The absorbing capacity of the "black" market for these notes and coins is admittedly narrow, though not too narrow to make it worth while to embark upon the export of the "commodity" against which there are no customs duties or quotas. Part of the notes and silver money is presumably smuggled back to Germany, but a large part remains abroad as the permanent stock-in-trade of the various "black" markets. To that extent, Germany stands to benefit by the traffic, unless, of course, it is conducted by private individuals desirous of transferring their capital abroad. There is no speculative demand abroad for the reichsmark notes, which fail to attract the public even at a discount of 66 per cent. against the free reichsmark exchange rate.

* * *

Argentine Loan Withdrawal.—In *The Economist* of August 6th it was announced that the Argentine Government was raising a loan of $25 millions in New York, the money to be re-lent to the City of Buenos Aires. In that way the Argentine authorities would be supplied with fresh exchange, while Buenos Aires would be able to refund its short-term debt without resort to the local bond market. It is now stated in New York that at the last minute the loan has been withdrawn and will not be issued. No explanation has been given for this unexpected decision, but the loan had aroused some opposition in the Argentine Congress on the ground that the rate of interest was too high, and this may have been the deciding factor. In New York the proposed rate of 4½ per cent. was regarded as reasonable, and it is thought that Argentina would not do better elsewhere. Nor is the Argentine Government expected to make any fresh attempts within the near future.

MONEY MARKET NOTES

Foreign Exchanges

THE New York rate continues to be the subject of a tug-of-war between commercial demands for dollars and a flow of capital to New York, on the one hand, and official support, on the other hand. In consequence the spot rate has hovered either side of $4.88, the rate for Thursday afternoon being $4.88⅛. The market still believes that the rate will not be allowed to fall below $4.87, as such a movement would be regarded as the end of the Tripartite Agreement and would give rise to an immediate exodus from sterling into dollars and gold. Sooner than run this risk, it is thought that the authorities will continue to use their gold reserves to maintain the present rate. The pressure on the franc has diminished this week, but support has still been needed to both the spot and forward rates. Three months' francs, however, are now stronger at Frs. 3⅞ discount. Belgas are also stronger than earlier in the month. Since a week ago the discount on three months' belgas has narrowed from 50 to 30 cents, while, more significantly, the cross-rate with the dollar is now comfortably inside the gold export point. Guilders are steady to firm at Fl. 8.92¼. Early in August the rate was Fl. 8.96¼, but since then the demand for guilders has been such that the Dutch authorities were forced to let the rate down, although they still nominally maintain their link with sterling. Registered marks are weak at 56⅜ per cent. discount, equal to a sterling rate of Rm. 27.68. The holiday demand for travel marks is now at an end, apart from the fact that a lot of this year's tourist traffic was concentrated in France. Also the general demand for registered marks is now lessened by the special arrangements made between Germany and a number of other countries, under which three kinds of marks can be used for travel purposes. On the other side of the account, the liquidation of standstill and similar credits continues.

*

The Bank Return

THE holiday currency is still returning, and this week's drop in the note circulation is £3.9 millions. This has caused an equivalent increase in the Banking Department's Reserve, but, in accordance with the usual practice, this has been neutralised by a fresh reduction of £2.7 millions in Government securities. Thus there has been no enlargement of the credit base as a result of the contraction in the note circulation.

	Aug.25, 1937 £ mill.	Aug. 10, 1938 £ mill.	Aug.17, 1938 £ mill.	Aug.24, 1938 £ mill.
Issue Dept.:				
Gold	326·4	326·4	326·4	326·4
Notes in circulation	488·3	490·0	482·6	478·7
Banking Dept.:				
Reserve	39·6	37·5	45·0	48·9
Public Deps.	25·4	19·3	20·1	24·0
Bankers' Deps.	92·8	106·1	105·7	101·6
Other Deps.	36·0	34·5	34·1	34·1
Govt. Secs.	108·8	109·7	104·6	101·9
Discounts & Advances	4·3	9·2	6·5	6·3
Other Secs.	19·6	21·5	22·0	20·6
Proportion	25·6%	23·4%	28·1%	30·6%

Bankers' deposits, in fact, are £4.1 millions lower than a week ago. The main cause of this is a fresh increase of £3.9 millions in public deposits. Discrepancies between the dates of Treasury bill payments and maturities this week, further gold sales by the Exchange Equalisation Account, and last week's revenue surplus may between them provide the explanation. A small Government dividend payment is due on September 1st, and this may help to bring about some reduction in public deposits. Meanwhile bankers' deposits are a little lower than they were earlier in the summer. On the other hand, they are £8.8 millions higher than a year ago. Whether this is the result of a conscious policy or not is hard to determine, since the Bank's portfolio of securities, discounts and advances is £3.9 millions lower, and the increase in bankers' deposits is presumably due largely to the fall of £9.6 millions in the circulation.

*

The Money Market

IN spite of the week's decrease in bankers' deposits, money has become a little easier. Bond-money is more plentiful. During the earlier part of the week it was readily obtainable at ⅝ per cent., while on Thursday only ½ per cent. was paid in some quarters. It is difficult to explain this easier trend, and the view has been expressed that ¾ per cent. was

	Aug. 26, 1937 %	Aug. 18, 1938 %	Aug. 25, 1938 %
Bank Rate	2	2	2
London Deposit Rate	½	½	½
Short Loan Rates:			
Clearing Banks	½–1*	½–1*	½–1*
Others	½–⅝	¾	½–⅝
Discount Rates:			
Treasury bills	½	½	½
Three months' bank bills	17/32–9/16	17/32	17/32

* Viz. ½ per cent. for loans against Treasury bills and other approved bills and British Government securities within six months of maturity. ¾ per cent. for loans against 1 per cent. Treasury bonds and other gilt-edged stocks within six months of maturity. 1 per cent. for loans against other collateral.

Investment

A Provisional Improvement.—The number of bargains marked in the Stock Exchange list is not the best measure of turnover, but the failure of the total substantially to exceed—and, indeed, occasionally to reach—the 5,000 mark suggests that, if the investor has felt slightly more confident this week, he has not attempted to translate sentiment into business. The Stock Exchange tone is firmer, but the bread-and-butter business of its members is still sub-normal. That the rally, mild though it is, has been widely spread from gilt-edged to home rail stocks (whose falls had been clearly carried too far) and from industrial shares to mining and commodity counters, at least suggests the operation of some general factors. It would, of course, be easy to exaggerate the extent of recovery. Indeed, the *Financial News* index of thirty leading ordinary share prices is only one-third of a point higher than at the end of last week, while the fixed interest index remains slightly lower. For general causes, the investor may point first to the political situation, where the tensions, though scarcely less acute, have found some degree of balance, and secondly to Wall Street. Politically, the situation may be slightly calmer than a week ago, despite the uncompromising situation in Spain and French unrest, but there is no assurance of the basic improvement which the investor so sorely needs. But in Wall Street's apparent determination to carry stock prices within measurable distance of the "highs" established at the beginning of this month, there is evidently ground for hope. Tuesday was the deciding day in New York, for turnover was encouraged by the further advance in steel activity—*Iron Age* estimates operations at 43 per cent. of capacity, compared with 41 per cent. last week—coupled with greater hope for new season business in automobiles and for recovery in building activity. Trading once again broke through the million mark, after several days of sub-normal turnover, and the Dow industrial average jumped 2¾ points to within three points of the August 6th "high." Even on Wednesday, despite the apparent slight reaction recorded in the Dow average, the majority of stocks continued to make slight headway, and rail issues, in the face of the wages problem, retained their gains quite creditably. Wall Street, therefore, has supplied the essential element to maintain London's confidence over another week, and its determination to anticipate autumn recovery has been well maintained against impressive profit-taking. If this determination continues, London should be able to count on further modest support. But it will hardly produce the positive stimulus which the market has obviously lacked in recent weeks.

Break in Home Rails.—The present situation of the railway companies—as their half-yearly statements clearly showed—is one of serious difficulty. But that fact scarcely justifies the almost pathological state into which the market whipped itself early this week. It is, of course, expecting much of any branch of the market to-day to show any effective resistance to continued selling, and on Monday home rail stocks were again the centre of a selling movement which had gathered momentum from the end of the last account. The consequences were inevitable. Great Western ordinary stock, for instance, lost 3¼ points on Monday, and the whole market has only recovered fractionally later this week. But substantial falls are by no means confined to the marginal stocks. In the following table we show the price movements of the leading debenture, guaranteed and preference stocks of the four companies over the last depression, last year and during the present month:—

	1930–35		1937		1938			
	High	Low	High	Low	Aug. 5	Aug. 22	Aug. 23	Aug. 24
Debentures								
L.M.S. 4%	113¾	62	108	99¾	100½	101	100½	100½
L.N.E. 3%	90	46½	84	74	72½	72½	72	72
G.W. 4%	118½	72½	113⅝	102½	106½	106	106	106
S.R. 4%	116⅛	67	112	101¼	105½	105½	105½	105
Guaranteed								
L.M.S. 4%	106½	55¼	104	96	92½	85½	85½	85½
L.N.E. 1st 4%	104	43	103	92	80½	77½	76½	77½
G.W. 5%	136½	83	133¾	116½	118½	108½	106½	106½
S.R. 5%	136½	83	133¾	116¾	122½	113½	109½	109½
Preference								
L.M.S. 1st 4%	87½	24½	92½	77¾	58½	52½	50½	51½
L.N.E. 1st 4%	76	15	79½	63	28½	24½	24½	25½
G.W. 5%	124	47¼	127	108	102·5	97½	94½	94½
S.R. 5%	124	34½	125¾	106	101½	96½	94½	93½

* Ex dividend.

It is evident that the rot has spread well into the guaranteed list. In every case, present quotations are several points below the levels established at the end of the three-week holiday account, when the half-yearly results were known. The substantial traffic losses since the turn of the half-year—the four companies have together suffered a gross loss of £1,418,000 during the past five weeks, compared with a loss of £1,841,000 for the first 26 weeks—are largely responsible for the market's nerves.

* * *

The question, however, is whether the fall has not been carried too far, even in relation to the more pessimistic estimates of earnings for the current year and next. Some guidance on this point may be obtained from the revised estimates of earnings tabulated on page 333 of *The Economist* of August 13th. The following earnings cover calculations, worked out "cumulatively," are based on these estimates:—

"CUMULATIVE" COVER ESTIMATES, 1938

	L.M.S.	L.N.E.	G.W.	S.R.
First debentures	2·6	3·2	4·5	3·5
First guaranteed stocks*	1·7	1·2	1·5	2·6

* Allowing for service of other debenture stocks.

Clearly, the cover for all senior railway securities will be considerably affected by the reduction in net revenues for the current year. But the table suggests that none of the guaranteed stocks should be imperilled. Yields of nearly 4¾ per cent. on these cumulative issues, none of which were uncovered during the depression, suggest a loss of status, which, unless depression has come to stay in the railway industry, should be corrected in due course.

* * *

Radio and Television Shares.—The investor's experience of the radio industry during the past decade is not to be measured by the growth in licensed wireless receivers from 2,629,000 at the end of 1928 to 8,658,000 to-day. Superficially, the radio industry was a depression-resisting trade, for in 1931 and 1932 over 1,850,000 new licences were issued. But, throughout its life, its ability to earn profits has been at the mercy of two major factors: unpredictable technical change, and long-sustained price-cutting. To-day, the industry's prospects are scarcely easier to assess. On the radio side, it has almost completely exploited the home listening demand. Ever since 1934, new licences—and therefore new listeners' purchases—have fallen steadily, without benefit from industrial recovery. The industry is now catering largely for replacement demand and this, in turn, is also affected by two main factors. It is necessary, first, to convince the established listener that his set is obsolete. Simpler tuning devices and improved reproduction are obvious points which the industry (as this week's "Radiolympia" shows) seeks to turn to account. But replacement demand, as the motor industry will confirm, is capable of postponement if necessary. If popular purchasing power is affected by recession, a new wireless set may remain a mere desire, even though the listener's existing receiver is in a technically "obsolete" class—produced, say, four or five years ago. Adopting this basis, the industry might count on a potential replacement of, say, 1¼ million sets during the current season. Whether this turnover is achieved, however, will depend in no small part on the size of weekly wages envelopes during the early winter. And until the industry can offer some guarantee against the recurrence of ruthless price-cutting, such as characterised the earlier part of this year, the prospects of any substantial improvement in the industry's profit record (as shown in the accompanying table) must remain obscure.

RADIO AND TELEVISION COMPANY PROFITS

Company (and date of accounts)	Total profit	Earned for equity: Amount	Earned for equity: Rate	Div.	Equity shares: Price (and denom.)	Equity shares: Yield
	£	£	%	%		%
Elec. & Mus. Indus. (Sept. 30)—						
1935	567,044	321,612	14·3	12½	12s. 9d. (10s.)	7·8
1936	366,498	225,658	10·2	10		
1937	473,413	293,178	13·5	10		
Baird Television—						
15 mths. to Sep. '34	870	*Dr. 50,501*	...	...	1s. 9d. (2s. 6d.)	Nil
21 mths. to June'36	1,659	*Dr. 138,586*	...	...		
Year to June '37	566	*Dr. 111,902*	...	...		
E. K. Cole—						
Year to May '36	207,842	131,577	80·1	40	8s. (5s.)	6·3
10 ms. to Mar. '37	113,527	58,345	41·4	30		
Year to Mar. '38	40,468	*Dr. 11,057*	...	10		
Philco Radio (Dec. 31)—						
1936	102,815	*51,380	68·5	25	1s. 10½d. (2s.)	Nil
1937	*Dr. 110,604*	...	...	...		
Pye, Ltd. (Mar. 31)						
1936	109,398	53,088	232·1	125†	9s. (5s.)	13·9
1937	139,950	90,727	357·9	125†		
1938	119,338	59,092	44·0	25		

* After deducting £20,000 earned before incorporation. † And capital bonus of 10 per cent. in 1935–36 and 400 per cent. in 1936–37.

This year, the possibilities of a new mass market for television receivers are attracting considerable attention. The industry has succeeded in reducing their price within the scope of the lower middle-class purse. Hitherto, this branch of the industry has been condemned, as radio was in its infancy, to limited programmes and expensive apparatus, coupled with the risk of rapid technical obsolescence. On both counts real progress has been made. But in reducing prices to the new levels, manufacturers appear to have forsworn the hope of making substantial returns on their heavy development expenditure. Current prices should cover costs, provided that demand fulfils the industry's expectations. But they do not promise a bumper return for the investor. Radio and television shares, therefore, must remain of interest mainly to the specialist investor, in close touch with the industry. Undoubtedly, the doyen of the industry is Electric and Musical Industries. In addition to the prestige of developing the transmission system now used for television, the company also has the advantage of industrial diversification, extending from gramophone records to bicycles. Until the results are known for the year to September 30th, however, consideration even of these shares may well be deferred.

* * *

British Investments in South America.—The latest of the annual computations of the *South American Journal* provides a rather less melancholy impression of the experience of British capital in South America last year. The total nominal capital invested in Latin-American countries at the end of 1937, computed from the securities quoted on the Stock Exchange, amounted to £1,154,785,293, showing a reduction of £6,220,782 compared with the previous year, and of £66,854,589 compared with 1931. This fall, apparently, is only partially due to redemptions, for the lack of business in certain securities has led to their elimination from the Stock Exchange lists. The average rate of return on the total capital amounted to 2.26 per cent., compared with 1.9 per cent. in 1936. Thus, the slight improvement in interest payments which set in from the end of 1934 has been maintained. But even last year, when the South American Republics achieved a degree of relative prosperity, the British investor was obtaining no more than half the average rate of return recorded in 1929. Again, the total nominal amount of capital which received no interest last year was as high as £496,507,685—equivalent to 42.9 per cent. of the whole, compared with about 20 per cent. in 1929. Contrasted with the experience of the United States, whose active post-war lending policy increased her financial interest in the South American Continent to about £951.6 millions, the British investor may

paid on occasions earlier in the month, only because borrowers could not wait to test the market further. This week's falling-off in the demand for gold may be one explanation, for substantial liquid sterling balances are still held on foreign account in London.

Discount rates remain as weak as ever. The banks are keen buyers of bills of all maturities after the end of this month, but the market is far from anxious to sell. Since the middle of June, tender issues of Treasury bills have fallen from £585 to £553 millions, and so the market is not now well supplied with bills. Confirmation of this is found in the fact that latter allotments have only been at the rate of £35 and £30 millions a week, and the market has also fared badly at the tenders. The Exchange Account's August gold sales foreshadow a further contraction in the tender issue of Treasury bills, and so no stiffening of discount rates can be expected.

The Bullion Market

ALTHOUGH the bullion market remains active, dealings in gold have been quieter this week. The chief buying has been for arbitrage purposes, and except on Tuesday there was little speculative or hoarding demand. The main change from the scramble for gold of the preceding weeks is a contraction in forward business. This has reduced the spot demand in the market, as there have been fewer covering purchases of spot against forward sales of the metal.

Date	Gold: Price per fine oz.	Gold: Prem. or Discount *	Gold: Amt. dealt in †	Silver, price per oz. standard: Cash	Silver, price per oz. standard: Two Mths.
1938	s. d.	d.	£'000	d.	d.
Aug. 19	142 6½	1 pm	1,265	19⅜	19¼
" 20	142 5½	½pm	445	19 5/16	19 3/16
" 22	142 5	½pm	614	19 5/16	19 3/16
" 23	142 6½	½pm	1,441	19 5/16	19 3/16
" 24	142 6	½pm	695	19⅛	19
" 25	142 5½	½pm	990	19¼	19 1/16

* Above or below American shipping price.
† At fixing.
The New York price of silver remained at 43 cents per ounce ·999 fine during the week.

In the silver market, sellers have been more willing to come forward, particularly early in the week. On Wednesday, when there was an entirely unfounded rumour that the Indian Government was about to sell, there was a fair amount of re-selling on Indian account, and prices dropped appreciably. Thursday's recovery was the natural reaction from this movement. There has also been some speculative Continental selling. Wednesday's price was put low enough to suggest the possibility of American arbitrage buying, but little if any has been noticeable, and any American demand has been of a trade character. By Thursday the London price was once more above the American parity. There was a fair turnover this week, but the tone of the market is uncertain.

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consider himself fortunate, both in the circumstances of his original lending, and also in its subsequent fate. Of the British total, some £330 millions represents investment in Federal, State and municipal loans, which received 2.5 per cent. last year, compared with 2.3 per cent. in 1936. Railway stockholders received 1.65 per cent. on their nominal holdings of £493.3 millions of which practically two-thirds obtained no interest. Of the three largest groups, by countries, British interests in Argentina are put at £441,498,000, yielding an overall return of 2.91 per cent., and including 39.9 per cent. which received no interest. Brazilian investments are computed at £264,852,000, and their return at 2.52 per cent. Of this total some 15.4 per cent. received no interest last year. But of Mexico's £178,344,000, no less than 89 per cent. is at present forced to go without any return—an achievement only surpassed by Honduras, which is in complete default on all securities.

* * *

American Industrial Earnings.—American investors enjoy the advantage, as compared with British investors, of obtaining prompt indication of the affairs of the companies in which they are interested. In recent weeks they may have regarded this as a dubious advantage, for the second-quarter earnings statements have shown how serious the falling trend in profits has become. An analysis made in its August review by the National City Bank of New York shows that the net profits of 335 corporations, amounting to $209 millions for the first half of 1938, reveal a drop of 69.3 per cent. compared with the first six months of 1937. A comparable fall, amounting to 71.2 per cent., was shown in the second-quarter earnings of $101 millions reported by 275 manufacturing and merchandising corporations. Some leading examples are given in the following table: —

	Earned per Com. Sh.				Amt. earned for divs. ($ millions)			
	2nd Qr.		Half-year		2nd Qr.		Half-year	
	1937	1938	1937	1938	1937	1938	1937	1938
	$	$	$	$				
Celanese of America	1·03	*Dr.0·12*	2·11	*Dr.0·55*	1·69	0·43	3·44	0·54
Du Pont	2·01	0·69	3·31	1·31	23·82	9·88	39·84	18·94
General Electric	0·51	0·21	0·91	0·46	14·67	6·10	26·29	13·18
General Motors	1·46	0·52	2·44	0·65	65·73	24·79	110·54	33·02
Johns-Manville	1·95	0·10	3·00	*Dr.0·34*	1·79	0·21	2·81	*Dr.0·02*
U.S. Steel	3·43	*Dr.1·30*	5·98	*Dr.2·17*	36·17	*Dr.5·01*	64·74	*Dr.6·30*

Despite the evident difficulty of producing satisfactory earnings, it would be possible to over-emphasise the serious condition of American industrial profits. Producers of consumption goods, as usual, have fared least badly. Both General Foods and National Biscuit actually earned slightly more in the April-June quarter than a year ago. Corn Products approximately maintained its earnings. The improvement in Commonwealth Edison is as much as 4 cents a share for the second quarter. The decline in second-quarter earnings, according to the analysis of the National City Bank of New York, was only 3.7 per cent. greater than that shown by the same companies' first-quarter statements. Meanwhile, it is estimated that the point of positive earnings for the American steel industry may lie between production at 60 per cent. and 65 per cent. of capacity. And the steel industry is still about 20 per cent. (of capacity) below this level.

* * *

Hungarian State Loan.—Bondholders will recall that last September the League Loans Committee issued a memorandum governing the future status of the Hungarian State Loan of 1924. The bonds would in future rank for 4½ per cent. interest (against 7½ per cent.) and a one per cent. sinking fund is due to commence in August 1940. The loan, however, was secured by a general bond, under which the Council of the League of Nations appointed three trustees to receive and administer the service on the loan. Since the new arrangement was reached by the League Loans Committee with the Hungarian authorities, and not by a reconstitution of the general bond, the trustees had no option but to protest against the infraction of the general bond which it involved. A postscript to the affair has appeared this week. The League Loans Committee has announced the proportion of the bonds, in the different *tranches*, which have been presented for enfacement with the new terms of service. These vary from 90 per cent. for Italy, 91.5 per cent. for the United States, and 98.5 per cent. for Great Britain, to full acceptance by Czechoslovakia and Sweden. In consequence, the Hungarian Minister of Finance has requested the re-transfer to the Government of the pengö Treasury bills and other untransferred funds which were deposited with the National Bank from 1932 until July last year, for the account of the trustees. At the same time, the reserve fund for the maintenance of the service has been reconstituted, and a further sum of 7½ million pengö will be applied to purchasing bonds in excess of ordinary amortisation. It is understood that the trustees have communicated their protest against this action to the Hungarian Government, and that it has been found illegal to obtain the release of these sums on a *pro rata* basis.

* * *

Turnover in London and New York.—It is probable that, if more comprehensive figures of Stock Exchange business were regularly compiled in London, the British investor would regard their trend as a significant investment pointer. He might stop short of endowing the figures with the prophetic qualities which chart readers on the other side of the Atlantic ascribe to the course of share dealings on the New York Stock Exchange. But the record would provide a useful secondary indicator of investment tendencies. The movement in the volume of transactions on any setback in American stock prices, at the moment, is being closely watched, and the market expresses satisfaction when intermediate setbacks are accompanied by smaller trading. And in view of the close relations which have lately ruled between prices in Wall Street and London, an attempted comparison between the trend of dealings in the two centres is of some interest. To obtain any indication of turnover in London, it is necessary to make bricks with a minimum of straw. We have computed the monthly totals of markings recorded in the Official List from the beginning of 1936. The limitations of these figures, as a guide to the volume of business, are already well known, and for comparison with the New York record of share dealings they have an additional defect, for no distinction is made between fixed-interest and equity securities. These substantial shortcomings, it may be hoped, may one day be remedied.

* * *

In the following table we have expressed the volume of business in each centre as an index number, based on the average for the first half of 1936: —

INDICES OF TURNOVER JANUARY-JUNE, 1936 = 100

	1936		1937		1938	
	London*	New York†	London*	New York†	London*	New York†
January	102·8	154·7	115·0	135·0	64·6	55·6
February	116·4	140·0	115·0	115·6	69·0	33·4
March	92·5	117·4	106·7	115·8	72·9	52·9
April	78·8	91·2	96·0	79·6	63·1	39·4
May	85·2	47·4	72·4	42·7	65·1	32·2
June	80·8	49·3	73·5	37·8	57·3	56·1
July	90·0	80·0	74·3	47·7	59·8	91·5
August	80·3	58·8	67·5	39·6	...	...
September	94·5	71·0	68·5	77·9	...	...
October	126·7	101·2	77·3	117·1	...	...
November	123·3	116·0	77·3	67·3	...	...
December	89·0	111·8	54·8	65·4	...	...

* Based on bargains marked in S.E. Official List.
† Based on share transactions reported daily.

The spectacular improvement in turnover in New York has raised the index last month to treble the level at which it stood in May. If the markings figures are a reliable

guide, London, at least, has never been reduced to a mere third of the level of business recorded in the first half of 1936, but New York brokers were forced down to this basis during much of the current year. Indeed, the trend of dealings in New York throughout the period is much more febrile than in London. To what extent dealings in fixed-interest securities have contributed to the total volume of business here must remain a matter of guesswork. But their absence would probably have made an appreciable difference to the index.

* * *

Triplex Reduced Profits.—The sharp reduction in the Triplex Safety Glass ordinary dividend from 35 per cent. to 25 per cent. prepared the stockholder for a considerable setback in profits. The stock, indeed, has fallen further after the turbulent dealings which accompanied rumours (wholly unconfirmed in the report) suggesting that contracts had been lost and the company's leading position prejudiced. Trading profits for the year to June 30th have, in the event, been reduced from £250,820 to £167,789—a result which the directors consider satisfactory, since it shows some advance on the 1935-36 profits of £162,541. Mr Graham Cunningham, in his chairman's speech last year, was careful to draw attention to the fact that favourable legislation and booming car sales could not be expected to favour the company year after year. So it has proved. The company's turnover has declined at a time when rising costs were reducing profit margins. The ordinary stockholder, however, has escaped the full measure of last year's reverse, for while total profits, including appreciably increased investment income, have fallen by no less than £73,461, the amount earned for the ordinary stock is only £25,197 less at £112,590, as the following analysis shows: —

	Years ended June 30		
	1936	1937	1938
	£	£	£
Total profits	177,333	262,590	189,129
Depreciation, etc.	30,020	26,001	15,618
Taxation	40,000	75,500	40,000
Fees and employees' fund	14,113	23,302	20,921
Ordinary stock—			
Earned	*93,200*	*137,787*	*112,590*
Paid	91,500	131,250	90,625
Earned %	*61·1*	*36·7*	*31·0*
Paid %	60†	35	25
Profit on sales of investments	1,128	*Dr. 357*	...
Carry forward	6,168	12,343	34,308

† On £200,000 ordinary capital (raised to £500,000 in 1937 by bonus and cash issues).

The ordinary stockholder, in fact, has shared the reduction in profits with the depreciation fund and the taxation collector. To seek justification for reducing the depreciation provision, in a year of lower activity, is scarcely necessary, for land, building and plant, which originally cost £451,878, have already been written down to no more than £177,434. The balance sheet also shows that the large item of £462,945 for investments consists almost entirely of gilt-edged securities. These holdings arose from the ordinary stock issue of February, 1937, and they represent nearly half of the balance sheet total. Thus the company is amply—indeed, lavishly—equipped with liquid assets for its present needs. During the past year, the net cost of shares in associated companies has increased from £44,098 to £95,548, while cash holdings have fallen correspondingly from £125,452 to £67,041. These changes are presumably associated with the rapid growth of H. E. Ashdown (Birmingham). In present circumstances, however, the group may have less need to expand at the rate of recent years. In view of the 25.7 per cent. fall in motor registrations in June, Triplex ordinary stock, at 30s. 3d., yielding £8 5s. per cent., cannot yet be regarded as a recovery holding.

Debenhams' Reduced Profits.—The decline in purchasing power which has followed trade recession is reflected in the preliminary profits statement of Debenhams, Ltd. London store companies whose accounts are made up to January 31st generally maintained their profits last year. The Debenhams' results, however, relate to the year to July 31st, and thus provide a better guide to the recent trend of retail trading profits. The decline in profits compared with a year ago is significant rather than serious, for it amounts to no more than 3½ per cent., and it is in large degree attributable to the setback experienced by the important subsidiary, Harvey Nichols and Company. The latter company's total profits have fallen to £110,282, against £145,471, and its gross ordinary dividend payments (and rates) are reduced to £42,000 (7 per cent.), against £60,000 (10 per cent.). This dividend reduction, however, is smaller, absolutely, than the decline in Harvey Nichols ordinary share earnings from £99,565 to £52,583, and the rate of ordinary earnings is exactly halved at 9.3 per cent. The recent trend of Debenhams' profits is shown in the following table: —

	Years ended July 31		
	1936	1937	1938
Total profit	706,446	727,896	701,154
Fees and interest	148,183	147,142	146,042
Preference dividends	379,000	379,000	379,000
Ordinary shares—			
Earned	*179,263*	*201,754*	*176,112*
Paid	83,333	104,167	104,167
Earned %	*41·8*	*46·9*	*40·6*
Paid %	16⅔	20⅚	20⅚
Reserve	50,000	50,000	50,000
Carry forward	182,171	229,758	251,703

No dividend reduction is necessitated by the drop in total profits. Dividend distributions on the highly-geared ordinary capital have been properly conservative in recent years, and even in the latest year the 20% dividend absorbs only half the available earnings. Reserve again receives £50,000—a provision which has been maintained each year since the capital was reorganised, and with the latest year's increase the carry-forward now exceeds 50 per cent. of the present ordinary capital. The full accounts may be expected to show the effect of the sale of the Drages, Ltd., holding, while the chairman's comment upon the course of trade in 1938 will be looked for with more than usual interest at the annual meeting at the end of next month. At present Debenhams, Ltd., 1s. ordinary shares stand at 2s. 10½d., to yield £7 16s. per cent.

* * *

Broken Hill Proprietary.—The increased scale of operations in New South Wales, coupled with a high level of demand, enabled Broken Hill Proprietary to secure record results during the year to May 31, 1938. Steel production increased by 71,100 tons to 854,270 tons and pig-iron output was slightly higher at 674,520 tons. The output from the lead-zinc property at Broken Hill also rose. Net profits, at £1,300,500, show an advance of £117,290, but following the increase in capital, no increase in the rate of dividend is possible. Distributions totalling 2s. 6d. per fully paid share (with *pro rata* amounts upon the partly-paid shares) absorb £670,560, compared with £559,880 in 1936-37. A somewhat greater provision has been made for depreciation, but owing to the progressive redemption of the debenture issue, a smaller amount is required for debenture interest. For the second year in succession an appropriation of £600,000 is made to reserve and the fund now stands at £3,700,000. The proceeds of the new issue made last October appear to have been largely employed



in financing the Australian Iron and Steel concern, whose ordinary capital was acquired in October, 1935. A loan of £2 millions to this undertaking has been converted into an equivalent amount of ordinary capital. Consequently, a sharp contraction is shown in the amount of net liquid assets, which total £1,391,100, compared with £2,902,730 at the end of May, 1937. Additional plant was in operation during the second half of the company's financial year, and further extensions are in progress. But in view of the increased amount of capital now ranking (which will be further increased this year) there seems little prospect of any appreciable increase in the dividend rate, at least for some time to come.

* * *

Chosen Corporation.—The affairs of Chosen Corporation have a complexity of their own. It will be recalled that, in July, an agreement was signed for the sale of the Corporation's interest in Nurupi for a sum equivalent to approximately £345,000, of which £205,000 was payable in sterling and the balance in free foreign exchange, on completion. Secondly, on the ratification by August 31, 1938, of the agreement of December, 1937, relating to the liquidation of Nurupi, a further cash payment of £100,000 would have become due to the Corporation. Thirdly, any tax refunds due to Nurupi would belong to the Corporation. At the meeting at the end of July, when the sale of the Nurupi interest was approved, it was disclosed that the purchaser was the American Overseas Mining Investment Corporation. In the light of these proceedings, the Corporation's balance sheet is mainly useful as a record. But the report suggests that further complications in the liquidation of Nurupi have been encountered. It is stated that completion of the sale of Chosen Corporation's interest will be effected on the 30th of this month. Thus it will be possible to report to the annual meeting on the following day that the sum has been received. Accompanying the agreement is an arrangement whereby, in effect, the Corporation has a year's option to transfer its shareholding in Kapam K.K.K. for some £70,000, which has been put at the disposal of the Corporation. The ratification of the agreement of December, 1937, however, will apparently not be implemented, and the Corporation's rights to further payments will revert to the guarantee of May, 1936, under which some £12,119 has been received for the three months to September, 1937. The balance of sums which would have become due in the ordinary course under the guarantee are in dispute, and subject to negotiations. The public investor who may hold shares in Chosen Corporation has had a full share of excitement in recent years. And the latest hitch under the May, 1936, agreement suggests that it is not at an end.

* * *

The Week's Company Profits.—During the past week, reports have been received from 15 companies (excluding one for which comparable figures are not available), whose net profits amount to £791,000, against £808,000 for the previous year—a decline of 2 per cent. Net profits for the 1,709 companies whose reports have been issued this year amount to £236,191,000, an advance of 11 per cent. over the total of £212,855,000 earned in their previous financial years. The week's results are discussed in preceding Notes and on page 425 under the heading "Shorter Comments."

THE STOCK EXCHANGES

London

SETTLING DAYS

TICKET	ACCOUNT
SEPTEMBER 6	SEPTEMBER 8

FOR a week in which trading has been subdued, and the investor's problems are little nearer solution, the market has behaved satisfactorily. Price changes have been small, and it is difficult to discern the development of any new trend. But the tone, if not the volume of business, has shown some slight improvement, thanks to the assistance of Wall Street, and to the rather calmer outlook on European politics. New investment buying, however, has remained at a minimum.

Gilt-edged stocks opened with some show of firmness, and small support was followed by fractional improvements in the redeemable stocks. Undated stocks, like Old Consols, took up the running on Tuesday, and improved further in mid-week. National Defence Threes reached a new high of 100⅜ on Wednesday. Corporation scrips were not active, but prices improved slightly, and Dominion issues lost their early dullness.

The *foreign bond market* found itself short both of Chinese and Japanese issues, but it was the former which made the best progress, on demand which was reported to come from the East. Price improvements were well maintained, though they were less spectacular than Monday's advance, when the 1898 4½ per cent. issue jumped by 3 points. Some support for German Funding issues was reported, and the Potash loans recovered after a fairly sharp initial fall. South American issues were better in mid-week.

Heavy selling hit *home rail stocks* on Monday, and while Great Western ordinary and Southern Preferred fell 3¼ and 2½ points, respectively, the preference stocks showed comparable falls, which extended into the guaranteed list (as we show on page 420). Renewed weakness was reported on Tuesday, when stocks reached the lowest level for some years, but speculative purchases, once the traffics had been published, carried the market in ordinary and marginal preference stocks to higher levels. Some recovery in Argentine rail stocks was evident in mid-week.

In the *industrial market* this week, the same fairly satisfactory undertone has been accompanied by a small volume of business and fractional movements in quotations. An improvement in sentiment towards mid-week did not result in much broadening of activity, though prices were inclined to harden. Iron and steel shares were dull and inactive, the brightest spot being Indian Iron and Steel on the dividend announcement. Coal issues completely lacked buoyancy, and where changed at all were usually lower, the Bearpark and Hilton Main distributions having a depressing effect. There was little business in electrical equipment shares, but the group had a firmer appearance after early irregularity. Motor shares remained idle and uncertain, with narrow price movements. Triplex showed no definite response to the report, but fluctuated around 30s. Aircraft issues were generally firm but not active. Textile shares improved slightly after early uncertainty and neglect, while rayon issues, at first depressed, recovered later, the tone being assisted by the June output figures. The brewery section was one of the best in the market, support for a few favourites (Ind Coope in particular) being succeeded by an increase in investment attention. Tobacco shares became rather brighter as the week progressed. Provision and catering issues were generally dull, while stores were temporarily depressed on the Debenhams' and Harvey Nichols' results. Miscellaneous issues strengthened after an uninteresting start, Electric and Musical Industries gaining 6d. on Wednesday. Interest in shipping shares was confined to the leaders. The July traffic index caused a fall in Cable and Wireless issues, though the ordinary stock recovered in mid-week.

*

A dull start in the *oil shares market* was followed by a noticeably better tone late on Tuesday and on Wednesday, under the influence of American news, and there was even some expansion in the very small turnover. While the tone in rubber shares was quite steady, quotations responded grudgingly to the appreciable improvement in the commodity. Gains were small, however, and were confined to the leading issues. Movements in tea shares were undecided, and business was small.

The *mining market* behaved similarly to other sections, a better sentiment following a lifeless start. Though sharing in the mid-week improvement, Kaffirs by no means maintained their favoured position of the recent past. Developing mines, including Marievale, received the best support. Helped by Wall Street and the better metal price, Rhodesian coppers went ahead, though business did not expand far, and the best prices were not held. Interest in diamond shares revived in

mid-week, partly on Paris support for De Beers. Base metal shares were firm but rather featureless.

"FINANCIAL NEWS" INDICATORS

1938	Total Bargains‡	Corres. Day 1937	Security Indices: 30 ord. shares*	Security Indices: 20 fixed int.†
Aug.19	5,105	*7,530*	83·4	129·0
Aug.22	4,925	*9,647*	83·2	128·8
Aug.23	5,480	*6,230*	83·1	128·8
Aug.24	5,055	*6,235*	83·5	128·8
Aug.25	4,755	*5,900*	83·7	128·9
1938 High...	...	...	*97·2*	*131·0*
			Jan. 12	*Feb. 4*
Low ...	...	...	*79·4*	*126·9*
			Mar. 16	*Mar. 17*

‡ Approx. total recorded in S.E. List. 1935 = 100. * July 1, † 1928 = 100.

ACTUARIES' INVESTMENT INDEX

Though smaller than the drop shown in the previous week, a decline is again shown by the Actuaries' index of 151 industrial ordinary share prices, which on Tuesday last (August 23rd) stood at 63·9, against 64·8 a week ago and 66·7 a month ago. The corresponding average yields are 5·92, 5·85, and 5·88 per cent. While most groups are lower, a sharp fall is shown by home rails, and to a smaller extent by coal shares. A selection of the separate indices follows:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100): July 26, 1938	Aug. 16, 1938	Aug. 23, 1938	*Prices 1938 High*
Insurance (10)...	119·7	120·3	118·6	*121·5*
Bldg. matls. (6)	81·6	79·6	77·7	*87·1*
Coal (9)	83·5	78·1	75·8	*106·7*
Cotton (6)	27·8	27·5	26·3	*37·1*
Elec. manuf. (12)	122·4	122·1	119·7	*129·7*
Oil (4)	92·0	86·9	88·4	*92·1*
Home rails (4)...	39·3	40·5	37·9	*71·0*

Group	Yields (%): July 26, 1938	Aug. 16, 1938	Aug. 23, 1938	*Prices 1938 Low*
Insurance	3·56	3·55	3·60	*110·8*
Building matls.	6·78	6·95	7·13	*75·0*
Coal	6·71	7·09	7·13	*75·8*
Cotton	3·05	3·07	3·11	*25·5*
Elec. manufg....	5·62	5·55	5·65	*111·1*
Oil	6·52	6·95	6·83	*67·1*
Home rails.....	8·65	8·22	9·00	*37·9*

New York

SENTIMENT in Wall Street this week has been erratic, though net changes have on the whole been for the better. The week began in unusually idle fashion, the turnover being no more than 400,000 shares—a situation transformed overnight, when the million mark was passed once more on Tuesday. Quotations advanced sharply, and though there was a marked reaction late on Wednesday, changes were small on balance. Steel shares were the brightest section, under the lead of Bethlehem Steel, on scattered indications of reviving demand. *Iron Age* estimates activity at 43 per cent. of capacity, against 41 per cent. a week ago. Rails were particularly firm, and resisted the mid-week reaction, railroads serving the Eastern States being best supported. Among industrials, General Motors went ahead. Rubber companies also were firm, but oil shares were less satisfactory than the rest of the market.

New York Prices

	Close Aug. 18, 1938	Close Latest Aug. 25, 1938
1. Rails and Transport		
Atchison	35	38
Balt. & Ohio...	8	8⅝
B.M.T.....	10⅛	10⅝
Can. Pacific...	6¼	6½
Ches. & Ohio	29¾	31⅜
G.N. Ry. Pf...	21	23⅜
Illinois Cent...	11	12⅞
N.Y. Central..	18⅛	19⅞
Northern Pac.	12	12⅞
Pennsylv. R...	20	20¾
Southern Pac.	18	19¾
Southern Rly.	12⅛	14
Union Pac. ...	89½	92
Greyhound ...	16⅝	17½
2. Utilities and Communications		
Am. W'works.	10⅛	10½
C'wlth. & S....	1¼	1⅛
Con. Edison...	26¾	28
Col. Gas & El	6½	7
El Bond & Sh.	7⅛	8
Nat Pwr & Lt.	6⅝	7
N. American..	20¼	20¾
Pac. Gas & El	26¾	26½
Pac. Lighting	38¼	37½
Pub Serv N.J.	29⅞	30
Stan Gas & E.	4	4
United Corp.	2⅝	2⅝
Un. Gas Imp.	10⅛	10½
Amer. Tel. ...	141	146
Internat. Tel.	8⅝	9½
Westn. Union	27	30
Radio	7⅛	7⅛
„ B. Pref.	56½	60
3. Extractive and Metal		
Am. Rol. Mill	18⅞	20⅛
Beth. Steel ...	55⅛	60¼
Beth. Steel P.	98¼	99½
Republic St.	17⅛	18⅛
U.S. Steel	57⅝	60¼
U.S. Steel Pf.	110¼	111½
Alaska J'neau	10¾	10⅝
Am. Metal ...	33½xd	34⅞
Am. Smelting	49¼	48¾
Anaconda ...	33¼	35
Bohn Alum ...	25½	27¾
Cerro de Pas..	43½	44½
Int. Nickel ...	48½	49¾
Kennecott	39½	41¾
Patino Mines	10⅝	11⅜
Tex. Gf. Sul.	35½	36½
U.S. Smelt....	63	65
Vanadium	18¾	19½
Atlantic Refg.	23¼	23⅛
Phillips Petr.	40¾xr	39⅝
Shell Union...	15¾	16
Shell Un. Pf...	103⅞	103⅝
Socony Vac....	14¾	14¾
Stan. Oil Cal.	31	30⅞
Stan. Oil N.J.	54	54½
Texas Corp.	45½	45
4. Manufacturing		
Briggs	33	35½
Chrysler	71	75½
Elec. Autolite	26	29½
Gen. Motors..	46⅝	49⅛
Hudson Mtr.	8⅝	9½
Nash Kelvntr	9¾	11
Packard Mtr..	5	5⅝
Bendix Avtn.	22½	24¼
Boeing Airpln	26¼	26¾
Douglas Air...	48½	49
United Aircft.	26⅝	27⅝
Air Reduction	60¼	63¼
Allied Chemi.	178	180
Col. Carbon	90⅝xd	91½
Dupont	129½	134½
Un. Carbide	80⅝	83⅝
U.S. Ind. Alc.	19¼	23⅛
Allis Chalmer	49¼	50¼
Gen. Electric	41⅜	42
West'hseElec.	101	104
American Can	97⅞	103½
Addressogrph	26⅜	29
Caterpillar ...	49⅝	49¾
Cont. Can. ...	44	43
Ingersoll Rnd	95	99½
Int. Harvester	58	60
Johns Manvle	93¼	95
Am. Radiator	15⅛	16⅝
Corn Prods....	69¾	70⅜
J I Case & Co.	90	92¼
Glidden	23¼	24½
G. Am. Trans	48	48¼
Allied Stores	10¼	11⅜
Celanese of A.	23	24⅞
Ind. Rayon ...	27¾	29
Colgate Palm.	12⅛	12⅝
Eastm'n Kdk.	173	174
Gillette	9⅝	10⅛
Lambert Co.	13	13¼
Loews	47¾	48½
20th Cen. Fox	24¾	25¼
5. Retail Trade, etc.		
Mont. Ward	46	48⅛
J. C. Penney	83¾	84
Sears Roebck	70¾	73xd
United Drug	5¾	5¾
Walgreen ...	17⅜	17⅞
Woolworth	45⅛	46
Borden	16¾	16¾
Gen. Foods...	35½	34⅝
Kroger Grcy.	16¾	17⅛
Nat. Biscuit	25¾	25¼
Nat. Dairy ...	15	13⅞
Stand. Brands	7⅞	7⅝
Am. Tob. B.	87	90⅛
Lig. Myers B.	100¾	100
Lorillard	19½	20⅝
Reyn. Tob.B.	42⅝	42¼
Nat. Distillers	24⅛	24⅞
Schenley Dis.	18	18¾
6. Finance		
Comcl. Credit	48⅛	49¾
Atlas Corp....	8⅛	8⅛
Com Inv. Tr.	53	54¾

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).

WEEKLY AVERAGES

	1938: Low Mar. 30	1938: High Aug. 24	Aug. 10, 1938	Aug. 17, 1938	Aug. 24, 1938
347 Ind'ls. ...	75·9	109·2	108·9	106·0	109·2
32 Rails	19·0	31·4†	28·6	26·9	28·2
40 Utilities...	57·7	78·8‡	75·4	73·9	75·6
419 Stocks ...	63·7	90·7‡	90·3	87·9	90·5
Av. yield %*	8·35	3·92	3·96	4·10	3·92
	High	Low			

* 50 Common Stocks. † January 12th. ‡ July 20th.

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

Aug. 18	Aug. 19	Aug. 20	Aug. 22	Aug. 23	Aug. 24
120·3	122·7	122·7	122·3	125·1	124·8

1938 High 127·4 August 6th. Low 83·6 March 31st.

TOTAL DEALINGS IN NEW YORK

1938	Stock Exchange: Shares 000's	Stock Exchange: Bonds $000's	Curb Shares 000's
Aug. 18	450	3,890	83
„ 19	830	4,990	98
„ 20*	250	1,900	35
„ 22	400	3,460	66
„ 23	1,080	5,120	108
„ 24	1,240	6,490	147

* Two-Hour Session.

Capital Issues

CAPITAL ISSUE TOTALS

Week ending August 27	Nominal Capital £	Conversions £	New Money £
To the Public	Nil	...	Nil
To Shareholders	150,000	...	150,000
By S. E. Introduction...	Nil	...	Nil
By Permission to Deal...	Nil	...	Nil
Sav. Certs., week ending August 20.....	Nil	...	Nil
Year to date	Including Conversions £		Excluding Conversions £
1938 (New Basis)	233,974,523		214,083,560
1937 (New Basis).....	*448,093,583*		*399,419,688*
1938 (Old Basis)	171,350,985		152,440,117
1937 (Old Basis)	*254,102,254*		*208,500,838*

Destination (Excluding Conversions)

Year to date	U.K. £	Brit. Emp. ex U.K. £	Foreign Countries £
1938 (New Basis)	165,001,069	46,653,262	2,429,229
1937 (New Basis)	*345,241,716*	*50,919,613*	*3,258,359*
1938 (Old Basis)	129,874,256	20,166,737	2,399,124
1937 (Old Basis)	*190,735,340*	*16,272,998*	*1,492,500*

Nature of New Borrowing (Excluding Conversions)

Year to date	Deb. £	Pref. £	Ord. £
1938 (NewBasis)	137,050,732	14,557,126	62,476,702
1937 (NewBasis)	*204,603,175*	*25,795,279*	*169,021,234*
1938 (Old Basis)	126,291,813	8,656,776	17,491,528
1937 (Old Basis)	*147,886,092*	*16,024,954*	*44,589,792*

NOTE.—"Old Basis" includes only public issues and issues to shareholders only; "New Basis" includes all new capital in which permission to deal has been granted.

ISSUES TO SHAREHOLDERS ONLY

Amalgamated Roadstone Corporation, Ltd.—Issue of 75,000 6½ per cent. £1 cumulative preference shares at 21s. Profits, year to March 31, 1938, £54,230. Issue underwritten for £4,700.

Barton and Sons (1935).—Issue of 150,000 6 per cent. redeemable cumulative £1 preference shares at par. Underwritten for £10,000. New capital required for development and to complete purchase of 80 per cent. of Metal Frames share capital.

Trepca Mines, Ltd.—Issue of 1,683,791 5s. shares at par (four for every 13 held). To rank for dividend from October 1, 1938. Object of issue is to finance the construction of lead and zinc smelters in Yugoslavia. Underwritten for commission of 1½d. per share.

SHORTER COMMENTS

Company Results of the Week.—One of the most satisfactory of the week's reports is that issued by BRIGHTSIDE FOUNDRY AND ENGINEERING. Net profits amount to £90,851 against £69,502, and while the dividend is raised only from 22½ to 25 per cent. it is payable on £75,000 more capital. A falling off in export trade in 1938 has reduced LOCHGELLY IRON AND COAL net profits from £59,089 to £53,829, but the 10 per cent. dividend is maintained. While the reduction in net income of COMPASS INVESTMENT TRUST is quite small (net profits amounting to £23,010 against £24,357) and the dividend remains

(*Continued on page* 428)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields of fixed interest stocks 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 increase or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1937 Highest	Prices, Year 1937 Lowest	Prices, Year 1938 Jan. 1 to Aug. 24, inclusive Highest	Lowest	Name of Security	Price, Aug. 24, 1938	Change since Aug. 17, 1938	Yield Aug. 24, 1938 £ s. d.
				British Funds			
84 13/16	73⅛	79¼	71	Consols 2½%	75½	+½	3 6 3
113	105¾	111¾	107	Do. 4% (aft. 1957)	110¼	...	3 5 6n
101 5/16	94⅜	100¾	96	Conv. 2½%, 1944–49	100¾	+⅛	2 9 9
103 9/16	97⅝	103¼	99	Do. 3% 1948–53	101⅞	+⅛	2 15 6
106 23/32	99	104⅝	98¼	Do. 3½% after 1961	103½	...	3 6 9n
108	105	105⅛	104 5/16	Do. 4½% 1940–44	105	...	2 3 0
117½	111¼	115⅝	112¼	Do. 5% 1944–64	114⅞	...	2 10 0
92½	89	91 11/16	87⅝	Fund. 2½% 1956–61	91¾	+¼	3 0 6
96⅞	89⅞	97 13/16	94	Fund. 2¾% 1952–57	97¼	...	2 19 3
101⅝	92⅞	99 5/16	95⅛	Fund. 3% 1959–69	99¼	+¼	3 1 6
116⅜	109	114⅞	110½	Fund. 4% 1960–90	114	+¼	3 3 0
99 5/16	96	101 11/16	97¾	Nat. D. 2½% 1944–48	101½	...	2 7 6
114¾	107⅛	112 13/16	107¾	Victory Bonds 4%	110¾x	+¼	3 12 3f
105 13/16	99⅝	103⅝	99½	War L. 3½% af. 1952	102⅞	+¼	3 5 9n
96⅞	84 3/16	90⅛	84⅛	Local Loans 3%	88½	+¼	3 7 10
102	99½	102	99½	Austria 3% 1933–53	101	...	2 18 9
72	62	68½	63¼	India 2½%	67½	...	3 14 6
85¼	74¼	82¼	75	Do. 3%	81	...	3 14 6
98¾	87	95⅜	88½	Do. 3½%	94	–½	3 14 9
119½	112¼	117⅛	114¾	Do. 4½% 1958–68	117	...	3 7 3
				Dom. & Col. Govts.			
109⅞	105	108⅞	104¾	Austr. 5% 1945–75	106	...	4 1 9
105⅝	101	104 15/16	100¼	Canada 4% 1940–60	104	...	2 1 0
118	114½	115	112⅞	Nigeria 5% 1950–60	114	...	3 11 3
110	104¼	108	101¾	N. Zealand 5% 1946	104	–1	4 7 6
107⅜	103¼	107 19/32	102	Queens. 5% 1940–60	104	...	3 12 6
114⅛	110½	112 13/16	109¾	S. Africa 5% 1945–75	111	...	3 6 0
				Foreign Governments			
103	93	96½	87¼	Arg. 4½% Stg. Bds.	88	...	5 2 9f
105½	97¾	102	24	Austria 1930 5%	49	...	10 6 0
91¾	84¼	89	48	Do. 4½% 1934–59	69	...	7 11 9
102⅛	95¼	99	95	Belg. 4% red. by 1970	98½	+⅛	4 2 6
33¼	24½	36	31½	Bulgaria 7½%	35½	...	7 3 0m
89¾	37	37½	16	Brazil 5% Fd. 1914	20½	–1	Nil
28	15	19⅝	16¼	Chile 6% (1929)	17½	...	4 9 0v
95¾	54½	60½	40½	China 5% (1912)	53½	+8	9 7 0f
101⅞	59	73½	43	Do. 5% (1913)	63½	+3½	7 17 3f
108⅜	101½	105¾	58	Czechoslovakia 8%	74	+1	10 16 3f
100	92½	99	94	Denmark 3%	97½	...	3 1 9
106½	100½	104	100¼	Egypt Unified 4%	101	...	3 16 0
18½	11	13	9¼	French 4% (British)	10½	...	5 10 0e
66	52¾	60	43½	Ger. Dawes Ln. 5%	53½	...	9 11 6
49¼	35	46	32½	Do. Young Ln. 4½%	39	+1	11 10 9
40¾	30	34½	25	Greek 6% Stab. Ln.	31½	–1	7 10 0w
62	47⅛	58½	30	Hungary 7½%	42½	–2	8 16 6h
88¾	53	60	38	Japan. 5½% 1936–65	44	+1	12 10 0f
94¾	57½	64½	40	Do. 6% ('24) red. 1959	47	...	12 18 0f
121¾	110½	124	115	Norwegian 4% 1911.	117½	...	3 8 6
61½	40¾	50	36	Peru 7½% 1922	45	–2½	...
83	56	75½	54	Poland 7%	75½	...	7 8 6s
20½	13	15¾	11	Roum. 4% Con. 1922	13½	...	14 10 0y
96⅜	88¼	92	78	U.K. & Arg. C. 3%	84½	...	3 11 9
				Corporation Stocks			
118	111½	115¾	110½	Bir'ham 5% 1946–56	113	...	3 6 3
118¾	112¾	117	112	Bristol 5% 1948–58	113	...	3 8 9
95¼	82½	87½	83	L.C.C. 3%	86	...	3 9 9
101	93	97½	94	Liverpool 3% 1954–64	97	...	3 4 0
104⅜	100⅜	105¾	101½	Middx. 3½% 1957–62	105	...	3 4 3

Prices, Year 1938 Jan. 1 to Aug. 24, inclusive Highest	Lowest	Last two Dividends (a) (b) (c) %		Name of Security	Price, Aug. 24, 1938	Change since Aug. 17, 1938	Yield Aug. 24, 1938 £ s. d.
				Public Boards			
115½	110½	2½	2½	C. Elec. 5% 1950–70	113	...	3 12 9
				Lon. Pass. Transport			
119½	112	2¼	2¼	4½% "A" 1985–2023	118½	...	3 13 9
129¾	125	2¾	2½	5% "A" 1985–2023	128½	...	3 14 6
122⅝	116½	2½	2½	5% "B" 1965–2023	119½	...	3 17 0
84	72⅞	2¾b	1½a	"C" 1956 or after	73½	...	5 15 8
92¼	85	1½	1½	Met. W.B. "B" 3%	90	–1	3 6 6
118	114¼	2½	2½	P. of Lon. 5% 50–70	116	...	3 8 6
				British Railways			
65	32½	3½b	Nil a	G.W. Ord.	34	–3½	10 5 10
4⅝	2⅛	Nil	Nil	L. & N.E.R. Def.	2⅝	...	Nil
8⅜	3⅞	Nil	Nil	Do. 5% Pref. Ord.	4¼	...	Nil
97	48	3¾b	Nil a	Do. 5% Pref. 1955	49½	...	7 11 6f
27⅛	9¾	½c	1¾c	Do. 4% 2nd Pf.	10½	...	16 13 0
68¼	22½	3b	Nil a	Do. 4% 1st Pf.	25½	–1½	11 15 3
30⅛	12 11/16	1¼c	1½c	L.M.S. Ord.	13¼	–½	11 6 3
70¼	24½	2b	Nil a	4% Pf. 1923	27½	–2½	7 5 5
82¼	48½	2b	2a	4% Pf.	51½	–4½	7 15 3
21⅜	11⅝	½c	1½c	Southern Def.	12½	–1	12 0 0
87	49	3b	1a	Do. 5% Pf. Ord.	50½	–4	7 18 5
115½	92	2½a	2½b	Do. 5% Pf.	93½	–6	5 6 11
				Dom. & Foreign Rys.			
14	7 7/16	Nil	Nil	Antofagasta Ord.	11	–1	Nil
6½	3⅜	Nil	Nil	B.A. & Pac. Ord.	4½	–½	Nil
17	8¾	Nil	Nil	B.A. Gt. Sthn. Ord.	12	...	Nil
12½	6⅛	Nil	Nil	B.A. West. Ord.	8	+½	Nil
13¼	6½	Nil	Nil	C. Arg. Ord.	8½	+½	Nil
8 7/16	5	Nil	Nil	Can. Pac. Com. $25	6½	...	Nil
28½	25¼	2c	2c	Costa Rica Ord.	25½	...	7 17 0
43/9	33/9	Nil	1c	Nitrate Rlys. £10	40/–	...	5 0 0
66	34	†2a	†2b	San Paulo Ord.	34½	–1½	11 11 9†
16/3	13/9	1c	1c	Taltal Rly. Ord. £5	15/–	...	6 13 4
				Banks and Discount			
75/6	59/–	10b	7½a	Alexanders £2, £1 pd.	65/–	–1/3	5 7 9
35/–	32/6	5a	5b	Bk. of N. Zealand £1	33/9	+1/3	4 14 8e
352½	330	6a	6b	Bk. of England	348½	...	3 9 0
76/7½	71/3	7b	7a	Barclay B. £1	74/6	–1/–	3 16 0
46/–	41/–	3¼b	3a	Barcl. (D.,&c.) A £1	45/–	...	2 15 9
8 9/16	7¼	3½a	4½b	Bk. of Aust. £5	8⅜	+⅛	4 15 6
£44⅜	£39½	8c	8c	Bk. of Mont. $100	£43½	...	3 13 6e
26½	23½	5¼c	6c	Bk. of N.S.W. £20	24½	...	3 18 6e
55/–	32/6	6c	Nil c	Brit. Overseas A £5	47/6	...	Nil
13⅛	11 5/16	7a	7b	Chtd. of India £5	13	+⅝	5 7 6

Prices, Year 1938 Jan. 1 to Aug. 24, inclusive Highest	Lowest	Last two Dividends (a) (b) (c) %		Name of Security	Price, Aug. 24, 1938	Change since Aug. 17, 1938	Yield Aug. 24, 1938 £ s. d.
13/4½	12/–	3⅓a	3¾b	Com. Bk. of Aus. 10/–	13/1½	...	4 6 3e
53/9	50/–	5b	5a	District B. £1 fy pd.	52/6	...	3 16 3
90/–	74/6	3½b	3½a	En. S. & Aust. £5 £3p.	80/–	...	5 5 0
10⅜	9 13/16	10b	8a	Hambros £10, £2½p.	10	...	4 10 0
£96¼	£82	£3b	£2½a	Hong. and S. $125.	£88½	+£1	6 4 4
64/6	56/9	6b	6a	Lloyds £5, £1 pd.	59/–	...	4 1 3
9¾	8⅜	9b	7a	Martins £20, £2½ pd.	8⅞	...	4 12 6
89/3	78/3¾	8b	8a	Midland £1, fy. pd.	84/6	–1/–	3 15 6
6 5/16	5¾	5a	5b	Nat. Dis. £2½ fy. pd.	6¼	...	4 0 0
41	34	11b	4a	Nat. of Egypt £10	35	...	4 5 9
41¼	37½	9a	9b	N. of Ind. £25, £12½p	40½	...	5 11 3
3⅞	3 7/16	7½b	7½a	N. Prov. £5, £1 pd.	73/–	–6d	4 4 3
488	444	8½a	8½b	Roy. Bk. of Scotland	460	–2	3 14 0
16 13/32	13⅞	5a	10b	St. of S.A. £20, £5 pd.	16	–⅛	4 14 0
51/3	43/–	6¼b	3¾a	Union Dis. £1	46/3	...	4 6 3
99/–	90/–	11b	9a	West. £4, £1 pd.	97/–	–6d	4 3 0
				Insurance			
28⅝	24½	40a	50b	Alliance £1, fully pd.	27½	–½	3 5 6
16¼	12¾	†3/6a	†4/6b	Atlas £5, £1¼ pd.	15¾	...	2 10 9†
10 5/16	9⅛	20a	20b	Com. Un. £1, fy. pd.	9⅞	–⅛	4 1 0
5½	4⅜	1/6a	2/–b	Gen. Acc. £1, 5/– pd.	5	...	3 10 0
31	26⅛	25a	25b	Lon. & Lanc. £5, £2pd.	29	–½	3 8 9
11⅞	9½	3/2a	3/1b	N.Brit.&Mer. £1¼ f.p.	11¼	–¼	2 15 6
20⅝	18½	†30b	†25a	Pearl (£1), fy. pd.	19¼	–½	2 16 6†
16	13¾	6/–a	6/–b	Phœnix £1, fy. pd.	15½	–¼	3 17 6
35 11/16	29½	†72¼b	†25a	Prudential £1 A	35x	–¼	2 15 0†
106/–	81/3	†50c	†50c	Do. £1, with 4s. pd.	98/9	...	2 1 0†
10 5/16	8¼	11a	19b	Royal Exchange £1	10	...	3 0 0
9 1/16	7½	3/3a	3/3b	Royal £1, 10/– pd.	8¾	...	3 14 3
17	15¼	6/6a	6/6b	S.U.&Nl.A £20, £1pd.	16½	...	3 19 0
88/6	69/8¼	1/3a	1/6b	Sun In., £1 with 5/pd.	85/–	...	3 4 6
8 13/16	7¼	†10a	†10b	Sun. Lf. Ass., £1 fy.pd	8⅝	–⅛	2 8 0†
				Investment Trusts			
267	230	4a	8b	Anglo-Amer. Deb.	240	...	5 0 0
65½	45½	3c	3½c	Anglo-Celtic Ord.	47½	...	7 7 6
11/3	7/6	7½c	10c	Brit. Assets Trust 5/–	11/3	...	4 9 0
233	208	6b	4a	Debenture Corp. Stk.	215	...	4 13 0
75	55½	1½a	3b	For. Amer. &c., Def.	66½	...	6 15 3
137½	119½	4½b	2½a	Guardian Investment	120½	...	5 16 0
254	201	4a	8b	Ind. and Gen. Ord.	239½	–2	5 0 3
275½	223	5a	8b	Invest. Trust Def.	234½	–3	5 10 10
17/–	14/9	2½a	6½b	Lake View Inv. 10/–	15/6	–6d	5 16 0
252½	233	8½b	3½a	Mercantile Inv.	242½	...	4 19 0
154	122½	4½b	3a	Merchants Trust Ord.	122½	–1	6 2 5
251½	223	7b	5a	Metropolitan Trust	229½	...	5 4 6
5/–	3/4½	2½c	4c	Scottish Inv. 5/–	4/6	–6d	4 9 0
218	178	3½a	6b	Scottish Mort., &c.	183½	...	5 3 6
221	190½	3a	9b	Trustees Corp. Ord.	205½	...	4 17 6t
193	167	6b	4a	United States Deb.	177½	...	5 12 9
				Financial Trusts, &c.			
11/9	6/3	2½c	4c	ArgentineLand,&c.10/	9/4½	...	8 11 5
35/–	22/9	10c	13⅓c	Brit. S.Afr. 15/–fy. pd.	26/3	...	7 12 0
23/9	15/7½	10c	10c	Charterhouse Inv. £1	20/–	...	10 0 0
16/10½	13/10½	2a	2b	C. of Lond. R. Pty. £1	15/–	...	5 6 9
33/9	25/7½	†2½a	†8¾b	Daily Mail & Gen. £1	27/9	–9d	8 2 0†
7	6 1/16	4¼b	3a	Dalgety £20 £5 pd.	6⅜	...	5 14 0
23/6	19/3	3a	6b	Forestal Land £1	20/6	...	8 15 7
25/10½	19/–	Nil c	z 4(c)	Hudson's Bay Co. £1	21/–	–6d	3 15 6
20/–	13/9	2½a	5b	Java Invest. £1	17/6	...	8 11 6
5⅜	2¼	Nil	Nil	Peru. Corp. Pref.	3	–¼	Nil
10/6	7/–	3c	3½c	Primitiva Hold. £1	8/6	...	8 5 0
17/3	12/6	7½c	7½c	Staveley Trust £1	13/9	...	10 1 9
34/10½	23/9	10c	12½c	Sudan Plant. £1	30/7½	...	8 3 4
				Breweries, &c.			
77/6	61/3	12½b	5a	Ansell's Brewery £1	70/–	...	5 0 0
32/–	21/9	5½b	2½a	Barclay Perkins £1	25/6	+6d	6 5 0
131/–	103/9	†20b	†5a	Bass Ratcliff Ord. £1	124/–	...	4 1 0†
67/–	51/–	3a	12b	Charrington & Co. £1	60/–	...	5 0 0
82/6	70/–	14b	6a	Courage Ord. £1	74/–x	–10d	5 8 0
107/9	85/–	7½a	15b	Distillers Ord. £1	97/–	+6d	4 12 9
125/–	102/6	12a	17b	Guinness Ord. £1	112/–	+3/–	5 3 9
113/6	91/–	20b	7½a	Ind. Coope & All. £1	101/–	...	6 0 0
43/–	34/–	3½a	7½b	Meux's Ord. £1	37/–	...	5 18 8
93/–	76/3	15b	8a	Mitchells&Butlers £1	84/–	–1/–	5 9 0
75/–	63/9	5a	12½b	Ohlsson's Cape £1	68/6	–6d	5 2 9
78/–	65/–	14b	4a	Simonds (H.&G.) £1	68/–	–6d	5 6 0
108/6	87/6	†5a	†17½b	S. African Bws. £1	107/–	+6d	4 4 0†
42/–	30/–	6b	4a	Taylor Walker Ord. £1	35/–	+1/–	5 14 3
26/3	19/4½	5½b	2a	Walker (P.)&R.Cain £1	21/–	...	7 2 8
77/9	62/6	6a	12b	Watney CombeDef. £1	66/–	...	5 9 0
				Iron, Coal and Steel			
24/6	19/3	4a	6b	Allied Ironfound. £1.	20/–	...	10 0 0
44/–	36/9	4a	6b	Babcock Wilcox £1	36/10½	–7½d	5 8 0
9/4½	4/7½	10c	10c	Baldwins 4/–	5/–	...	8 0 0
46/3	36/9	4a	10b	Bolsover Col. Ord. £1	37/6	...	7 9 0
32/3	24/9	†5a	†12½b	Brown (J.) Ord. 10/–	26/–	–3d	6 14 0†
36/7½	26/–	†2a	†6b	Butterley Co. Ord. £1	26/3	...	6 1 7†
11/3¾	6/9	5c	8⅓c	Cammell Laird 5/–	7/3	...	5 13 4
25/7½	19/3	3a	5b	Colvilles Ord. £1	20/–	...	8 0 0
11/10½	7/5¼	7½c	10c	Consett Iron Ord. 6/8	7/9	...	8 12 0
87/6	78/6	5a	15b	Cory, William, Ord. £1	83/9	...	4 15 7
34/3	19/4½	6c	10c	Dorman Long Ord. £1	20/7½	...	9 13 9
55/3	34/3	14c	18c	Do. Pref. Ord. £1	37/6	–1/3	9 12 0
70/–	62/6	†6a	†11½b	Firth Brown £1	65/–	–2/6	5 7 0†
31/1½	22/6	†3a	†4½b	GuestKeen&c. Ord. £1	23/–	...	6 10 4†
33/9	26/6	15b	7½a	Hadfields 10/–	27/–	–6d	8 6 6
31/4½	21/6	6½b	2½a	Horder Collieries £1	23/9	...	7 11 7
29/–	25/–	5c	9½c	Lambert Bros. Ord. £1	27/6	+7½d	6 19 0
13/10½	7/7½	2c	3½c	OceanCoal&Wilson £1	9/–	...	7 15 7
12/3	8/7½	5c	10c	Pease and Partners 10/–	8/9	–6d	11 8 6
23/9	16/3	2a	5½b	Powell Duffryn £1	16/6	...	9 2 0
48/4½	36/2¼	†7½b	†5a	Sheepbridge C.&I. £1	36/3	–1/3	6 18 0†
35/4½	24/4½	3½a	8½b	Shipley Coll. Ord. £1	26/3	...	9 2 10
40/–	28/9	12c	13c	S. Durham } Ord. £1	30/7½	...	8 9 7
20/–	12/–	6c	7c	Steel & Iron } BOrd £1	12/6	–7½d	11 4 0
47/–	38/4½	4a	6b	Stanton Iron. £1	40/–	...	5 0 0
58/–	44/3	†9½b	†3a	Staveley Coal, etc. £1	45/7½	...	5 9 7†
40/3	31/6	7½c	12½c	Stewarts & Lloyds £1	35/–	...	7 2 8
28/9	23/3	4a	6b	Swan, Hunter £1	26/3	...	7 12 3
10/10½	2/4½	15c	5c	Thomas(Rich.) 6/8	2/9	...	?

(a) Interim dividend. (b) Final dividend. (c) Dividends for full year. (d) Paid in £N.Z. (e) Allowing for exchange. (f) Flat yield. (h) Yield on 4½% basis. (m) Based on payment of 2½%. (n) To redemption at par, in year shown. (v) Yield on 15/8% basis. (s) Yield worked on a 5½% basis. (w) Yield based on 40% of coupon. † Free of Income Tax. (y) Yield based on 47% of coupon. (p) Yield worked on a 10% basis. (t) Yield worked on a 14% basis. (z) 1% paid free of income tax.

Prices, Year 1938 Jan. 1 to Aug. 24, inclusive Highest	Lowest	Last two Dividends (a) (b) (c) %		Name of Security	Price, Aug. 24, 1938	Change since Aug. 17, 1938	Yield Aug. 24, 1938 £ s. d.
				Iron, Coal, &c.—cont.			
25/6	20/9	Nil	Nil	Thornycroft, John £1	25/–	...	Nil
$64	$38½	1c	Nil c	U. States Steel $100	$61½	+$2	Nil
27/6	20/–	6b	3a	Un. Steel Cos. Ord. £1	21/6	–9d	8 7 6
27/6	19/6	10c	10c	Vickers 10/–	20/–	...	5 0 0
29/6	21/–	10c	3¾a	Ward (Thos. W.) £1	23/9	...	8 8 4
36/6	33/1½	10 4/9c	12 2/5c	Weardale S. etc. Df £1	34/4½	–7½d	7 3 0
5 15/16	4 1/16	12½a	22½b	Whitehead I. & S. £1	4⅛	+⅛	8 8 6
51/3	40/7½	15c	15c	Yarrow & Co. £1	45/–	–2/6	6 13 3
				Textiles			
5/9	2/9	Nil	Nil	Bleachers £1	3/3	–3d	Nil
5/6	2/10½	Nil	Nil	Bradford Dyers £1	4/3	...	Nil
5/4½	2/3	Nil	Nil	Brit. Cel. Ord. 10/–	3/6	...	Nil
7/6	4/–	Nil	Nil	Calico Printers £1	4/6	–10½d	Nil
41/9	32/6	10c	10c	Coats, J. & P. £1	37/9x	+3d	5 6 0
48/1½	26/9	7⅔b	1½a	Courtaulds £1	31/6	+3d	5 16 6
39/9	26/9	2½a	7½b	English Swg. Ctn. £1	28/6	–6d	7 0 0
6/9	3/4½	Nil	Nil	Fine Cotton Spin. £1	4/–	...	Nil
33/9	25/–	5½b	3a	Linen Thread Stk. £1	28/9	...	5 18 3
49/4½	36/3	†12½c	†10c	Patons & Baldwins £1	46/3	...	4 6 6†
18/9	6/3	Nil a	Nil b	Whitworth & Mit. £1	6/3	...	Nil
				Electrical Manufactg.			
45/3	34/9	10c	10c	Associated Elec. £1	38/–	...	5 5 3
95/6	77/6	5a	15b	British Insulated £1	92/6	...	4 6 6
103/3	78/9	5a	15b	Callenders £1	97/6	–2/6	4 2 1
32/6	18/9	6½b	6a	Crompton Park. A 5/–	26/3	–1/3	2 6 6
31/10½	24/4½	Nil c	10c	English Electric £1	30/6	...	6 11 0
79/3	67/–	17½c	20c	General Electric £1	77/–	...	5 4 0
21/3	16/–	15b	5a	Henleys (W. T.) 5/–	21/3	...	4 14 0
41/3	34/–	5a	7½b	Johnson & Phillips £1	38/9	...	6 9 0
30/6	22/9	7½c	7½c	Siemens £1	23/9	–1/3	6 6 4
				Electric Light, &c.			
$13 11/16	$7⅜	Nil	$1c	Brazil Trac., no par	$11⅞	–¼	8 8 0
68/–	62/6	9b	6a	Bournemouth & Ple.	66/3x	+1/2½d	4 12 3
39/3	24/6	2a	5b	British Pow. & Lt. £1	29/–	...	4 16 9
34/3	32/11¼	4b	3½a	City of London £1	33/6x	+8¼d	4 11 6
42/–	33/6	5b	3a	Clyde Valley Elec. £1	38/–	...	4 5 9
51/–	45/3	3a	7½b	County of London £1	49/6	...	4 5 0
27/9	26/10½	4a	5b	Edmundsons £1	27/–	–6d	4 9 0v
35/–	31/3	2½a	5b	Lancashire Elec. £1	32/–	...	4 12 6
32/4½	28/9	4b	3a	Lond. Ass. Elec. £1	30/–	...	4 13 3
50/9	43/6	9b	3a	Metro. Electric £1	50/–	...	4 16 0
39/–	33/3	2½a	5½b	Midland Counties £1	38/6	+6d	4 4 0
33/10½	26/6	2½a	4½b	North-East. Elec. £1	33/–	...	4 4 0
49/–	44/6	6b	4a	North Metro. £1	48/9	...	4 2 0
38/9	34/–	2½a	5½b	Scottish Power £1	38/–	...	4 5 0
41/10½	37/6	5b	3a	Yorkshire Electric	41/6	+6d	3 17 0
				Gas			
25/–	21/6	2 4/5a	2 4/5b	Gas L. & C. £1	23/6	–3d	4 15 3
138	113½	4a	6b	Imp. Cont. Stk.	116½	–4	8 11 9
23/9	21/6	2⅞b	2½a	Newc.-on-Tyne £1	23/6	...	4 11 6
109¾	101¾	3b	2½a	S. Metropolitan Stk.	106½	...	5 3 3
				Motors and Cycle			
51/3	36/3	15c	12½c	Albion Motors Ord. £1	40/–	...	6 5 0
39/4½	31/–	†7½c	†2½a	Assoc. Equip. Ord. £1	35/–	–1/3	4 5 9†
32/6	22/–	50c	50c	Austin 5/–	25/–	+7½d	10 0 0
23/3	18/3	Nil	Nil	Birm. Sml. Arms £1	21/–	–3d	Nil
24/0¾	18/–	83⅓b	33⅓a	Dennis 1/–	20/–	–1/3	5 16 6
23/1½	16/3	6c	5c	Ford Motors £1	17/–	–6d	5 19 0
57/6	48/–	12½b	2½a	Lucas, J. (£1)	53/9	–1/3	5 11 9
89/4½	71/3	20c	25c	Leyland Motors £1	82/6	...	6 1 3
33/3	24/9	45c	45c	Morris Motors 5/– Od.	27/6	–6d	8 4 0
61/3	36/3	20b	5a	Ral. Cycle Hold. £1	38/9	+1/3	12 18 0
104/3	81/3	6a	16½b	Rolls-Royce £1	97/6	...	4 12 3
16/7½	9/9	25c	40c	Stand. Motor 5/–	13/3	+9d	7 10 0k
				Shipping			
7 3/16	3⅞	5a	15b	Clan Line Steam. £1	4½	...	4 9 0
4/6	2/6	Nil	Nil	Cunard £1	3/–	...	Nil
24/6	15/3	3c	5c	Furness, Withy £1	16/–	...	6 5 0
24/6	17/6	4c	2½a	P. & O. Def. £1	20/–	–6d	4 0 0
23/7½	16/9	4½c	5c	Royal Mail Lines £1	18/–	–1/–	5 11 0
22/3	13/6	Nil c	Nil c	Union Castle Ord. £1	15/–	–6d	Nil
				Tea and Rubber			
18/6	9/6	2½c	5c	Allied Sumatra £1	15/9	+3d	6 7 0
30/–	18/1½	4a	5b	Anglo-Dutch £1	29/–	+6d	6 4 0
29/4½	18/3	5a	10b	Bah Lias £1	27/6	...	10 18 0
27/–	22/6	2a	6b	Jhanzie Tea £1	23/9	–1/3	6 14 9
38/6	31/6	5a	7½b	Jorehaut Tea £1	35/–	–1/3	7 2 9
37/6	29/6	2½a	10b	Jokai (Assam) £1	35/–	–1/3	7 2 9
18/10½	10/–	5c	5c	Linggi Plant. £1	17/6	...	5 14 3
3/10	2/0¾	5a	7½b	London Asiatic 2/–	3/7½	...	6 19 0
30/10½	17/6	4a	6b	Rubber Trust £1	30/3	+9d	6 12 6
3/8¼	2/–	5a	10b	United Serdang 2/–	3/4½	...	8 17 9
				Oil			
113/1½	67/–	5a	20b	Anglo-Iranian £1	105/7½	–1/3	4 16 0
32/6	24/9	32½a	12½b	Apex (Trinidad) 5/–	29/–	...	7 15 0
45/–	25/–	Nil	Nil	Attock £1	42/6	+7½d	Nil
6 1/16	4	5a	25b	Burmah Oil £1	4 25/32	+1/32	4 6 0k
12/10½	3/7½	10d ps c	11d ps c	Mexican Eagle M.$4	4/4	[illegible]	
£42	£33⅞	6a	11b	Royal Dutch fl.100	£38⅜	+⅜	4 17 6e
5 1/16	3½	†7½a	†12½b	Shell Transport £1	4 3/16	+⅛	4 7 6†
5⅜	4 1/16	20b	10a	Trinidad Lease. £1	5 3/16	[illegible]	5 18 6
				Miscellaneous			
20/6	17/3	5c	5c	Aerated Bread £1	20/–	...	5 0 0
25/–	20/–	9c	8c	Allied News £1	20/3	–3d	7 18 6
25/9	18/–	7c	7c	Amal. Metal £1	22/6	–7½d	6 4 5
16/6	11/3	5a	3b	Amal. Press 10/–	13/9	...	5 16 3
15/–	11/–	10a	10b	Assoc. Brit. Pic. 5/–	12/6	...	8 0 0
17/9	10/3	26⅔c	25c	Assoc. News. Df. 5/–	11/–	...	11 7 0
88/1½	67/6	7½a	15b	Assoc. P. Cement £1	78/9	...	5 14 3
72/6	55/7½	10b	5a	Barker (John) £1	56/3x	–3d	5 6 9
65/7½	41/3	60c	85c	Beechams Pills Df. 5/–	57/6	...	7 8 0
49/9	37/6	m 29c	s 32½c	Boots Pure Drug 5/–	40/–	–1/3	4 7 3
29/9	23/1½	7½c	10c	Borax Deferred £1	25/7½	...	7 16 0
17/9	12/6	9c	Nil c	Bow. Paper Mills £1	12/9	–3d	Nil
57/10½	44/3	7½a	17½b	Bristol Aero. 10/–	52/–	–1/9	4 16 0
53/1½	40/6	4a	8½b	Brit. Aluminium £1	49/4½	–7½d	5 1 0
36/3	31/–	2¼a	5b	British Match £1	33/–	...	4 14 0
5 7/16	4[illegible]	†20c	†21¼c	Brit.-Amer. Tob. £1	[illegible]	–1/16	4 4 6†
84/4½	64/4½	7a	10b	British Oxygen £1	67/6	–1/3	5 1 0
62/–	46/3	17½b	7½a	Brockhouse (J.) £1	49/4	–1/10	10 2 6
68¾	45½	Nil c	4c	Cable & Wir. Ord.	[illegible]	[illegible]	8 8 6
7⅜	6	20b	15a	Carreras A Ord. £1	[illegible]	[illegible]	4 14 0
14/–	8/3	20c	25c	Crittall Mfg. Ord. 5/–	11/9	–3d	10 12 0
47/6	38/3	10c	12½c	De Havilland Air. £1	47/6	...	5 5 3
33/–	25/3	9c	9c	Dunlop £1	26/9	–6d	6 14 0
38/6	34/4½	10b	5a	Eastwoods Ord. £1	35/–	–1/3	8 11 6
16/3	9/9	10c	10c	Elec. & Mus. Ind. 10/–	12/6	+6d	8 0 0
26/3	17/–	15a	20b	Ever Ready Co. 5/–	18/–	–6d	9 14 3

Prices, Year 1938 Jan. 1 to Aug. 24, inclusive Highest	Lowest	Last two Dividends (a) (b) (c) %		Name of Security	Price, Aug. 24, 1938	Change since Aug. 17, 1938	Yield Aug. 24, 1938 £ s. d.
26/4½	17/–	10c	†12½c	Fairey Aviation 10/–	24/6	–3d	5 2 0†
56/9	45/–	5a	7½b	Finlay (Jas.) & Co. £1	52/6	–1/3	4 15 0
6 21/32	5 5/16	7½a	20b	Gallaher Ltd. Ord. £1	6 9/32	–1/32	4 7 0
7/–	3/9	Nil c	Nil c	Gaumont-Brit. 10/–	4/6	–3d	Nil
20/6	10/9	8a	8b	Gen. Refract's 10/–	12/–	+6d	13 6 8
35/3	23/–	22½b	15a	Gestetner (D) (5/–)	27/6	–1/3	6 7 0v
90/7½	68/9	5a	20b	Harrisons&Cros.Df. £1	88/9	...	(d)
76/6	60/7½	13½b	5a	Harrods £1	63/9x	+4½d	5 14 0
30/–	19/10½	27½b	15a	Hawker Siddeley (5/–)	26/–	–6d	7 18 0
28/3	21/–	8c	9c	Imp. Airways £1	27/6	...	6 11 0
35/3	27/6	3a	5½b	Imp. Chem. Ord. £1	31/–	–3d	5 9 0
13/7½	8/–	Nil c	5c	Imp. Smelting £1	10/–	–7½d	10 0 0
7¾	6	†17½b	†7½a	Imp. Tobacco £1	7	–1/16	3 11 0†
$53½	$38⅞	c$1·30	c$2·25	Inter. Nickel n.p.	$51½	+$1½	3 17 8n
12/9	8/7½	5a	5b	International Tea 5/–	10/3	...	4 17 6
40/3	32/9	4a	6b	Lever & Unilever £1	38/9	...	5 3 3
60/–	43/9	22½c	20c	London Brick £1	53/9x	–3d	7 9 0
5 13/16	5	8⅓a	14⅙b	Lyons (J.) Ord. £1	5½	–3/16	4 1 9
60/7½	42/6	15a	27½b	Marks & Spen. 'A' 5/–	57/6	–7½d	3 19 0
4 11/16	3⅜	12½b	7½a	Murex £1 Ord.	3 13/16	–1/16	5 5 0
37/–	32/6	2½a	9⅜b	Phillips (Godfrey) £1	33/1½	–7½d	7 2 6
35/6	26/3	7½a	10b	Pinchin Johnson 10/–	27/6	–1/3	6 7 0
42/9	26/3	12½a	37½b	Prices Trust Ord. 5/–	37/6	–7½d	6 13 3
58/9	42/6	3⅛a	11⅞b	Radiation Ord. £1	51/3	...	5 17 0
5 15/32	4⅞	22½c	22½c	Reckitt & Sons Ord. £1	5⅜	...	4 4 0
14/3	9/4½	†8⅓b	5a	Sears (J.) Ord. 5/–	9/4½x	...	8 16 0
14/6	8/9	2½c	4c	Smthfld.&Arg.Mt. £1	10/–	+3d	8 0 0
60/6	51/6	2½a	12½b	Spillers Ord. £1	56/–	+6d	5 6 0
26/10½	21/–	Nil	Nil	Swed. Match. B.kr.25	25/7½	+6d	Nil
83/–	70/–	14b	4¼a	Tate and Lyle £1	77/6	...	4 14 3
48/3	36/6	5b	5a	Tilling, Thos. £1	45/–	...	4 8 9
68/4½	52/6	11b	5a	Tob. Secrts. Ord. £1	66/3	...	4 16 6
53/–	30/–	35c	25c	Triplex Safety G. 10/–	30/7½x	–7½d	8 3 0
89/4½	74/4½	16¼b	10a	Tube Investments £1	79/4½	–3/1½	6 12 0
87/6	70/–	16¼b	3¾a	Turner & Newall £1	77/6	...	5 3 3
57/4½	46/3	7½b	5a	United Dairies £1	53/9	–1/3	4 13 0
27/7½	18/4½	15b	7½a	United Molasses 6/8	22/6	...	6 13 0
39/8¼	33/9	7½b	5a	W'llpapr Mfrs.Def. £1	35/7½	...	7 0 0
39/3	32/6	3a	7b	Wiggins, TeapeOrd. £1	35/9	–6d	5 12 0
70/–	60/6	15a	45b	Woolworth Ord. 5/–	65/–	...	4 12 3
				Mines			
70/7½	52/6	95c	95c	Ashanti Goldfields 4/–	68/9	+7½d	5 10 6
12/10½	8/0¾	p6a	p4b	Burma Corp. Rs. 9	9/4½	+3d	9 7 6†
3/6	1/6	Nil c	Nil	Commnwlth. Mng. 5/–	2/3	–1½d	Nil
81/3	62/6	32½c	6¼a	Cons.Glds.of S. Af. £1	75/–	–7½d	5 6 8
17½	14¾	95b	95a	Crown Mines 10/–	17¼	+⅛	5 10 0
13 5/16	6	30a	Nil b	De Beers (Def.) £2½	8⅞	+⅛	8 9 0
69/4½	50/7½	20c	15c	Jo'burg. Cons. £1	51/3	–1/3	7 16 3
48/3	30/10½	11¼b	11¼a	Randfontein £1	38/1½	...	11 16 0
12⅞	9⅛	37½b	25a	Rhokana Corp. £1	12⅛	+⅛	5 2 0
19⅞	12¾	Nil	Nil	Rio Tinto £5	13¾	...	Nil
21/7½	13/7½	80c	10a	Roan AntelopeCpr.5/–	18/–	+6d	?
11 15/16	9⅜	75a	75b	Sub Nigel 10/–	11½	...	6 10 6
9 13/32	7	2/6a	6/–b	Union Cp. 12/6 fy pd.	9¼	...	4 12 0
9 25/32	5 13/16	Nil	Nil	W. Witwatersrand 10/–	7¼	...	Nil
19/1½	5/2¼	10c	Nil c	Wiluna Gold £1	13/6	–9d	Nil

NEW ISSUE PRICES

Issue	Issue price	August 24, 1938	Change since Aug.17	Issue	Issue price	August 24, 1938	Change since Aug.17
Afr. Expl. 4%	100	103¼–104¼	+½	Easterns 5% db.	100	½ dis–par	+¼
Do. 5½% pf.	21/–	2/6 pm	...	Ipswich 3¼%	98½	⅜–¼ dis	+1/16
Am. Pr. 4% db.	99	2¾–1¾ dis	+¼	Luton 3¼%	98½	3/16–1/16 dis	+⅛
Bechm. 5% pf.	1	1½d–4½d	...	Odhms (Wat.)			
Bootle 3¼%	98½	5/16–3/16 dis	...	5% db.	100	1⅛–1⅜ pm	...
Bnmth. 3¼%	98½	1 1/16–1 5/16 pm	+1/16	Pretoria 3½%	99	1⅛ dis	...
Bwtr 4½% db.	98	5¼–4¼ dis	–¼	S.Mt.El.4% Pf.	20/6	par	...
Brt. Ox. 5% pf	22/6	9d. pm	+1½d	Do. 3½% db.	100	⅝–⅜ dis	...
Brtn (M) 5% db	100	¾–¼ dis	–⅛	Stoke 3¼%	98½	1 11/16–1 13/16 dis	–1/16
Cov. GP 4% dbs	99	2½–1½ dis	...				

UNIT TRUST PRICES

as supplied by managers and Unit Trusts Association
(Table does not include certain closed trusts)

Name and Group	August 24, 1938	Change since Aug.17	Name and Group	August 24, 1938	Change since Aug.17
Municipal & Gen.			**Keystone**		
For. Govt. Bond	14/–-15/–	+3d	Gold 2nd Ser.	18/10½-19/10½	+1½d
Limited Invest.	18/6-19/3	...	Gold 3rd Ser.	13/9-14/9	+1½d
Mid. & Southern	18/9-19/6	...	Keystone	15/10½-16/10½	...
Scottish & Northn.	16/6-17/3x	...	Keystone 2nd	12/9-13/9	...
Bank-Insurance			Keystone Flex.	14/3-15/3	–1½d
Bank & Insur.*	18/9-19/9	–3d	Key. Consol.	14/–-15/–	...
Insurance*	20/6-21/6	–3d	**Allied**		
Bank*	17/6-18/6x	...	Amer. Indsts.	18/–-19/–	+9d
Invest. Trust*	13/6-14/9	...	Brit. Ind. 1st	17/3-18/3	...
Scot. B.I.I.T.*	14/7½-15/6	...	Do. 2nd	14/9-15/9	...
Cornhill deb.*	21/–-21/9	...	Do. 3rd	15/–-16/–	...
Cornhill def.*	13/9-14/9	...	Do. 4th	15/3-16/3	–3d
National			Elec. Inds.	16/–-17/–	–3d
National C.	17/6-18/6x	...	Metals & Min.	13/9-14/9	...
National D.	16/6-17/6	...	**Other Groups**		
Nat. Invest.	12/9-13/9x	–1½d	Brit. Emp. 1st Unit.	16/7½-17/7½x	...
Amalgamated	20/3-21/3	...	Brit. Gen. "C"	14/9-15/9	–3d
Century	16/9-17/9	...	Rubber & Tin	1/2½-1/4	...
Gilt-edged	17/3-17/9	–3d	Brit. & Amer.	14/9-15/9	...
Scottish	16/9-17/9	...	Producers	7/9-8/3	...
Universal	17/9-18/9	–1½d	Domestic	7/–-7/6	...
Protected 1st	18/3-19/3	...	Do. Priority	9/3-9/9x	+3d
Do. 2nd	15/9-16/9	–3d	1st Prov. "A"	19/9-20/9x	...
Do. 3rd	11/–-12/–	–3d	Do. "B"	14/9-15/9	...
"15 Moorgate"			Do. Reserves	14/9-15/9x	–3d
Inv. Flexible	12/–-13/–x	...	Selective "A"	15/7½-16/7½	–1½d
Inv. Gas & El.	13/–-14/–	...	Selective "B"	15/3-16/3	–1½d
Inv. General	16/–-17/–	–3d	Brit. Trans.	11/9-12/9x	–3d
Inv. 2nd Gen.	13/3-14/3x	–3d	Bank, Ins. & Fin.	15/3-16/3	...
Inv. Gold	17/3-18/3	–1½d	British Bank Shrs.	20/3-21/3	...
Hundred	17/1½-18/1½	–1½d	Do. Insur. Shrs.	16/6-17/6	–3d
Provident	13/3-14/3	–1½d	Brit. Dom. In.	15/6-16/6	...
Savings Unit	8/7½-9/3	...	Four Square	19/6-20/6	–3d
Security First	13/4½-14/4½	–3d	Brewery	13/9-14/9	–3d

* Bid and offered prices are free of Commission and Stamp Duty. (a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (k) Yield on 20% basis. (m) Including bonus of 5% free of tax. (n) Yield worked on a $2 basis. (p) Annas per share. Latest annual dividend equal to about 6·945% tax free. (s) 8⅓% paid free of income tax. † Free of Income Tax. (v) Yield worked on 35% basis. (y) Dividend before the 200% capital bonus 4s. per share. (d) 17½% cash dividend and 7½% in deferred ordinary stock. (t) Yield worked on 6% basis. (e) Allowing for rate of exchange.

Industry and Trade

Recovery in the United States. — Evidence is steadily accumulating that the sudden recovery on Wall Street last June was not without justification. Indeed, the Federal Reserve Board's index of industrial production for July, published on Thursday, reveals a marked expansion of activity in that month. After a precipitous fall from 117 (1923-25 = 100) in August, 1937, to 80 in January, 1938, the index (adjusted for seasonal variations) declined more slowly, reaching 76 in May; in June it rose to 77 and in July to 83, an advance of no less than 8.2 per cent. As previously, the improvement appears to have originated in the consumption goods trades, which reported better orders in June; moreover, there are indications that recovery is spreading to an increasing number of industries. If recovery in the United States is sustained—and there are no signs of an early reversal of the upward trend—hopes of an improvement in world prices for primary products are not likely to remain unfulfilled. And a gradual upward trend of world prices would provide a powerful stimulus to world trade and, consequently, to British export industries.

* * *

A National Price for Milk.—The Milk Marketing Board inherited from the days of unorganised marketing considerable geographical variations in wholesale milk prices in England and Wales. These variations represent, in the main, differences in transport costs between producing and consuming districts, and in the proportions of milk sold in each district for liquid consumption and manufacturing purposes. They were maintained in principle by the adoption, on the recommendation of the Milk Reorganisation Commission, of eleven separate regional pools; the Commission felt that a national pool price, while easier to administer, would cause too great a disturbance to the existing distribution of production. The Cutforth Commission recommended in 1936 that the existing differences should gradually be reduced, so that a national price, uniform except for transport charges, could be established. The Milk Marketing Board has, in fact, limited the regional variations to a maximum of 1d. per gallon; if the separate regional pool prices had been averaged in the accounting year 1937-38, four regions, all in the east of England, would have lost up to 0.61d. per gallon, while the remaining seven regions, in the west and north, would have gained by sums up to 0.35d. per gallon. Within both the Milk Marketing Board and the National Farmers' Union, the problem of national pool prices has recently been much discussed. Representatives of the western and northern districts urge that modern methods of transport have so improved that milk can be brought to London almost as cheaply from Devon as from Essex, and that under a national wholesale price a higher proportion of the production of their regions could be withdrawn from its unprofitable use in manufacture and transferred to the liquid market. Representatives of the eastern districts claim that nearness to the main consuming centres and the higher costs of these regions entitle them to a higher price which, if paid to other regions, would only stimulate the production of more milk for manufacture.

* * *

The Agricultural Census.—The preliminary results of the census taken on June 4th reveal no startling change in the major trends of agriculture in England and Wales. The arable acreage showed a further decline and the area under permanent grass a further, but smaller, increase. The total cultivated area thus continues to shrink slowly. The area under corn crops was larger than in 1937, but that planted with turnips and swedes, lucerne, small fruit and orchards was smaller. There was a considerable expansion in the number of young cattle, though cows in milk and calf were fewer. Sows kept for breeding declined by 5.2 per cent. since 1937, and there was a reduction of 15.2 per cent. in the number of pigs under two months.

AGRICULTURAL RETURNS OF ENGLAND AND WALES.

	1937	1938	Change
Total cultivated	'000 acres 24,780	'000 acres 24,695	% − 0·3
Arable	9,024	8,872	− 1·7
Permanent grass	15,756	15,823	+ 0·4
Wheat	1,731	1,829	+ 5·7
Other corn crops	2,301	2,480	+ 7·8
Sugar beet	307	329	+ 7·1
Other roots	633	619	− 2·2
Clover and rotation grasses	2,221	1,900	−14·5
Livestock	Thousands	Thousands	
Cows and heifers in milk and calf	3,068	3,049	− 0·6
Other cattle	3,551	3,609	+ 1·1
Horses	859	850	− 1·0
Pigs	3,635	3,349	− 2·4
Sheep	17,194	17,568	+ 2·2
Poultry	52,633	52,194	− 0·8
Workers	Thousands	Thousands	
Regular	536	510	− 4·8
Casual	96	79	−19·7

The steady fall in the number of workers on the land continued and the total number declined by 42,200, or 6.7 per cent., to 631,700. The fall was proportionately most marked in the case of casual workers.

(*Continued from page* 425)

at 2 per cent., the portfolio as at June 30 showed a depreciation of 32 per cent. below book values. WARDLE AND DAVENPORT show stationary trading profits, and net earnings are £1,000 lower at £21,318. Instead of a tax-free dividend of 4 per cent., a payment of 5½ per cent. less tax is being made. "NEWS OF THE WORLD" LTD. net profits have declined to £333,376 against £362,441, though no change is made in the tax-free dividend of 20 per cent. The year 1937–38 is referred to in the report as "one of anxiety," but circulation continued to increase.

MISCELLANEOUS

International Certificates Depositary Company.—The directors are Messrs A. Palache, chairman (Helbert, Wagg & Co.); Michael James Babington Smith (Glyn, Mills & Co.); John Grinnell Wetmore Husted (Brown, Shipley & Co.); David Keswick (Samuel Montagu & Co.); Christophe Philippe Mallet (Mallet Frères & Cie.); Philippe Hottinguer (Hottinguer & Cie.); Remi Boissonnas (Mirabaud & Cie.); Maurice Rueff (Maurice Rueff & Cie.); Albert Charles Nussbaumer (Swiss Bank Corporation); Joseph Straessle (Crédit Suisse); Georges Lenoir (Lombard, Odier & Cie.); Carlos Maisonpierre (Cassel & Cie.). An executive committee has been formed, consisting of: David Keswick, chairman; A. C. Nussbaumer; Maurice Rueff; and W. Lionel Fraser. Details of facilities, etc., will be available shortly.

Cable and Wireless, Ltd.—(Working day average of comparable receipts, year 1929 = 100). Index number July, 1938, 63·1, against 66·4 for June, and 73·4 for July, 1937. For monthly index numbers from January 1, 1930, see *The Economist*, July 23, 1938, page 187.

Transvaal Output, Employment and Working Profit.—Gold output, July, 1938, Witwatersrand, 1,000,725 fine ounces; outside districts, 26,398 fine ounces; total, 1,027,123 fine ounces. Value for purposes of declaration, £7 1s. Total output, June, 1938: 1,018,712 fine ounces. The number of natives employed at end of July was: Gold mines, 318,773; coal mines 17,131; total, 335,904. Total estimate working profit for July, 1938: Witwaters rand, £2,607,927; outside districts, £10,132 total, £2,618,059. Comparable figures fo June, 1938: Witwatersrand, £2,582,081 outside districts, £9,413; total, £2,591,494

Council of Foreign Bondholders.—The full sixty-fourth annual report for th year 1937 is now available. It is publishe from Council House, 17 Moorgate, Londo at a price of 7s. 6d. This publication con tains as an appendix to the survey of event in 1937 (discussed in a Note on page 238 c *The Economist* of January 21, 1938 particulars of the present position and pas history of the external debt of the separat foreign countries, and also miscellaneou statistical information.

Lochgelly Iron and Coal Company.—Net profit, after tax, for year to May 31 1938, £53,828, against £59,089. Ordinar dividend again 10 per cent. To reserve £20,000 (£25,000). Carry forward, £15,791

(*Continued on page* 440)

New Cotton Yarn Agreement.—At a meeting of owners of ring spindles using Egyptian type cotton in Manchester this week, it was decided to formulate a price agreement for this section of the trade. After discussion it was agreed to establish two price lists, one for counts of 46's and above and another for counts below 46's. In the first instance attention will be centred on the agreement for 46's and above. This branch of the industry is represented by about 70 mills, containing some 2,000,000 spindles. The decision to introduce a price agreement in this section is important, for spinners with mule spindles, already under a price agreement, are complaining that they are being undercut by spinners with ring spindles. It is understood, therefore, that no time will be lost in completing the arrangements for minimum prices for Egyptian yarns made on ring spindles. The whole of the fine spinning branch of the Lancashire cotton industry will then be controlled by price agreements.

* * *

Exports of British Footwear.—Exports of boots and shoes showed an improvement between 1936 and 1937. As the accompanying table shows, this improvement was maintained in the early months of 1938. The latest returns, however, show a reversal of this trend, for in both June and July exports were lower than in the corresponding months of 1937. This decline is all the more serious as the recovery staged in 1937 still left the volume of exports 39 per cent. lower than in 1929. Export business has been seriously affected not only by trade restrictions in foreign countries, but by tariffs imposed by the British Dominions. In the last ten years, many new factories have been set up in the various countries of the Empire, and have been given protection from imports both from the United Kingdom and from foreign countries. Lately, the Governments of both New Zealand and South Africa have again raised their import duties. A welcome reversal of this trend has been the reduction in the Irish duties on imports of boots and shoes from the United Kingdom, which came into effect as part of the Anglo-Irish Agreement. Hopes are also entertained that the forthcoming Anglo-American trade agreement may make possible a revival in exports to the United States.

EXPORTS OF LEATHER BOOTS AND SHOES

	Dozen Pairs	Value £'000
Year :—		
1929	1,005,536	4,806
1936	368,160	1,464
1937	394,830	1,625
Seven months :—		
1937	221,929	924
1938	222,606	899

* * *

A Lead Cartel?—The price of lead has shown a fairly firm tendency during the last few days, due to reports that an international lead conference is to be held in London next month with the object of forming a cartel. This report followed a statement, made by Mr A. Chester Beatty at the recent Trepca meeting, that co-operation on the lead market was desirable and to be hoped for. So far no details of the intentions of the sponsors of the lead producers' meeting are known; moreover, past experience suggests that the conclusion of a genuine international lead cartel will not be an easy task. The lead market is the only base metal market which has not been regulated by an international restriction scheme in the past ten years. The London lead market was controlled by a "lead pool" between the autumn of 1929 and the beginning of March, 1932, when the introduction of the British Ottawa duty led to its dissolution, but this pool never had any major importance. In July, 1935, the leading lead producers exporting to the European market agreed not to increase production without due notice, but this arrangement has had even less practical significance than the earlier pool agreement. As the forthcoming conference is unable to draw on past experience, it has a very difficult problem to solve, and it is by no means certain that it will be able to solve it.

* * *

Shellac.—After reaching the record level of nearly 315,000 packages at the height of the speculative operations in December, 1934, and January, 1935, shellac stocks in London have been reduced considerably, and amounted to 122,569 packages at the end of last month. The competition of synthetic resins, on the one hand, and the presence of large stocks of shellac in London, on the other hand, have steadied prices. The spot price of shellac (standard T.N.) at the end of June, 1937, was 49s. 6d. per cwt.; at the end of January, June and July of the current year it was 41s., 39s., and 40s. per cwt. respectively. Preliminary figures of Indian lac exports for 1937–38 are given below :—

(in cwt.)	1936–37 (actual)	1937–38
Shellac	496,940	409,726
Seedlac	261,822	187,484
Buttonlac	33,215	24,012
Sticklac	4,667	508
Other forms (mostly refuse lac)	37,320	43,441
Total	833,964	665,171
Value	£1,755,000	£1,215,000

Of the shellac exports, the United States of America took 140,912 cwts. in 1937–38 (156,288 cwts. in 1936–37), the United Kingdom 104,977 cwts. (144,942 cwts.), Germany 50,345 cwts. (49,516 cwts.), and Japan 36,982 cwts. (67,443 cwts.). Lac products, including shellac, have until recently found their principal outlet in gramophone records, while protective and insulating coatings constitute the next largest group of uses. It is in this category that applications such as varnishing the inside of shells, water tanks and tank steamers find a place. Shellac also forms the binding material for micanite and micafolium. Its re-armament uses are thus obvious. To stem the tide of competition from the synthetic resins, lac research conducted in India, in the United Kingdom and the United States is directed towards increasing the output and improving the quality of the natural product and discovering additional uses for the material either singly or in combination with synthetic resins. The outlook for shellac appears satisfactory, though the current price offers the producer little or no profit.

* * *

Lower Oil Output.—There have been reports from the United States this week that the Texas Railroad Commission, the oil control authority of the State of Texas, will re-impose the Saturday closing of the oil wells from September 1st. This decision will reduce oil operations in Texas (which supplies over 40 per cent. of production in the United States) to five days a week, Sunday closing having been in force since January. The curtailment of output in the United States was made necessary by the disappointing trend of consumption this year, as a result of which stocks of oil and oil derivatives have reached a dangerously high level. As the United States is responsible for nearly two-thirds of both the world's oil production and consumption, output restriction in that country will affect world production. According to *The Oil and Gas Journal*, world production of crude oil in the first half of 1938 reached 977,340,000 barrels, a decline of 8,050,000 barrels, or 0.82 per cent., from the corresponding period of last year. This decline was due to the fall of 22,110,000 barrels, or 3.6 per cent., to 597,050,000 barrels in the output of the United States. Apart from the United States, most of the leading producing countries, with the exception of Mexico and Roumania, have increased their oil output this year. It now appears unlikely that the world's output of oil in 1938 will equal production in the record year of 1937.

Dearer Platinum.—Last Monday the official price of platinum was raised by 15s. to £8 per fine ounce. The current price is £1 7s. 6d. per fine ounce above the lowest level of this year, which was in force between May 2nd and June 30th. The latest rise in prices was due to the revival of the hoarding demand for precious metals, particularly gold. Although the International Nickel Company of Canada, the world's leading platinum producer, pursues a price policy designed to sustain the vast increase in the regular industrial demand for the metal, the two recent increases are not without precedent. Late in 1936 and early in 1937, when speculators forced up the demand for, and the price of, platinum to an unreasonable level, the company for a time followed the rise in price, but ultimately reduced it sharply at short intervals, thus inflicting severe losses on the short-sighted bulls. The leading producers are unlikely, therefore, to allow the price to advance to a level at which regular industrial consumption would be adversely affected.

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The World's Tobacco.—In 1936, the United Kingdom imported 37 million lbs. of tobacco, valued at rather over £4½ millions. The consumption in the United States in the same year has been estimated at 847 million lbs., of which more than half was smoked in the form of cigarettes. The steady increase in the consumption of cigarettes has indeed been the dominating factor in the tobacco trade since the war, and has been associated with a slow fall in cigar smoking. The consumption of cigarettes in the United States increased from 0·14 lb. per head in 1900 to 0·34 lb. in 1910, and exceeded 2 lbs. per head in 1925. By 1936 it had risen to 3·4 lbs. per head, when the consumption of cigars fell to 1·02 lb. per head from a peak of 1·87 lb. in 1920. These changes in consumption, which have occurred also in the United Kingdom, have brought considerable shifts in the type of tobacco produced, by stimulating the output of flue-cured tobacco, at the expense of fire- and air-cured varieties, which are used for cigars and pipe tobacco. India, China and the United States are the three largest growers of tobacco, as is shown by the table below which is taken from *Tobacco Intelligence*, a new quarterly just published by the Imperial Economic Committee.

PRODUCTION OF LEAF TOBACCO
(Million lb.)

	1930	1932	1934	1936	1937
India	1,301	1,319	1,160	1,369	1,139
Burma	116	87	101	103	99
Other Empire	101	123	117	134	168
Total Empire	1,518	1,529	1,378	1,606	1,397
United States	1,648	1,017	1,082	1,155	1,553
Soviet Union	285	340	379	608	†
Brazil	215	204	224	192	206
Japan	142	134	149	142	†
Greece	145	64	92	179	141
Turkey	104	40	79	99	139
Italy	129	102	100	97	90
Philippines	102	100	72	71	74
Other	960	899	933	950	988
Total Foreign*	3,730	2,900	3,110	3,493	3,941
World Total*	5,248	4,429	4,488	5,099	5,338
China	‡	‡	1,327	1,404	‡

* Excluding China. † Not available; 1936 production included in total. ‡ Not available.

The United States consumes two-thirds of its domestic crop, but, even so, exports four times as much as any other country.

INDUSTRIAL REPORTS

THERE are indications of a modest seasonal improvement in the volume of new business secured by industry, but the buying movement has not yet gained much momentum in the principal branches of activity. Many sections of the iron and steel market are still congested by stocks, while the expectation of a reduction in prices at the end of the year is also holding up business. There has been some improvement in orders for coal in anticipation of the usual autumn increase in prices, but export business remains dull. In the cotton trade, the uncertain outlook for raw material prices is adversely affecting turnover. The position of the principal industries as well as the general business trend are discussed in the Trade Supplement accompanying this week's issue of *The Economist*.

Coal

Cardiff. — The Cardiff coal market shows little or no change. Current inquiries are very restricted. As the collieries produce well up to their authorised quotas, stocks are heavy at the dock, railway and colliery sidings. Shipments have recovered from the holiday slackness and last week totalled 361,600 tons, compared with 323,900 tons the previous week. They are still, however, about 15 per cent. below the volume of trade in the corresponding period last year. The market in coke is weaker, and best and good foundry qualities have been marked down 2s. 6d. to 42s. 6d. and 32s. 6d. per ton, respectively. It is reported that 84,000 tons of the Portuguese Railways order for 220,000 tons for delivery between November, 1938, and March, 1939, has been placed in Germany, but that no decision has yet been reached in respect of the balance of 136,000 tons.

Sheffield. — Although the output of industrial coal has been restricted, it is fully equal to demand, and prices are barely steady. Public utility requirements are easily met, and there is a slight weakening of the demand for locomotive fuel. There is rather more activity in household coal, stocking orders coming along in the expectation of higher prices next month. Merchants expect a general rise of 1s. 8d. per ton (with perhaps half a crown in best qualities) on September 1st, when winter contract prices come into operation.

Coke continues in dull request. Large patent-oven and graded coke of apple and walnut sizes for local works realise 27s. per ton at depots.

Export trade is dull, with no indication of early improvement. Demand for bunkers is disappointing and there is next to nothing doing in coke. Prices show no further change.

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Newcastle-on-Tyne. — Business is quiet on the coal markets of this area and, apart from a few small orders booked by Scandinavian consumers, there is little activity. Northumberland steam collieries are slightly better placed for prompt and forward delivery, home consumers taking more interest. Durham is experiencing a very quiet period, and in the absence of an improvement in the iron and steel industry, collieries producing coking coal are likely to have a difficult time. Patent-oven coke remains steady in the export section, but in the home market supplies are abundant.

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Workington. — The output of the coking plants exceeds the quantity that can be marketed, and industrial fuel is not in good demand. As the Irish and local landsale markets are also quiet, most of the collieries are losing a shift a week, but prices are unchanged.

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Glasgow. — The market is only moderately brisk, for while the seasonal tendency to expansion in demand is in evidence, the improvement is far from uniform. Declining activity in various trades at home and abroad seems to be offsetting the seasonal improvement. The collieries contrive to work fairly steadily, but only a reduction in the volume of production prevents stocks from accumulating. Round coal is freely offered for prompt shipment, and is slowly taken up, while washed smalls maintain a steady position, supplies being affected by the reduction in total coal output. Shipments are still running below the level of a year ago, and the reduction to date is now 1,343,000 tons, this decline relating to both export and coastwise business. In the home market the takings of various branches of industry are fairly active, but stocking of house coal proceeds slowly, and the public utility undertakings have on some days recently suspended deliveries, having accumulated adequate supplies for the time being.

Iron and Steel

London. — The weekly report of the London Iron and Steel Exchange indicates that the volume of inquiry and business shows a tendency to expand. During the next week or two, however, holiday conditions will still have an adverse influence upon business. There is a firmer undertone in the markets due to the belief that a revival in demand will take place in the early autumn.

In the pig-iron market, after a prolonged period of inactivity, consumers are showing slightly more interest and not only has there been some inquiry, but a few contracts have been placed for delivery in the third quarter. There are still considerable stocks of pig iron to be worked off, but these have been greatly reduced during the past few months.

The semi-finished steel market remains congested with accumulations of British and foreign steel, although the process of absorption has eased the situation. In some cases consumers have so far reduced the reserves in hand that the demand for British material has shown signs of improvement. The situation, however, is not likely to become normal until towards the close of the year as heavy stocks have still to be liquidated.

Business in the finished steel department of the market is quiet, for most consumers have covered their forward requirements and are working upon material received against existing contracts. Inquiry has broadened of late, particularly in the lighter branches. Export business fails to develop strength and overseas buyers appear reluctant to enter into fresh commitments.

★

Sheffield. — The volume of business in the iron and steel market shows no expansion, although here and there there are inquiries which suggest that business may improve after the holidays. Forge and foundry pig iron transactions are few and unimportant, relating chiefly to replacement. Stocks both at furnaces and works are heavy. Demand for basic pig iron has slackened. Business in hematites is quiet, but a few inquiries are reported. The finished iron position is unchanged.

Basic steel billet requirements are fairly satisfactory, but business in acid billets has eased. Small bars and stainless steel sheets are good features, and rather more active conditions prevail in structural steel. The general position, however, compares poorly with that of six months ago.

Few of the steel furnaces in this district are now working at capacity, although the demand for the more expensive makes shows no heavy decline. The heavy engineering sections of local industry are well employed, armament work accounting for much employment. Many of the lighter branches are now working short time.

★

Middlesbrough. — Steelworks resumed operations this week, but there was no large accumulation of specifications. Structural steel requirements are fairly heavy, but further orders to replace existing contracts would be welcomed. Semi-finished steel is in little demand, for the stocks which re-rollers have accumulated have not yet been used up.

There is a little more demand for pig iron as foundries in this area and users in the Midlands are resuming operations, but transactions are small and it is anticipated that business will be of a hand-to-mouth nature until towards the end of the year, when prices of pig iron and steel may be revised.

Iron and steel scrap business remains dormant, but in this case the official prices are about due for revision; the existing official prices only apply until the end of next month. Foreign ore imports are being further reduced. Blast-furnace coke is in abundant supply, with demand limited owing to the reduced number of furnaces in operation.

★

Workington. — The position on the North-West Coast hematite pig-iron market has deteriorated. The two furnaces lighted at Ulverston in April last year have been put out of blast, and there remain in operation between Workington and Barrow only six furnaces. Nevertheless, production is in excess of needs, and stocks, estimated to exceed 100,000 tons, continue to rise. Deliveries to the Midlands and Scotland are not considerable and those to South Wales represent a very meagre tonnage. Local consumption, too, has declined and it will fall further if, as is expected, activity slows down at the rolling mills at Workington and Barrow. Any revival, when it comes, must be of a halting character, for it will take six months at least to get rid of the iron lying on the ground. Prices are unchanged. The outlook in the steel trade is discouraging. Hardly any new business is being booked, and the mills are on short time. Native ore, at 24s. 6d. f.o.t., is in smaller request and one of the mines has been closed.

★

Glasgow. — Business is still quiet, but there are more inquiries on the market and makers and manufacturers in the West of Scotland are apparently receiving a very fair proportion of the resulting business. Here, as elsewhere, there is little business being placed by overseas buyers. Firms engaged in all branches of engineering in Glasgow are well employed and some important contracts have been placed within the past week with marine engineers and makers of machinery. A high rate of output is maintained in practically all branches in this district.

★

Cardiff. — Production in the tinplate industry continues at less than 37 per cent. of capacity, compared with over 67 per cent. in the week ended August 14, 1937. There has been a marked increase in shipments after the holidays, and in the week ended August 18th exports totalled 6,182 tons, against 4,964 tons in the corresponding period last year. Stocks in the dock warehouses have consequently been reduced by nearly 50 per cent. The market for sheets is quiet, but the number of furnaces in blast still remains at four, compared with six a year ago. Prices are nominally unchanged.

Textiles

Cotton (Manchester). — Business has been featureless and unimportant in all sections of the market. From a producer's point of view the position in Lancashire tends to become worse. Sentiment remains distinctly bearish. Only minor changes have taken place in raw cotton prices. Business has been at a deadlock owing to uncertainty concerning the policy of the United States Government in respect of a loan to farmers. Varied reports have been received with regard to the progress of the crop in America; the plants are doing well and high temperatures and dry weather are checking the boll weevil. Yield prospects have improved since the beginning of the month.

Dullness has again prevailed throughout the yarn market. Only occasional sales have taken place in American counts. There has been very little activity in Egyptian spinnings for home consumption, but useful orders have been secured for the Continent. The attempt to formulate a price agreement for ring spinners using Egyptian cotton is discussed on page 429.

In the weaving branch there have been more indications of weak selling by manufacturers. Cases have been reported of producers accepting very low prices in order to prevent the stoppage of more looms. So far as export trade is concerned, the contracts arranged have all been for small quantities. Regular styles have been purchased to a moderate extent for the home trade. Further contracts have been reported for the Government.

★

Jute (Dundee). — News regarding the new jute crop continues unsatisfactory, and sellers are maintaining their prices for the fibre at a fairly high level, much too high in comparison with the prices ruling for yarns and cloth. It is estimated in some quarters that as much as 25 per cent. of this season's crop has been damaged as the result of flooding in the jute-growing areas. It is variously stated in private forecasts that the yield of the crop will be between 8,500,000 bales and 9,500,000 bales, compared with 10 million bales last season, though the acreage has been increased this year by about 300,000 acres. The total area sown, under normal conditions, should yield over 11 million bales.

The Indian jute mills are still struggling with the problem of overproduction. Only two mills, owning one-half per cent. of the looms, are still refusing to sign the agreement drawn up by the Association. Prices for Calcutta goods have fallen because of the delay in concluding an agreement, and the excess production must lead to a further increase in stocks, particularly of hessians. The season for sackings is coming on and a reduction in stocks of these can be expected.

The price of Daisee-2/3 full group is now £18 17s. 6d. per ton and of Tossa-2/3 £19 15s., October-November. Substantial purchases have been made of Daisee, ex-warehouse Dundee, and for near shipment, and up to £20 has been paid for assortment. Business in yarns and cloth remains very quiet and prices are nominal.

THE COMMODITY MARKETS

AMERICAN commodity markets were firmer at the end of last week, but there have been no developments in the last few days. Grain prices were steadier, with smaller offerings from Russia, but the outlook remains bearish. Cotton prices have slowly declined, but rubber, copper and lead were marked up on the week. Moody's daily index of American commodity prices stood unchanged compared with last week at 143.1 (December 31, 1931 = 100); its fluctuations have been very small in the current week.

Metals

Copper. — After falling to £39 12s. 6d. per ton, standard cash copper improved substantially under the influence of the better Wall Street advices and closed the week at £40 7s. 6d. per

(*Continued on page 434*)

BRITISH WHOLESALE PRICES

	Aug. 17, 1938	Aug. 24, 1938
CEREALS AND MEAT		
GRAIN, etc.—		
Wheat—	s. d.	s. d.
No. 2, N. Man. 496 lb.	...	34 6
Eng. Gaz. av., per cwt.	7 9	6 8
Liv. Oct., per cental	5 3	5 3
Flour, per 280 lb.—		
Straights, d/d London	27 6	27 0
Manitoba, ex store	28 0	27 0
	29 6	28 6
Barley, Eng. Gaz. av.	10 1	10 9
Oats, "	7 10	7 6
Maize, La Plata, landed, 480 lb.	29 0	28 6
Rice, No. 2 Burma, per cwt.	9 3	9 $11\frac{2}{2}$
MEAT—		
Beef, per 8 lb.—		
English long sides	4 6	4 6
	5 4	5 4
Argentine chilled hinds	4 2	4 4
	4 8	4 7
Mutton, per 8 lb.—		
English wethers	4 4	4 8
	5 4	5 0
N.Z. frozen wethers	3 0	3 0
	3 8	3 8
Lamb, per 8 lb.—		
N.Z. frozen	4 8	4 8
	5 4	5 4
	5 4	5 10
Pork, English, per 8 lb.	5 10	6 4
BACON (per cwt.)—		
English	102 0	99 0
Danish	103 0	99 0
Dutch	99 0	95 0
Irish	96 0	92 0
	103 0	99 0
HAMS (per cwt.)—		
Canadian	102 0	102 0
	106 0	104 0
United States	100 0	92 0
		94 0
OTHER FOODS		
BUTTER (per cwt.)—		
Australian	116 0	116 0
New Zealand	120 0	120 0
Danish	127 0	135 0
CHEESE (per cwt.)—		
Canadian	78 0	78 0
	80 0	80 0
New Zealand	71 0	72 0
	71 6	72 6
English Cheddars	84 0	84 0
	86 0	86 0
Dutch	50 6	50 6
	56 0	56 0
COCOA (per cwt.)—		
Accra, g.t	24 3	24 6
	25 0	25 3
Trinidad	36 0	36 0
	44 0	44 0
Grenada	35 0	34 0
	37 6	36 0
COFFEE (per cwt.)—		
Santos supr. c. & f.	31 6	32 0
Costa Rica, medium to good	44 0	45 0
	62 0	62 0
Kenya, medium	44 6	48 0
	70 0	70 0
EGGS (per 120)—		
English (15–$15\frac{1}{2}$ lb.)	17 6	18 0
	18 0	18 6
Danish ($15\frac{1}{2}$ lb.)	12 6	13 3
	12 9	13 9
FRUIT—		
Oranges, S. African boxes	8 6	9 0
	14 0	13 6
" Brazilian Peras . boxes	8 3	10 0
	9 6	11 6
Lemons, Naples ....$\frac{1}{2}$ boxes	18 9	20 0
	23 0	33 0
" Sicilian ..... boxes	14 3	16 6
	20 0	23 6
Apples, Amer. (var.).....barrels	...	...
" Californian Gravenstein Boxes	9 6	13 9
	12 9	14 9
Grapes, Almeria .....barrels	...	...
	...	...
Grapefruit, S. African	6 9	7 6
	13 0	13 6
LARD (per cwt.)—		
Irish, finest bladders	56 0	56 0
	62 0	62 0
U.S.	46 0	46 6
	48 6	49 0
PEPPER, per lb.—		
Black Lampong (in Bond)	0 $2\frac{3}{4}$	0 $2\frac{3}{4}$
" " (Duty paid)	0 $3\frac{1}{4}$	0 $3\frac{1}{4}$
White Muntock (in Bond)	0 $3\frac{7}{8}$	0 $3\frac{7}{8}$
	0 4	0 4
" " (Duty paid)	0 $4\frac{1}{2}$	0 $4\frac{1}{2}$
	0 $4\frac{5}{8}$	0 $4\frac{5}{8}$
POTATOES (per cwt.)—		
English King Edward	5 6	5 6
	6 6	6 6
SUGAR (per cwt.)—		
Centritugals, 96°, prpt. shipm. c.i.f. U.K./Cont.	5 $3\frac{3}{4}$	5 $4\frac{1}{2}$
REFINED London—		
Yellow Crystals	18 9	18 9
Cubes	23 0	23 0
	23 6	23 6

* Weeks ended Aug. 11th and 18th.

	Aug. 17, 1938	Aug. 24, 1938
SUGAR (per cwt.)—cont.	s. d.	s. d.
Crushed	21 3	21 3
Granulated	19 $11\frac{2}{2}$	19 $11\frac{2}{2}$
	20 0	20 0
Home Grown	19 0	19 0
	19 3	19 3
TEA* (Auction Average) (per lb.)—	d.	d.
N. India	14·57	13·36
S. India	12·91	12·82
Ceylon	14·75	14·79
Java	12·12	12·00
Sumatra	10·63	10·60
Africa	11·71	11·55
Total	14·12	14·72
TOBACCO (per lb.)—	s. d.	s. d.
Virginia stemmed and unstemmed, common to fine	0 8	0 8
	2 6	2 6
Rhodesian stemmed and unstemmed	0 9	0 9
	1 10	1 10
Nyasaland stemmed and unstemmed	0 7	0 7
	1 4	1 4
East Indian Stemmed	0 6	0 6
	2 0	2 0
East Indian Unstemmed	0 5	0 5
	1 6	1 6
TEXTILES		
COTTON (per lb.)—	d.	d.
Raw, Mid-American	4·78	4·73
" Sakellaridis, F.G.F.	7·68	7·71
" Giza, F.G.F.	7·33	7·36
Yarns, 32's Twist	95_8	91_4
" 40's Weft	101_4	101_2
" 60's Twist (Egyptian)	171_4	171_4
Cloth, 32 in. Printers, 116 yds., 16×16, 32's & 50's	s. d. 16 9	s. d. 16 7
" 36 in. Shirtings, 75 yds., 19×19, 32's & 40's	23 0	23 0
" 38 in. ditto, 38 yds., 18×16, 10 lb.	9 9	9 9
" 39 in. ditto, $37\frac{1}{2}$ yds., 16×15, $8\frac{1}{4}$ lb.	8 10	8 9
FLAX (per ton)—	£ s.	£ s.
Livonian ZK	65 0	66 0
	66 0	66 10
Pernau HD	67 0	67 0
Slanetz Medium, 1st sort	90 0	90 0
HEMP (per ton)—		
Italian PC	70 0	70 0
Manilla, Aug.-Oct. "J2"	21 0	21 0
JUTE (per ton)—		
Native 1st mks., c.i.f. H.A.R.B., Aug.-Sept.	19/3/9	19/17/6
Daisee 2/3 c.i.f. Dundee, Oct.–Nov.	18/15/0	18/17/6
SISAL, (per ton)—	£ s.	£ s.
African, Aug.-Oct.	15 0	15 0
	17 0	17 0
SILK (per lb.)—	s. d.	s. d.
Canton	7 3	7 3
Japan	7 0	7 3
	7 9	8 0
Italian, raw, fr. Milan	8 0	8 0
	7 3	7 3
WOOL (per lb.)—	d.	d.
English, Southdown, greasy	$12\frac{1}{2}$	$12\frac{1}{2}$
" Lincoln hog, washed	11	11
Queensland, scd. super combg.	24	24
N.S.W. greasy, super combg.	14	14
N.Z., greasy, half-bred 50–56	11	11
" Crossbred 40–44	10	10
Tops—		
Merinos 70's average	$27\frac{1}{2}$	$27\frac{1}{2}$
" 64's "	26	26
Crossbred 48's	16	16
" 46's	$15\frac{1}{2}$	$15\frac{1}{2}$
MINERALS		
COAL (per ton)—	s. d.	s. d.
Welsh, best Admiralty	19 6	19 6
	22 6	22 6
Durham, best gas, f.o.b. Tyne	18 9	18 9
	19 0	19 0
Sheffield, best house, at pits	22 0	22 0
	24 0	24 0
IRON AND STEEL (per ton)—		
Pig Cleveland No. 3, d/d.	109 0	109 0
Bars, Middlesbrough	265 0	265 0
Steel rails, heavy	202 6	202 6
Tinplates .....per box	21 6	21 6
NON-FERROUS METALS (per ton)—		
Copper—		
Standard cash	39/16/3	40/7/6
	39/18/9	40/8/9
Three months	40/1/3	40/12/6
	40/3/9	40/13/9
Tin—		
Standard cash	192/15/0	192/10/0
	193/0/0	193 0/0
Three months	193/15/0	193/10/0
	194/0/0	193/15/0
Lead, soft foreign—		
Cash	13/18/9	14/7/6
	14/1/3	14/10/0
English, pig	16/0/0	16/10/0
Spelter, G.O.B.—		
Spot	13/2/6	13/1/3
	13/5/0	13/2.6
Aluminium, ingots and bars	94/0/0	94/0/0
" rolling billets	102/0/0	102/0/0
Nickel, home and export	180/0/0	180/0 0
	185/0/0	185/0/0
Antimony, Chinese	50/0/0	50/0/0
	s. d.	s. d.
Wolfram, Chinese .....per unit	56 0	57 0
	59 0	59 0
	£ s. d.	£ s. d.
Platinum, refined .....per oz.	7/5/0	8/0 0
Quicksilver .....per 76 lb.	13/18/0	13/18/0
	13/18/6	13/18/6

	Aug. 17, 1938	Aug. 24, 1938
	s. d.	s. d.
GOLD, per fine ounce	142 $4\frac{1}{2}$	142 $5\frac{3}{4}$
SILVER (per ounce)—		
Cash	1 $7\frac{1}{16}$	1 $7\frac{1}{4}$
MISCELLANEOUS		
CEMENT, best Eng. Portland, d/d site, London area, in paper bags 20 to ton (free, non-returnable)—		
4-ton loads and upwards	42s. per ton	
CHEMICALS—	s. d.	s. d.
Acid, citric, per lb., less 5%	1 0	1 0
	1 $0\frac{1}{4}$	1 $0\frac{1}{4}$
" Nitric	0 2	0 2
	0 3	0 3
" Oxalic, net	0 5	0 5
	0 6	0 6
" Tartaric, English, less 5%	1 1	1 1
	1 $1\frac{1}{4}$	1 $1\frac{1}{4}$
Alcohol, Plain Ethyl	12 0	12 0
Ammonia, carb. ..... ton	20/0/0	20/0/0
	21/0/0	21/0/0
" Sulphate	7/14/0	7/14/0
Arsenic, lump .....per ton	35/0/0	35/0/0
	s. d.	s. d.
Borax, gran. ..... per cwt.	13 6	13 6
" powder	15 0	15 0
Nitrate of soda ..... per cwt.	8 0	8 0
	0 4	0 4
Potash, Chlorate, net	0 $4\frac{1}{2}$	0 $4\frac{1}{2}$
" Sulphate ..... per cwt.	10 0	10 0
Soda Bicarb. ..... per cwt.	10 0	10 0
	11 0	11 0
Crystals ..... per cwt.	5 0	5 0
	5 3	5 3
Sulphate of Copper..... per ton	18/10/0	18/10/0
COPRA (per ton)—		
S.D. Straits, c.i.f.	10/17/6	10/18/9
HIDES (per lb.)—	s. d.	s. d.
Wet salted, Australian	0 4	0 4
	0 $4\frac{7}{8}$	0 $4\frac{7}{8}$
West Indian	0 3	0 3
	0 $3\frac{1}{4}$	0 $3\frac{1}{4}$
Cape	0 $4\frac{3}{4}$	0 $4\frac{3}{4}$
	0 5	0 5
Dry and Drysalted Cape	0 $6\frac{1}{2}$	0 $6\frac{1}{2}$
	0 $7\frac{1}{2}$	0 $7\frac{1}{2}$
Market Hides, Manchester—	0 $4\frac{1}{8}$	0 $4\frac{1}{8}$
Best heavy ox and heifer	0 $5\frac{3}{8}$	0 $5\frac{3}{8}$
Best cow	0 $4\frac{1}{8}$	0 $4\frac{1}{8}$
	0 $4\frac{1}{2}$	0 $4\frac{1}{2}$
Best calf	0 $4\frac{7}{8}$	0 5
	0 $6\frac{1}{2}$	0 $6\frac{1}{2}$
INDIGO (per lb.)—		
Bengal, gd. red.-vio. to fine	5 0	5 0
	6 0	6 0
LEATHER (per lb.)—		
Sole Bends, 8/14 lb.	1 0	1 0
	1 10	1 10
Bark Tanned Sole	2 0	2 0
	2 10	2 10
Shoulders from DS Hides	0 6	0 6
	0 8	0 8
" Eng. or WS do.	0 $7\frac{1}{2}$	0 $7\frac{1}{2}$
	1 3	1 3
Bellies from DS do.	0 $4\frac{3}{4}$	0 $4\frac{3}{4}$
	0 $5\frac{1}{4}$	0 $5\frac{1}{4}$
" Eng. or WS do.	0 6	0 6
	0 8	0 8
Dressing Hides	1 0	1 0
	1 8	1 8
Ro. Eng. Calf, 20/35 lb. per doz.	3 6	3 6
	4 6	4 6
PETROLEUM PRODUCTS (per gall.)—		
Motor Spirit No. 1, London	1 6	1 6
Petroleum, Amer. rfd. brl. Lond.	0 10	0 10
Fuel oil, in bulk, for contracts ex. instal. Thames—		
Furnace	0 $3\frac{3}{4}$†	0 $3\frac{3}{4}$†
Diesel	0 $4\frac{1}{2}$†	0 $4\frac{1}{2}$†
ROSIN (per ton)—		
American	14/2/6	13/15/0
	18/5/0	18/0/0
RUBBER (per lb.)—	s. d.	s. d.
St. ribbed smoked sheet	0 $7\frac{15}{16}$	0 $8\frac{1}{16}$
Fine hard Para	0 $7\frac{3}{4}$	0 $7\frac{3}{4}$
SHELLAC (per cwt.)—		
TN Orange	39 0	39 0
	42 0	42 0
TALLOW (per cwt.)—		
London town	17 9	17 9
TIMBER—		
Swedish u/s 3×8 ..... per std.	21/10/0	21/10/0
" $2\frac{1}{2}$×7 ... "	21/0/0	21/0/0
" 2×4 ..... "	18/10/0	18/10/0
Canadian Spruce, Dis. "	22/10/0	22/10/0
Pitchpine .....per load	13/10/0	13/10/0
Rio Deals ..... per std.	35/0/0	35/0/0
Teak .....per load	25/0/0	25/0/0
Honduras Mahogany logs c. ft.	0/12/0	0/12/0
English Oak Planks ... "	0/6/0	0/6/0
English Ash Planks ... "	0/7/0	0/7/0
VEGETABLE OILS (per ton net)—		
Linseed, naked	21/7/6	21/15/0
Rape, refined	33/0/0	33/0/0
Cotton-seed, crude	19/5/0	19/0/0
Coconut, crude	15/15/0	15/12/6
Palm	14/5/0	14/0/0
Oil Cakes, Linseed, Eng.	9/2/6	9/2/6
Oil Seeds, Linseed—		
La Plata, Aug.	10/15/0	11/0/0
Calcutta	12/0/0	12/3/9
	s. d.	s. d.
Turpentine ..... per cwt.	32 9	32 9

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

COMMODITY STATISTICS

Coal

COAL OUTPUT ('000 tons)

District	Week ended Aug. 6, 1938	Week ended Aug. 13, 1938	Jan.–July 1937	Jan.–July 1938
Northumberld.	209·5	278·3	8,265·1	7,878·4
Durham	403·6	604·2	19,166·3	19,252·1
Yorkshire	477·4	781·1	26,419·7	25,133·8
Lancs,Cheshire and N. Wales	145·9	319·3	10,394·6	10,296·9
Derby,Notts& Leicester	328·2	581·6	19,728·1	19,524·0
Staffs, Worcs, Salop & Warwick	37·7	344·5	11,997·2	11,962·1
South Wales & Monmouth	221·7	676·6	22,157·2	22,040·8
Other English districts*	54·5	114·5	3,189·4	3,227·7
Scotland	574·4	564·8	18,498·8	17,672·9
Total	2,452·9	4,264·9	139817·4	138109·7

* Including Cumberland, Gloucester, Somerset, and Kent.

Cotton

RAW COTTON delivered to Spinners ('000 bales)

Variety	Week ended Aug. 12, 1938	Week ended Aug. 19, 1938	Total Deliveries Aug. 1, 1937–Aug. 20, 1937	Total Deliveries Aug. 1, 1938–Aug. 19, 1938
American	17·5	22·7	57	57
Brazilian	3·1	3·5	20	9
Peruvian, etc...	1·2	2·1	7	5
Egyptian	8·5	3·3	14	14
Sudan Sakel	5·8	2·7	9	13
East Indian	14·0	18·2	22	49
Other countries	2·7	1·6	13	8
Total	52·8	54·1	142	154

Metals

SALES ON LONDON METAL EXCHANGE

	Week ending Aug. 17, 1938	Week ending Aug. 24, 1938	From Jan. 1 to Aug. 24, 1938
	Tons	Tons	Tons
Copper	9,750	6,250	306,525
Tin	1,390	1,235	56,290
Lead	5,900	6,000	226,150
Spelter	3,525	3,700	193,475

U.K. STOCKS

	Aug. 13, 1938	Aug. 20, 1938
	Tons	Tons
Copper (Br. official w'houses):		
Refined	5,955	6,299
Rough	30,851	30,951
Tin (London and Liverpool)	7,473	5,699

METALS—(cont.)

TINPLATE INDUSTRY

	Week ended Aug. 14, 1937	Week ended Aug. 6, 1938	Week ended Aug. 13, 1938
Production—per cent. of capacity	67·07	Nil	36·76
	Week ended Aug. 19, 1937	Week ended Aug. 11, 1938	Week ended Aug. 18, 1938
	Tons	Tons	Tons
Shipments	4,964	803	6,182
Stocks (warehouse and in vans)	3,861	3,480	1,950
	Thirty-three Weeks ended Aug. 19, 1937	Thirty-three Weeks ended Aug. 18, 1938	
	Tons	Tons	
Shipments	265,852	158,334	

Foods

WORLD SHIPMENTS OF WHEAT AND FLOUR ('000 quarters)

	Week ended Aug. 13, 1938	Week ended Aug. 20, 1938	Season to Aug. 21, 1937	Season to Aug. 20, 1938
From—				
N. America	524	547	1,143	1,607
Argentina and Uruguay	129	75	328	344
Australia	263	263	525	852
Russia	439	328	34	1,115
Danube and dist.	87	64	345	193
India	92	80	171	284
Other Countries	...	...	111	...
Total	1,534	1,357	2,657	4,395
To—				
U.K.	368	277	708	1,032
"Orders"	479	468	509	1,414
France	28	49	12	85
Belgium	128	101	268	379
Holland	157	56	95	313
Italy	...	2	53	10
Greece	38	55	71	105
Scandinavia	...	...	75	25
Austria, etc.	55	40	63	139
Other European Countries	72	109	150	204
Ex-European Countries	209	200	653	689
Total	1,534	1,357	2,657	4,395

WORLD SHIPMENTS OF MAIZE AND MAIZE MEAL ('000 quarters)

From	Week ended Aug. 13, 1938	Week ended Aug. 20, 1938	From Apr. 1 to Aug. 21, 1937	From Apr. 1 to Aug. 20, 1938
Argentina	257	219	17,617	4,084
Atlantic America	547	352	4	8,990
Danube Region	30	18	1,898	2,030
S. & E. Africa	21	8	1,244	297
Indo-China, etc.	68	58	113	668
Total	923	655	20,876	16,069

OTHER FOODS

	Week ended Aug. 13, 1938	Week ended Aug. 20, 1938
BACON:		
Arrivals in London (bales)		
Danish	14,064	14,637
Canadian	4,180	4,325
Dutch	2,307	2,578
Lithuanian	1,508	1,435
Polish	2,644	2,735
COCOA:		
Movements in Lond. (bags):		
Landed	26,213	14,473
D/d for home consumption	12,928	15,102
Exports	35	445
Stocks, end of week	162,204	159,604

OTHER FOODS—(cont.)

	Week ended Aug. 13, 1938	Week ended Aug. 20, 1938
COFFEE:		
Movements in Lond. (cwt.)		
Brazilian—Landed	155	49
" D/d for home consn.	43	100
" Exports	...	...
" Stocks, end of week	2,481	2,430
Central and S. American:		
Landed	688	327
D/d for home consumption	1,948	1,713
Exports	1,452	1,677
Stocks, end of week	126,762	123,699
Other kinds—Landed	395	337
" D/d for home consn.	3,339	3,380
" Exports	703	683
" Stocks end of week.	86,241	82,023
MEAT:		
Supplies at Smithfield (tons):		
Total	7,344	1,015
Beef and veal	4,022	495
Mutton and lamb	2,335	316
Pork and bacon	536	103
Poultry, etc.	451	101
SUGAR:		
Movements, London and Liverpool (tons):		
Imports	2,299	17,848
Deliveries	13,875	14,999
Stocks, end of week	233,123	235,678
TEA:*		
Sales on Garden A/c. (pkgs.):		
N. India	29,899	35,771
S. India	9,206	10,264
Ceylon	29,522	28,205
Java	4,477	2,549
Sumatra	1,324	1,193
Africa	3,364	1,626
Total	77,792	79,608

* Weeks ended Aug. 11th and 18th.

Miscellaneous Commodities

MOVEMENTS OF RUBBER IN LONDON AND LIVERPOOL

	Week ended Aug. 13, 1938	Week ended Aug. 20, 1938
Landed ..... tons	2,565	3,262
Delivered ..... tons	1,025	1,351
Stocks, end of week ..... tons	97,456	99,367

WORLD SHIPMENTS OF LINSEED ('000 tons)

	Week ended Aug. 13, 1938	Week ended Aug. 20, 1938	From Jan. 1 to Aug. 21, 1937	From Jan. 1 to Aug. 20, 1938
Argentine to—				
U.K. and Orders	1·1	0·3	354·4	194·9
Continent	15·3	8·1	390·4	433·5
U.S.A. and Canada	15·1	5·6	567·7	224·7
Australia, Brazil, etc.	...	0·4	13·0	13·6
Calcutta to—				
U.K. and Orders	7·9	0·6	84·5	70·4
Continent	...	...	0·2	0·9
Bombay to—				
U.K. and Orders	8·3	4·6	29·8	104·6
Continent	0·3	...	9·4	3·8
Madras to U.K.	...	...	...	...
India to—				
Australia, etc.	4·0	...	10·7	10·4
U.S.A.	...	...	...	...
Sundries	...	...	...	...
Total	52·0	19·6	1465·1	1056·8

AMERICAN WHOLESALE PRICES

	Aug. 17, 1938	Aug. 24, 1938
	Cents	Cents
GRAINS (per bushel)—		
Wheat, Chicago, Sept.	$63\frac{1}{4}$	62
Winnipeg, Oct.	$68\frac{8}{8}$	$67\frac{7}{8}$
Maize, Chicago, Sept.	52	51
Oats, Chicago, Sept.	$22\frac{7}{8}$	$23\frac{5}{8}$
Rye, Chicago, Sept.	42	$40\frac{7}{8}$
Barley, Winnipeg, Oct.	$37\frac{5}{8}$	38
METALS (per lb.)—		
Copper, N.Y., Domestic spot	9·67½	9·72½
Producers' export	10·00	10·05
METALS (per lb.)—*cont.*		
Tin, N.Y., Straits spot	43·10	43·60
Lead, N.Y., spot	4·90	4·90
Spelter, East St. Louis, spot	4·75	4·75
MISCELLANEOUS (per lb.)—		
Cocoa, N.Y., Accra, Sept.	5·24	5·16
Coffee, N.Y., cash—		
Rio, No. 7	$5\frac{1}{8}$	$5\frac{1}{8}$
Santos, No. 4	$7\frac{7}{8}$	$7\frac{7}{8}$
Cotton, N.Y., Am. mid., spot	8·40	8·32
MISCELLANEOUS (per lb.)—*cont.*		
Cotton, Am. Mid., Sept.	8·24	8·13
Lard, Chicago, Sept.	8·25	7·90
Petroleum, Mid-cont. crude 33 deg. to 33·90, at well, per barrel	116	116
Rubber, N.Y., smkd. sheet spot	$15\frac{15}{16}$	$16\frac{1}{2}$
Do. do. Sept.	$15\frac{15}{16}$	$16\frac{1}{2}$
Sugar, N.Y., Cuban Cent., 96 deg., spot	2·75	2·80

COMPANY MEETING

CHUNGLOON RUBBER ESTATE (1932), LIMITED

INCREASED CROP

A CHEAP PRODUCING ESTATE

The sixth ordinary general meeting of the Chungloon Rubber Estate (1932), Ltd., was held, on the 23rd instant, at Winchester House, London, E.C., Mr E. B. Ridsdel, chairman of the company, presiding.

Mr W. A. K. Igoe, representing the secretaries (Messrs E. B. Ridsdel and Company, Limited), read the notice convening the meeting and the report of the auditors.

The Chairman said:—Gentlemen,—The report and accounts having been in your hands for the past week, with your permission I will take them as read.

At the annual general meeting last year I directed your attention to the acquisition of the new area adjoining our estate. This property, consisting of 121.8 acres, of which 106 acres are planted, is now an integral part of our estate, and accounts for the difference in acreage as shown in this report, and the increase in the issued capital of the company by £4,000 to £29,077.

REDUCED COSTS

The increased acreage has had the effect of increasing our assessment by 49,000 lbs., and with last year's release averaging 82½ per cent., it will be obvious to you that the acquisition of the new property has been profitable. The higher output obtained has also had the effect of reducing the cost per lb. of rubber.

The crop secured during the year amounted to 346,988 lbs. of rubber, an increase of 107,265 lbs. on the crop harvested last year. Our f.o.b. cost for the year was 3d. per lb., and the all-in cost, including replanting expenditure, was 3.8d. per lb. These costs are really very good, and we must congratulate ourselves on having such a cheap producing estate. Of the crop harvested 318,898 lbs. were sold at a net price of 7d. per lb., as against 8½d. last year. This drop of 1½d. per lb. in the price realised was fortunately more than recovered owing to the increased export allowance.

After providing for all charges there is a net profit for the year of £4,845, out of which an interim dividend of 4 per cent. has already been paid. There remains the sum of £3,682, which, added to the balance brought forward, leaves us £5,802 to deal with. We now recommend the payment of a final dividend of 5 per cent., which will absorb £1,454, leaving £4,348 to be carried forward, as against £2,119 brought in. The liquid position is strong, as cash in hand, rubber stocks and sundry debtors, less creditors, total £7,836.

The estate is in very good order and the general running costs are exceptionally low. Our harvest this year represented the very fine yield of 504 lbs. per acre, and definitely marks Chungloon as a first-class estate. The 26 acres of young rubber planted last year are very healthy and growing well up to standard.

THE CURRENT YEAR

With regard to the current year, the release was 60 per cent. from April to June, and 45 per cent. from June to September. We hope the releases between September and March, 1939, will be more favourable, but you will quite understand that with such a small allowance as 45 per cent. very small profits can be earned with the current selling price of rubber.

I now move, "That the directors' report and statement of accounts for the year ended March 31, 1938, together with the auditors' report thereon, be and they are hereby approved and adopted." I will ask Mr de la Bère to second this resolution, but before putting it to the meeting I shall be pleased to answer to the best of my ability any questions you may care to ask.

Mr Rupert de la Bère, M.P., seconded the resolution, and it was carried unanimously.

The proposed dividend was approved; the retiring director, Mr R. de la Bère, was re-elected; the auditors, Messrs Fitzpatrick, Graham and Company, were re-appointed, and the proceedings terminated with a vote of thanks to the staff in the East and to the directors.

(*Continued from page* 431)

ton, a net gain of 11s. 3d. on last week's close. The demand of consumers on both sides of the Atlantic continues to be small and speculative activity has again lost much of its recent strength so that the movements of the market are small.

★

Tin.—The tin market was dull for most of the week, and on Tuesday the price fell back to £190 10s. per ton. On Wednesday, however, the better advices from the other side of the Atlantic helped to improve sentiment, and the cash price staged a rally to £192 10s., a net loss of only 5s. on the week. Although warehouse stocks in this country now exceed 7,600 long tons and are thus at their highest level for years, offerings of tin on the London Metal Exchange are very limited; demand is insignificant as a result of the very low rate of current consumption, so that the turnover on the tin market is showing a record low level.

★

Lead and Spelter.—Spelter closed 1s. 3d. down at £13 1s. 3d. per ton, but lead showed a rise of 8s. 9d. to close at £14 7s. 6d. per ton. The decline in spelter was due to the great slackness in demand, while lead was supported by reports of pending cartel negotiations and the publication of favourable American statistics. The cartel outlook is discussed in a special industrial note on page 429. According to the American Bureau of Metal Statistics, stocks of lead in the United States fell by 9,100 short tons to 154,200 short tons last month. Domestic production was reduced from 35,000 short tons in June to 31,500 short tons in July, while deliveries of the metal advanced simultaneously from 35,300 short tons to 40,600 short tons. The decline in United States stocks last month was the first major decline since September last, and followed a very small decline of 400 tons in the previous month. As far as can be ascertained, however, the favourable trend of these statistics has not been fully maintained in August.

Grains

THE wheat market was steadier in the past week and prices have fluctuated round last week's levels, without much change either way. Sales from Russia have diminished, and it is thought that the Canadian Wheat Board will not press sales with prices at their present levels, since they are paying 80c. per bushel to the growers. Sales in the United States are reported to be small in comparison with the size of the crop, as farmers are storing wheat with Government loans against a future rise. The low prices for Argentine maize early in the week led to renewed demand, and at the close, Plate again commanded a slight premium over American maize in near positions. Russian barley prices rose towards the end of the week owing to a withdrawal of supplies, but those of other varieties were little affected.

Other Foods

Provisions.—Bacon prices declined at the end of last week by 3s. to 4s. per cwt., since when the market has been firm. Danish butter rose sharply in price during the week, but other prices have changed little. The limited supplies of meat at Smithfield met with a slow demand.

★

Colonial Produce.—There was a better demand for coffee and the smaller supplies of cocoa, and prices of both tended to rise during the week; a better sentiment was also noticed at the tea auctions. The sugar market has been steady.

★

Fruit and Vegetables.—Potatoes sold steadily at unchanged prices. After a quiet trade at the end of last week, demand revived; English vegetables such as peas and beans rose in price, and plums, apples and pears were also in good demand.

Miscellaneous Commodities

Oils and Oilseeds.—After some recovery in prices early in the week, demand again slackened, and prices are little changed compared with a week ago. The linseed market continues to be dominated by the favourable reports of the new crops; refined cotton oil sells slowly at £21 per ton ex Hull.

★

Rubber.—After a period of quiet at the end of last week, demand improved and the price of standard sheet on the spot stood on Wednesday at 8⅛d. per lb., an increase of ⅛d. to ¼d. per lb. on the week. The demand, while not large, was mainly on manufacturers' account and speculative activity

CURRENT STATISTICS

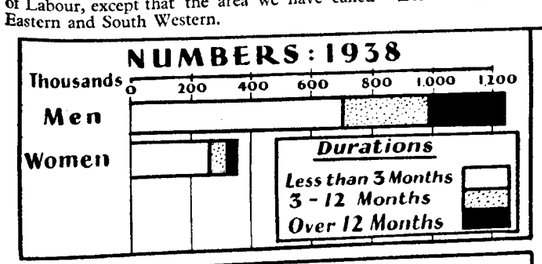
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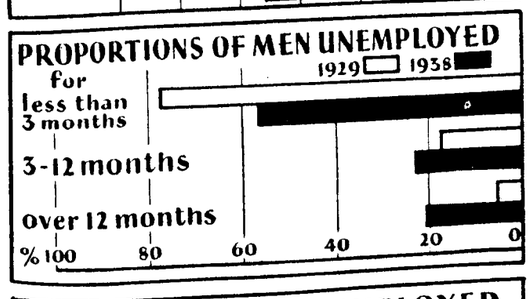
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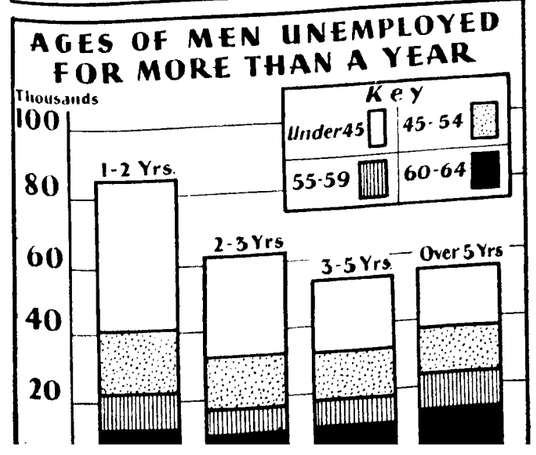
All tables appear regularly except those whose titles are printed in italics, which are special to this issue.

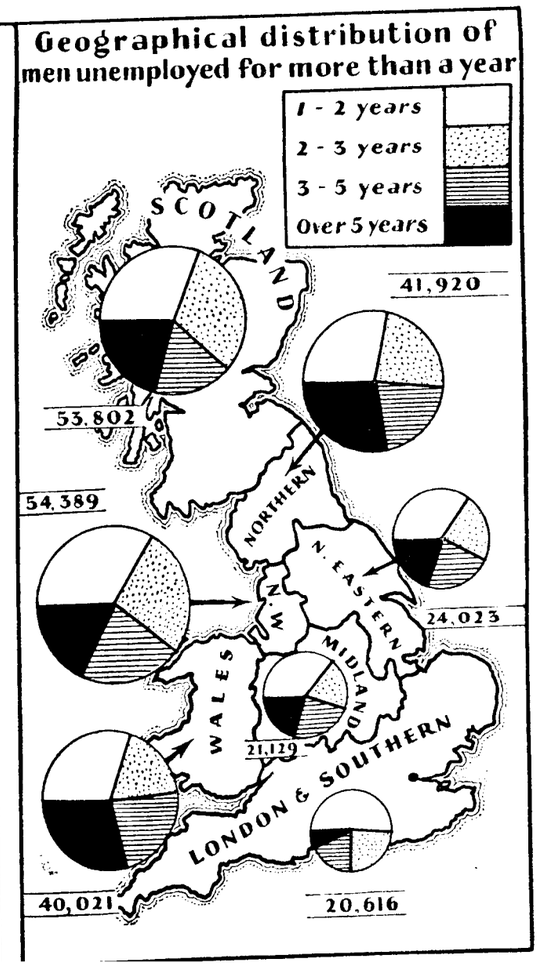
The Long-Term Unemployed

In the following charts we present graphically some of the results of an inquiry by the Ministry of Labour into the age, duration of unemployment and geographical distribution of persons on the unemployment register on February 28, 1938. Except where otherwise stated, all the charts refer to persons on the register aged 18–64, who applied for unemployment benefit or allowances. The number of applicants at that date was about 95 per cent. of the total on the register. The first two charts on the left-hand side show the total numbers of male and female applicants divided according to duration of unemployment and the proportions of male applicants unemployed for different periods in September, 1929, and February, 1938. In the remaining charts we show the age and geographical distribution of men who last February had been unemployed for more than a year. The areas shown in the map are the administrative divisions set up by the Ministry of Labour, except that the area we have called "London and Southern" includes three of the Ministry's divisions, i.e. London, South Eastern and South Western.









Finance

GOVERNMENT RETURNS

For the week ended August 20, 1938, total ordinary revenue was £19,570,000, against ordinary expenditure of £12,497,000. Thus, excluding sinking fund allocations, the deficit accrued since April 1st last is £133,045,000, against a deficit of £82,295,000 a year ago.

ORDINARY AND SELF-BALANCING REVENUE AND EXPENDITURE

Revenue	Receipts into the Exchequer (£ thousands) Estimate, 1938–39	April 1, 1937, to Aug. 21, 1937	April 1, 1938, to Aug. 20, 1938	Week ended Aug. 21, 1937	Week ended Aug. 20 1938
ORDINARY REVENUE					
Inc. Tax ...	£341150	43,595	43,302	4,521	5,385
Sur-tax.....	62,000	6,140	7,510	80	150
Estate, etc., Duties.....	88,000	35,410	30,970	1,420	1,570
Stamps.....	24,000	6,910	7,030	230	230
N.D.C.....	20,000	...	4,570	...	620
Other In. Rev. Duties	1,250	140	440	10	30
Total I. Rev.	536,400	92,195	93,822	6,261	7,985
Customs ...	227,950	85,378	84,762	3,665	3,776
Excise	116,150	44,700	44,500	6,749	6,600
Total Cust. and Excise	344,100	130,078	129,262	10,414	10,376
Motor Duties.....	36,000	8,362	8,219	...	...
P.O. (Net Receipt)...	8,670	8,370	6,440	300	300
P.O. Fund	2,400	...	...	...	...
Crown Lds.	1,330	500	520	...	...
Rec. from Sun. Loans	5,250	3,337	3,838	375	619
Misc. Rec.	10,500	3,063	2,298	502	290
Total Ordinary Revenue	944,650	245,905	244,399	17,852	19,570
SELF - BAL. REVENUE Post Office and Broadcasting* ...	80,442	25,330	27,260	1,550	1,350
Total ...	1025092	271,235	271,659	19,402	20,920

Expenditure	Issues out of the Exchequer to meet payments (£ thousands) Estimate, 1938–39	April 1, 1937, to Aug. 21, 1937	April 1, 1938, to Aug. 20, 1938	Week ended Aug. 21 1937	Week ended Aug. 20 1938
ORDINARY EXPEND.					
Int. & Man. of Nat. Dt.	230,000	96,527	96,542	365	347
Payments to N. Ireland	8,900	2,448	2,568	...	...
Other Cons. Fund Serv.	5,239	1,487	1,254	...	...
Total.....	244,139	100,462	100,364	365	347
Supply Serv.	†702409	221,850	270,008	11,600	12,150
Total Ordy. Expend....	§946548	322,312	370,372	11,965	12,497
SELF - BAL. EXPEND. P.O. and Broadcasting Votes	80,442	25,330	27,260	1,550	1,350
Total.....	1026990	347,642	397,632	13,515	13,847

* Revenue required to meet expenditure.
† Excluding Post Office and Broadcasting and £112,900,000 under Defence Loans Act.
‡ After concessions of £100,000 made during passage of Finance Act.
§ After adding Navy and Air Supplementary Estimates, Consol. Fund increase under Eire Act and reduction by revised Civil Estimate (net increase, £2,150,000).

After raising Exchequer balances by £178,202 to £2,852,974, the other operations for the week (as shown below, but excluding £2,000,000 received from Eire), reduced the gross National Debt by £8,895,000 to about £8,270 millions.

WEEK'S CHANGES IN DEBT

(£ thousands)

NET INCREASE IN DEBT		NET REPAYMENTS, ETC.	
3% Nat. Defence Loan	800	Treasury Bills	7,190
		Public Dept. Adv....	2,200
		War Loan Acts.....	25
		P.O. & Tel. (Mon.) Acts	250
		N. Atl. Shipping ...	30
	800		9,695

AGGREGATE ISSUES AND RECEIPTS

The aggregate issues and receipts from April 1, 1938, to August 20, 1938, are shown below :—

(£ thousands)

Ordinary Exp. ...	370,372	Ordinary Rev. ...	214,400
Inc. in balances...	489	Eire receipts*	5,000
		Gross borr.	123,932
		Less Sinkg. Fds.	2,471
		Net borrowing ...	121,461
	370,861		370,861

* Receipts under Sec. 2 (3) of Eire (Confirmation of Agreement) Act, 1938.

FLOATING DEBT

(£ millions)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt	Floating Assets
1937						
Mar. 31	674·6*		23·5	...	698·1	...*
Aug. 21	568·0	285·0	31·5	...	884·5	316·5
Dec. 31	889·7*		39·4	55·7	984·9	...*
1938						
May 21	570·0	276·0	41·8	...	887·8	317·8
„ 28	570·0	281·4	40·8	...	892·2	322·2
June 4	575·0	308·7	43·9	2·0	929·6	352·6
„ 11	580·0	310·7	41·6	...	932·3	352·3
„ 18	585·0	303·4	40·1	...	928·5	343·5
„ 25	583·0	305·7	44·7	...	933·4	350·4
„ 30		851·0*	42·4	41·5	934·9	...*
July 9	573·0	298·3	43·1	...	914·5	341·4
„ 16	568·0	302·3	40·7	...	911·1	343·0
„ 23	568·0	304·1	37·2	...	909·4	341·3
„ 30	565·0	300·1	46·6	...	920·7	355·7
Aug. 6	560·0	320·1	44·2	...	924·3	364·3
„ 13	555·0	298·4	44·1	...	902·5	342·5
„ 20	555·0	296·2	41·9	...	893·1	338·1

* Owing to inequalities between Treasury bill payments and maturities at the end of the quarter, it is impossible to separate tender and tap issues or to calculate floating assets.

TREASURY BILLS

(£ millions)

Date of Tender	Amount: Offered	Amount: Applied for	Amount: Allotted	Average Rate %	Per Cent. Allotted at minimum Rate
1937				s. d.	
Aug. 20	45·0	83·5	45·0	10 5·39	43
Dec. 31	50·0	80·5	50·0	10 11·59	47
1938					
May 13	30·0	73·5	30·0	10 1·12	29
„ 20	35·0	74·3	35·0	10 1·11	35
„ 27	45·0	69·0	45·0	10 9·37	57
June 3	50·0	83·1	50·0	12 1·04	51
„ 10	50·0	86·0	50·0	12 9·19	58
„ 17	50·0	80·5	48·0	11 5·68	69
„ 24	45·0	66·7	45·0	10 9·18	57
July 1	45·0	84·8	45·0	10 5·33	40
„ 8	45·0	85·2	45·0	10 5·43	40
„ 15	45·0	90·7	45·0	10 5·21	37
„ 22	45·0	88·3	42·0	10 5·03	32
„ 29	40·0	82·4	40·0	10 1·90	58
Aug. 5	35·0	78·6	35·0	10 1·80	40
„ 12	30·0	76·8	30·0	10 1·50	30
„ 19	35·0	82·2	35·0	10 1·51	32

Bills are paid for during following week, on any working day at applicant's option. When normal length is 92 days, bills paid for Saturday are 91-day bills and there are no Monday maturities. When normal length is 90 days, bills paid for on Monday are 89-day bills. Bills paid for in February are 89-day bills, except those paid for each Tuesday, which are 88-day bills.

On August 19th, applications at £99 17s. 5d. per cent. for bills to be paid for on any day except Saturday of the following week were accepted as to about 32 per cent. of the amount applied for. Applications at higher prices were accepted in full. Applications for bills to be paid for on Saturday at £99 17s. 6d. per cent. and above were allotted in full. £40·0 millions of Treasury bills are being offered on August 26th.

NATIONAL SAVINGS CERTIFICATES

Sales in	Number	Purchase Price
31 weeks to :—		
Aug. 7, 1937† ...	19,900,014	14,925,010
Aug. 6, 1938 ...	20,062,721	15,047,046
Week to :—		
Aug. 7, 1937‡ ...	445,022	333,766
July 30, 1938 ...	631,122	473,341
Aug. 6, 1938*‡ ...	486,145	364,609

* Net Exchequer receipts, week ended August 6, 1938, *Dr. £200,000*.
† After adjustments to June 19th. ‡ 5 days only.
N.B.—At the end of June, 1938, balances due to Post Office and Trustee Savings Banks depositors were £727,635,000, and the value of Savings Certificate holdings was £516,800,000.

BANK OF ENGLAND RETURNS

AUGUST 24, 1938

ISSUE DEPARTMENT

	£		£
Notes Issued :		Govt. Debt....	11,015,100
In circuln...	478,698,934	Other Govt. Securities ...	188,266,807
In Bnkg. Department...	47,712,816	Other Secs....	707,391
		Silver Coin ...	10,702
		Amt. of Fiduciary Issue	200,000,000
		Gold Coin & Bullion	326,411,750
	526,411,750		526,411,750

BANKING DEPARTMENT

	£		£
Props., Capital	11,553,000	Govt. Secs....	101,911,164
Rest.....	3,623,278	Other Secs.:	
Public Deps.*	23,959,683	*Discts., etc. ...*	*6,267,277*
Other Deps.:		*Securities.....*	*20,641,808*
Bankers ...	*101,559,981*		26,909,085
Other	*34,072,950*	Notes	47,712,816
	135,632,931	Gold & Silver Coin	1,235,827
	177,768,892		177,768,892

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

THE WEEK'S CHANGES

(£ thousands)

Both Departments	Amt. Aug. 24, 1938	Compared with: Last Week	Compared with: Last Year
COMBINED LIABILITIES			
Note circulation	478,699	- 3,921	- 9,568
Deposits : Public	23,960	+ 3,852	- 1,417
Bankers'.....	101,500	- 4,163	- 8,741
Others.....	34,073	+ 6	- 1,925
Total outside liabilities	638,232	- 4,229	- 4,169
Capital and rest	18,176	+ 5	- 22
COMBINED ASSETS			
Govt. debt and securities	301,193	- 2,917	+ 6,956
Discounts and advances	6,267	- 195	+ 1,950
Other securities	21,149	- 1,162	+ 1,028
Silver coin in issue dept.	11	- 2	+ 1
Gold coin and bullion....	327,648	+ 51	- 214
RESERVES			
Res. of notes & coin in banking department...	48,949	+ 3,975	+ 9,354
Proportion of reserve to outside liabilities—			
(*a*) Bnkg. dept. only ("proportion")	30·6%	+ 2·5%	+ 4·9%
(*b*) Gold stocks to deposits and notes ("reserve ratio")	51·3%	+ 0·4%	+ 0·3%

COMPARATIVE ANALYSIS

(£ millions)

	1937 Aug. 25	1938 Aug. 3	1938 Aug. 10	1938 Aug. 17	1938 Aug. 24*
Issue Dept.:					
Notes in circ.	488·3	497·8	490·0	482·6	478·7
Notes in banking dept.....	38·1	28·6	36·4	43·8	47·7
Govt. debt and securities ...	199·3	200·0	199·5	199·5	199·2
Other secs. ...	0·7	0·0	0·5	0·5	0·7
Gold	326·4	326·4	326·4	326·4	326·4
Deposits:					
Public	25·4	9·5	19·3	20·1	24·0
Bankers'.....	92·8	113·4	106·1	105·7	101·6
Others	36·0	34·7	34·5	34·1	34·1
Total	154·2	157·6	159·9	159·9	159·6
Bkg. Dept. Secs.:					
Government ...	108·8	114·7	109·7	104·6	101·9
Discounts, etc.	4·3	9·6	9·2	6·5	6·3
Other	19·6	21·8	21·5	22·0	20·6
Total	132·5	146·1	140·5	133·1	128·8
Banking dept. reserve.....	39·6	29·7	37·6	45·0	48·9
"Proportion"	25·7%	18·8%	23·4%	28·1%	30·6%
Reserve ratio†	51·0%	50·0%	57·8%	51·0%	51·3%

† Gold stocks in both departments to deposits and notes in circulation. * At this date, Government debt was £11,015,100 ; silver coin in Issue Department £10,702 ; capital, £14,553,000 ; rest, £3,623,278.

OVERSEAS BANK RETURNS

NOTE.—A return of the Bank of Spain appeared in *The Economist* of May 28th last. The latest return of the Bank of Roumania appeared in *The Economist* of April 23rd ; International Settlements, Denmark, Estonia, and Sweden, of August 13th; Reichsbank, Bulgaria, Iran, Java, Jugo-Slavia, Norway, Poland, South Africa and Switzerland, of August 20th.

U.S. FEDERAL RESERVE BANKS

Million $'s

12 U.S.F.R. Banks	Aug. 26, 1937	July 28, 1938	Aug. 18, 1938	Aug. 25, 1938
RESOURCES				
Gold certifs. on hand and due from Treas.	8,832	10,633	10,632	10,632
Total reserves	9,150	11,064	11,032	11,038
Total cash reserves ...	309	421	391	397
Total bills discounted	19	7	7	7
Bills bt. in open mkt.	3	1	1	1
Total bills on hand ...	22	8	7	7
Industrial advances ...	21	16	16	16
Total U.S. Govt. secs.	2,526	2,564	2,564	2,564
Total bills and secs. ...	2,569	2,588	2,587	2,587
Total resources	12,414	14,303	14,328	14,248
LIABILITIES				
F.R. notes in actual circulation	4,235	4,110	4,150	4,145
Aggregate of excess mr. bank res. over reqts.	760	3,040	2,930	2,980
Deposits — Member-bank reserve account	6,730	8,188	8,085	8,156
Govt. deposits	161	732	802	771
Total deposits	7,247	9,303	9,236	9,242
Cap. paid in and surplus	306	309	309	309
Total liabilities	12,415	14,303	14,328	14,248
Ratio of total res. to deposit and F.R. note liabs. combined	79·7%	82·5%	82·4%	82·5%
U.S.F.R. BANKS AND TREASURY COMBINED RESOURCES				
Monetary gold stock...	12,541	13,002	13,052	13,079
Treasury and Nat. Bk. currency	2,577	2,719	2,724	2,727
LIABILITIES				
Money in circulation...	6,495	6,416	6,485	6,470
Treasury cash and deposits with F.R. Bks.	3,844	3,060	3,185	3,188

NEW YORK FEDERAL RESERVE BANK.—Million $'s

	Aug. 26, 1937	July 28, 1938	Aug. 18, 1938	Aug. 25, 1938
Total gold reserves ...	3367·9	4648·0	4655·4	4666·2
Total bills discounted	11·6	1·6	1·7	1·8
Bills bt. in open mkt.	1·1	0·2	0·2	0·2
Total U.S. Govt. secs.	725·0	780·1	780·1	780·1
Total bills and securts.	743·2	786·0	785·8	785·8
Deposits — Member-bank reserve account	2890·9	3907·1	3846·8	3907·5
Total res. to dep. and Fed. Res. note liabilities combined ...	83·8%	87·0%	86·9%	87·0%

FEDERAL RESERVE REPORTING MEMBER BANKS.—Million $'s

	Aug. 11, 1937	July 13, 1938	Aug. 3, 1938	Aug. 10, 1938
ASSETS				
Loans, total	9,917	8,231	8,165	8,199
Investments	12,214	12,237	12,395	12,412
Reserve with Federal Reserve banks	5,122	6,737	6,570	6,550
Due from domestic bks.	1,680	2,462	2,399	2,365
LIABILITIES				
Deposits : demand (adjusted).....	14,914	14,994	14,951	15,009
Time	5,229	5,209	5,193	5,193
U.S. Government ...	498	455	436	430
Inter-bank	5,568	6,304	6,236	6,203

BANK OF FRANCE.—Million francs

	Aug. 19, 1937	July 21, 1938	Aug. 11, 1938	Aug. 18, 1938
ASSETS				
Gold	55,717	55,808	55,808	55,808
Advances on gold coin	1,099	...	...	...
Bills : Commercial ...	9,178	6,278	6,347	7,028
Bought abroad	881	744	726	726
Advances on securities	3,890	3,589	3,588	3,606
Thirty-day advances ...	582	853	665	718
Loans to State without interest : (*a*) general	3,200	3,200	3,200	3,200
(*b*) provisional	23,878	†40134	†40134	†40134
Negotiable bonds, Sinking Fund Dept.	5,637	5,574	5,570	5,570
Other assets	4,091	3,935	4,280	4,084
LIABILITIES				
Notes in circulation ...	88,216	99,880	100224	99,340
Deposits : Public	2,204	3,389	3,155	2,900
Private	14,341	13,955	14,235	15,942
Other liabilities	3,393	2,892	2,705	2,693
Gold reserve to sight liabilities	53·1%	47·6%	47·4%	47·2%

† Of which fcs. 18,050 millions under Conventions whose permissible limit is fcs. 30,000 millions.

NATIONAL BANK OF BELGIUM

Million belgas

	July 18, 1938	Aug. 4, 1938	Aug. 11, 1938	Aug. 18, 1938
ASSETS				
Gold	2,929	2,972	3,046	3,066
Silver and other coin...	46	45	44	46
Foreign exchange, etc.	817	867	917	917
Bills and securities....	740	666	634	608
Advances	58	58	50	48
LIABILITIES				
Notes in circulation ...	4,168	4,233	4,245	4,226
Deposits : Govt.	16	13	18	8
Other	315	275	341	364

CENTRAL BANK OF ARGENTINA

Million paper pesos

	July 31, 1937	June 30, 1938	July 15, 1938	July 31, 1938
ASSETS				
Gold at home.....	1,224	1,224	1,224	1,224
Gold abroad & foreign exchange†	320	116	106	100
Non-int.-bearing Govt. bond	119	119	119	119
Treasury bonds	398	397	397	397
LIABILITIES				
Notes	1,179	1,086	1,085	1,084
Government deposits	120	118	129	126
Bank deposits.....	406	312	308	320
Certs. of participation in Treasury bonds...	358	334	317	308
Gold and for. exch. to note and sight liabs.	90·2%	88·3%	87·3%	86·4%

† On and from June 30, 1938, the items "gold at home, Extension of Exchange Fund" and "gold abroad and foreign exchange" are amalgamated under one figure.

AUSTRALIAN COMMONWEALTH BANK.—Million £'s

	Aug. 23, 1937	July 25, 1938	July 15, 1938	Aug. 22, 1938
ASSETS				
Gold and English stg.	16·01	16·01	16·01	16·01
Other coin, bullion, &c.	4·97	5·48	5·08	5·26
Money at short call— London	33·38	25·22	24·12	23·41
Short-term loans	3·56	...	...	...
Secrts. and Treas. bills	76·59	89·03	89·69	90·06
Discounts and advances	10·28	13·82	13·91	13·99
LIABILITIES				
Notes issued	47·04	49·03	49·03	49·03
Res. pm. on gold sold	7·75	7·75	7·75	7·75
Deposits, etc.....	86·02	85·64	85·07	84·90

BANK OF CANADA

Million $'s

	Aug. 18, 1937	July 20, 1938	Aug. 10, 1938	Aug. 17, 1938
ASSETS				
Reserve, of which	202·0	206·6	205·4	205·0
Gold coin and bullion	175·5	180·5	180·6	180·6
Securities	146·8	168·2	174·4	176·4
LIABILITIES				
Note circulation†	144·2	156·5	159·1	159·6
Deposits : Dom. Govt.	26·2	13·3	14·8	10·0
Chartered banks ...	172·2	193·8	195·4	202·5
Reserves to notes and deposit liabilities ...	60·0%	56·5%	55·4%	54·9%

† This item, as at Aug. 3, should have read $158·3 millions.

NATIONAL BANK OF CZECHOSLOVAKIA.—Million Cz. kr.

	Aug. 15, 1937	July 15, 1938	Aug. 8, 1938	Aug. 15, 1938
ASSETS				
Gold	2,574	2,653	2,653	2,653
Balance abroad and foreign currencies ...	352	273	233	217
Discounts and advances	2,072	3,268	3,471	3,453
State notes debt.....	2,014	2,006	2,005	2,005
LIABILITIES				
Bank notes in circulatn.	5,792	7,225	7,527	7,467
Deposits	407	648	398	419

NATIONAL BANK OF EGYPT

Million £E

	July 31, 1937	May 31, 1938	June 30, 1938	July 31, 1938
Banking Department : LIABILITIES				
Capital	2·92	2·92	2·92	2·92
Reserves	2·92	2·92	2·92	2·92
Government deposits	8·53	7·36	6·90	5·97
Other deposits	18·14	17·04	16·51	15·86
Other accounts	4·16	3·71	4·62	4·60
ASSETS				
Cash : Notes	1·30	1·29	1·42	1·31
Gold, silver, etc.	0·69	0·81	0·81	0·81
Money at call, etc.....	0·93	0·55	0·24	0·22
Investments	24·53	22·65	22·87	21·47
Advances	2·92	4·14	4·10	4·20
Bills.....	0·95	1·18	1·24	1·40
Other accounts	5·36	3·34	3·19	2·87
Note Issue Department : LIABILITIES				
Notes issued	20·50	21·10	20·60	19·80
ASSETS				
Gold	6·24	6·24	6·24	6·24
Brit. Treas. bills & bonds	5·04	5·64	5·14	4·34
British War Loan at par	7·72	7·72	7·72	7·72
Egyptian Govt. secs. at market price	1·50	1·50	1·50	1·50

RESERVE BANK OF INDIA

Million rupees

	Aug. 20, 1937	July 22, 1938	Aug. 12, 1938	Aug. 19, 1938
ASSETS				
Gold coin and bullion	444	444	444	444
Rupee coin	607	662	674	681
Balances abroad.....	146	29	34	25
Sterling securities	803	695	695	695
Indian Govt. rupee securities.....	274	323	324	324
Investments	84	65	65	65
LIABILITIES				
Notes in circulation : India	1,757	1,662	1,676	1,663
Burma.....	34	71	71	70
Deposits : Govt.	86	148	138	155
Banks	385	231	244	237
Gold and sterling to liabilities	58·6%	53·6%	53·3%	53·1%

BANK OF DANZIG

Million Danzig gulder

	Aug. 14, 1937	July 15, 1938	July 30, 1938	Aug. 15, 1938
ASSETS				
Gold coin and bullion	28·11	28·95	28·96	28·97
Danzig subsid. coin ...	4·36	3·52	2·87	3·42
Balances abroad and foreign bills	1·97	7·27	7·25	7·07
Discounts	13·32	13·53	13·41	13·80
LIABILITIES				
Notes in circulation ...	31·37	34·11	38·55	34·80
Deposits on demand...	14·45	21·62	18·47	22·01

BANK OF GREECE.—Million drachmae

	Aug. 15, 1937	July 15, 1938	Aug. 7, 1938	Aug. 15, 1938
ASSETS				
Gold and gold exchange	3,292	3,431	3,287	3,301
State gold bonds	528	522	522	522
Bills discounted	556	657	656	657
Advances	3,678	6,394	6,744	6,783
State debt	3,915	3,838	3,763	3,763
LIABILITIES				
Notes in circulation ...	6,295	6,514	6,533	6,529
Dep. and current accts.	5,230	7,794	7,878	7,900
Foreign exch. liabilities	174	225	199	213

BANK OF JAPAN.—Million yen

	July 31, 1937	July 2, 1938	July 23, 1938	July 30, 1938
ASSETS				
Coin & bullion : Gold	488·4	801·3	501·3	501·3
Other	55·6	46·8	46·9	46·7
Spec. fd. for for. exch.	...	...	300·0	300·0
Discounts and advances	916·1	487·2	488·4	519·9
Government bonds ...	780·3	1226·8	1086·3	1212·7
Agencies' accounts ...	109·3	99·9	131·7	117·6
LIABILITIES				
Notes issued	1580·0	1989·9	1881·2	2042·9
Deposits : Government	270·7	249·7	310·4	275·0
Other	74·3	91·0	92·0	96·8

BANK OF LATVIA

Million lats

	Aug. 15, 1937	July 15, 1938	Aug. 8, 1938	Aug. 15, 1938
ASSETS				
Gold coin and bullion	77·47	77·59	77·60	77·60
Silver coin	15·28	14·04	14·01	14·08
Foreign currency	40·61	38·75	38·08	37·98
Treas. notes and change	8·86	9·98	9·42	9·58
Short-term bills.....	49·36	49·70	50·22	50·02
Loans against securities	67·85	76·98	77·50	77·01
LIABILITIES				
Notes in circulation ...	46·57	60·66	59·50	59·14
Deposits & currnt. accs.	142·99	140·08	146·53	145·13
Government accounts	61·82	71·63	52·93	55·00

BANK OF LITHUANIA.—Million litas

	Aug. 15, 1937	July 15, 1938	July 31, 1938	Aug. 15, 1938
ASSETS				
Gold	76·66	79·17	79·18	79·17
Silver and other coins	11·02	14·13	13·78	13·40
Foreign currency	2·50	1·21	1·31	0·80
Discounts : (*a*) Home	78·46	81·08	78·99	79·11
(*b*) Foreign	3·87	4·18	4·41	2·10
Advances	15·94	21·23	21·16	21·46
LIABILITIES				
Bank notes in circulatn.	109·01	119·87	122·57	121·36
Current accounts	62·74	60·93	60·05	60·45
Deposits	21·97	16·23	11·74	9·94

NETHERLANDS BANK

Million florins

	Aug. 23, 1937	July 25, 1938	Aug. 15, 1938	Aug. 22, 1938
ASSETS				
Gold	1265·9	1480·7	1480·5	1480·5
Silver	19·7	20·5	22·0	22·0
Home bills, etc.....	12·9	8·3	9·6	9·7
Foreign bills	2·5	5·0	5·0	5·0
Loans and advances in current account...	177·5	323·4	298·0	294·5
LIABILITIES				
Notes in circulation ...	822·0	918·9	911·8	914·6
Deposits : (*a*) Govt. ...	85·4	176·4	191·7	187·9
(*b*) Other ...	592·7	761·0	730·3	727·2

RESERVE BANK OF NEW ZEALAND

Million £'s

	Aug. 16, 1937	July 18, 1938	Aug. 8, 1938	Aug. 15, 1938
ASSETS				
Gold	2·80	2·80	2·80	2·80
Sterling exchange	20·40	15·61	14·59	14·63
Advances to State	4·88	4·57	6·36	5·89
Investments	2·91	2·73	2·73	2·73
LIABILITIES				
Bank notes.....	12·63	13·54	13·59	13·59
Demand liabs. : State	6·48	2·59	4·89	4·54
Banks and others ...	10·46	8·25	6·66	6·61
Reserves to sight liabs.	78·5%	75·5%	69·0%	70·4%

BANK OF PORTUGAL

Million escudos

	July 7, 1937	June 8, 1938	June 29, 1938	July 6, 1938
ASSETS				
Gold	915·4	917·4	917·5	917·5
Balances abroad.....	586·6	571·9	565·0	586·2
Discounts	311·6	351·7	366·4	370·9
Securities	124·1	120·6	120·6	120·6
Government loans.....	1042·9	1040·3	1040·3	1039·6
LIABILITIES				
Notes in circulation ...	2082·7	2021·9	2031·1	2063·7
Deposits : Government	350·2	481·7	496·2	466·0
Bankers' ...	678·7	664·1	632·0	638·2
Other	86·9	96·2	60·4	48·1
Foreign commitments	44·4	63·6	79·0	105·0

CLEARING BANKS

LONDON

(£ thousands)

	Month of July			Week ended Wednesday		Aggregate from January 1 to	
	1937	1938	Change †	Aug. 25, 1937	Aug. 24, 1938	Aug. 25, 1937	Aug. 24, 1938
Number of wkg. days:	27	26	%	6	6	197	198
Town	3,360,627	2,976,141	— 8·0	550,102	559,910	24,590,129	21,976,311
Metropolitan ...	204,103	187,040	— 4·8	34,203	32,677	1,431,510	1,371,158
Country	341,599	318,322	— 3·2	61,611	58,023	2,485,895	2,414,089
Total	3,906,329	3,481,503	— 7·4	645,916	650,610	28,507,534	25,761,558

† Based on average working day.

PROVINCIAL

(£ thousands)

	Month of July			Week ended Saturday		Aggregate January 1 to	
	1937	1938	Change †	Aug. 21, 1937	Aug. 20, 1938	Aug. 21, 1937	Aug. 20, 1938
No. of working days:—	27	26	%	6	6	195	196
BIRMINGHAM	13,271	12,210	— 4·5	2,017	2,072	88,798	79,795
BRADFORD	4,613	3,380	— 23·9	559	383	35,171	26,335
BRISTOL	5,810	5,570	— 0·4	1,281	1,223	42,715	41,911
HULL	4,128	3,701	— 6·8	847	792	30,581	28,130
LEEDS	4,771	4,468	— 2·7	871	962	34,309	32,487
LEICESTER	3,650	3,494	— 0·6	629	525	25,296	23,420
LIVERPOOL ...	31,322	23,865	— 20·9	5,783	4,693	236,463	175,388
MANCHESTER	49,154	39,618	— 16·3	9,250	7,503	370,199	310,024
NEWCASTLE ...	6,878	6,333	— 4·4	1,437	1,275	48,832	50,606
NOTTINGHAM.	2,502	2,327	— 3·4	409	372	17,533	16,760
SHEFFIELD ...	5,151	4,779	— 3·7	978	874	36,938	36,669
Total: 11 Towns	131,250	109,745	— 12·9	24,061	20,674	966,835	821,525
DUBLIN	...	...	...	4,836	5,833	194,386‡	210,297‡

† Based on average working day. ‡ 34 calendar weeks.

MONEY RATES

LONDON

	Aug. 18, 1938	Aug. 19, 1938	Aug. 20, 1938	Aug. 22, 1938	Aug. 23, 1938	Aug. 24, 1938	Aug. 25, 1938
Bank rate (changed from 2½% June 30, 1932)	% 2	% 2	% 2	% 2	% 2	% 2	% 2
Market rates of discount							
60 days' bnkrs.' drafts	17/32	17/32	17/32	17/32	17/32	17/32	17/32
3 months' do.	17/32	17/32	17/32	17/32	17/32	17/32	17/32
4 months' do.	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16
6 months' do.	9/16	9/16	9/16	9/16	9/16	9/16	9/16
Discount Treasury Bills							
2 months'	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32
3 months'	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32
Loans—Day-to-day ...	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1
Short	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1
Deposit allwncs. : Bk.	1/2	1/2	1/2	1/2	1/2	1/2	1/2
Discount houses at call	1/2	1/2	1/2	1/2	1/2	1/2	1/2
At notice	5/8	5/8	5/8	5/8	5/8	5/8	5/8

Comparison with previous weeks

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1938	%	%	%	%	%	%	%
July 28...	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
Aug. 4...	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 11...	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 18...	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 25...	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3

NEW YORK

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

	Aug. 25, 1937	July 27, 1938	Aug. 3, 1938	Aug. 10, 1938	Aug. 17, 1938	Aug. 24, 1938
	%	%	%	%	%	%
Call money	1	1	1	1	1	1
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 :—			Selling Rates			
Members—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Non-mem.—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Commercial accept., 90 dys.	1	1	1	1	1	1

EXCHANGE RATES

LONDON—SPOT

(a) Active Exchanges

(Range of the day's business)

London on	Par of Exch. per £	Aug. 19, 1938	Aug. 20, 1938	Aug. 22, 1938	Aug. 23, 1938	Aug. 24, 1938	Aug. 25, 1938
New York, $...	‡4·8623	4·875/8–881/8	4·877/8–881/4	4·873/4–881/2	4·875/4–881/4	4·877/8–883/8	4·877/8–881/2
Montreal, $ ...	4·8623	4·891/2–90	4·891/2–90	4·891/2–9014	4·895/8–897/8	4·891/4–90	4·89–90
Paris, Fr. ...	124·21	1785/8–15/16	1781 1/16–7/8	1781/4–15/16	1785/16–5/8	1781/4–7/16	1781/4–7/16
Brussels, Bel...	35·00a	28·96–29·00	28·95–98	28·93–97	28·91–94	28·91 1/2–94 1/2	28·90–94
Milan, L. ...	92·46	92 5/16–13/16	92 5/8–7/8	92 5/8–7/8	92 5/8–7/8	92 5/8–7/8	92 5/8–7/8
Zurich, Fr. ...	25·22 1/2	92·75i	92·75i	92·75i	92·75i	92·72i	92·75i
		21·27 1/2–29 1/2	21·27 1/2–29 1/2	21·28 1/2–31 1/2	21·29–31	21·28–31	21·29–31
Athens, Dr. ...	375	540–55	540–55	540–55	540–55	540–55	540–55
Amst'd'm, Fl.	12·107	8·91–92 3/4	8·91 3/4–92 3/4	8·91 3/4–92 3/4	8·91 1/2–92 1/2	8·91 1/2–92 1/2	8·91 3/4–92 1/8
Berlin, Mk. ...	20·43	12·15–19	12·15–18	12·15–19	12·16–19	12·15–18	12·16–19
Registered Marks Br. India Rup.	(c) †18d.	53–58 17 7/8–15/16	53–58 17 7/8–15/16	53–58 17 7/8–29/32	53 1/2–58 1/2 17 27/32–29/32	54–59 17 13/16–7/8	53 1/8–58 1/8 17 15/16–7/8
Hong Kong, $	† ...	147/8–151/8	147/8–151/8	147/8–151/8	147/8–151/8	147/8–151/8	147/8–151/8
Shanghai, $...	† ...	73/4–83/4(l)	73/4–83/4(l)	73/4–83/4(l)	73/4–83/4(l)	8–9 (l)	8–9 (l)
Rio, Mil.	†5·899d.	27/8*m	27/8*m	27/8*m	27/8*m	27/8*m	27/8*m
B. Aires, $ ...	11·45	19·00–10g	18·95–19·06g	18·94–19·00g	18·98–19·04g	18·96–19·04g	19·02g
		16·12h	16·12h	16·12h	16·12h	16·12h	16·12h
Valparaiso, $..	40	122e (l)	122e (l)	122e (l)	122e (l)	122e (l)	122e (l)
Montevideo, $	†51d.	20–21	20–21	20–21	20–21	20–21	19 3/4–20 1/8
Lima, Sol. ...	17·38	22–23 (l)	22–23 (l)	22–23 (l)	22–23 (l)	22–23 (l)	22–23 (l)
Mexico, Pes..	9·76	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd
Manila, Pes....	†24·66d.	24 1/4–5/8	24 1/4–5/8	24 1/4–5/8	24 1/4–5/8	24 1/4–5/8	24 1/4–5/8
Moscow, Rbls.	...	25·85 3/4–86 3/8	25·86 3/8–87 5/8	25·86 3/4–87 5/8	25·85 3/4–86 3/4	25·85 3/4–86 3/4	25·87 3/4–88 3/8

Usance: T.T., Rio de Janeiro, Lima, Valparaiso (90 days). * Sellers. † Pence per unit of local currency. ‡ Par 8·233 1/32 since dollar devaluation on February 1, 1934. (a) Prior to devaluation on April 2, 1935. (c) Per cent. discount. (e) Latest "export" rate. (g) Official rate is $15 sellers. (h) Average remittance rate for importers. (i) Rate for payments to the Bank of England, for account Controller of Anglo-Italian debts. (l) Nominal. (m) Official.

(b) Other Exchanges

London on	Par of Exch. per £	Aug. 19, 1938	Aug. 24, 1938	Aug. 25, 1938
Helsingfors, M.	193·23	226 1/2–227	226 1/2–227	226 1/2–227
Madrid, Pt.	25·22 1/2	100–200(l) 77i	100–200 (l) 77i	100–200 (l) 77i
Lisbon, Esc.	110	110–110 3/8	110–110 3/8	110–110 3/8
Budapest, Pen.	27·82	24 3/8–7/8	24 3/8–7/8	24 3/8–7/8
Prague, Kc.	$1641/2	141–141 1/2	141 1/8–5/8	141–141 5/8
Danzig, Gul.	25·00	25 5/8–26 1/8	25 5/8–26 1/8	25 5/8–26 1/8
Warsaw, Zl.	48·38	25 5/8–26 1/8	25 5/8–26 1/8	25 5/8–26 1/8
Riga, Lat.	25·22 1/2	24 3/4–25 3/4	24 3/4–25 3/4	24 3/4–25 3/4
Bucharest, Lei	813·8	660–680	660–680	660–680
Constantinople, Pst. ...	110	612* 614k	610* 614k	610* 614k
Belgrade, Din.	276·32	210–220	210–220	210–220
Kovno, Lit.	48·66	28 1/2–29 1/2	28 1/2–29 1/2	28 1/2–29 1/2
Sofia, Lev.	673·66	390–420	390–420	390–420
Tallinn, E. Kr.	18·159	17 3/4–18 5/4	17 3/4–18 5/4	17 3/4–18 3/4
Oslo, Kr.	18·159	19·85–95	19·85–95	19·85–95
Stockholm, Kr.	18·159	19·35–45	19·35–45	19·35–45
Copenhagen, Kr.	18·159	22·35–45	22·35–45	22·35–45
Alexandria, Pst.	97 1/2	97 5/8–5/8	97 5/8–5/8	97 5/8–5/8
Kobe, Yen	†24·58d.	1315/16–14 1/16	1315/16–14 1/16	1315/16–14 1/16
Singapore, $	† 28d.	27 7/8–28 1/8	27 7/8–28 1/8	27 7/8–28 1/8
Batavia, F.	12·11	8·90–92	8·89–92	8·89 1/2–92 1/2
Bangkok, Baht	†21·82d.	22–22 1/4	22–22 1/4	22–22 1/4

Usance: T.T., except Alexandria (Sight). * Sellers. † Pence per unit of local currency. § Par, 197·10 5/16 since koruna devaluation on February 17, 1934. Rate for payments to the Bank of England: (j) Under Anglo-Spanish Agreement. (k) Under Anglo-Turkish Agreement. (l) Nominal.

LONDON—FORWARD

(Closing quotations)

London on		Aug. 19, 1938 Per £	Aug. 20, 1938 Per £	Aug. 22, 1938 Per £	Aug. 23, 1938 Per £	Aug. 24, 1938 Per £	Aug. 25, 1938 Per £
New York, cent.	1 Month	(p) 9/32–7/32	(p) 9/32–7/32	(p) 9/32–7/32	(p) 5/16–3/8	(p) 5/16–3/8	(p) 5/16–3/8
	2 „	1/2–5/8	1/2–5/8	1/2–7/16	1/2–5/8	1/2–5/8	1/2–5/8
	3 „	5/8–5/8	5/8–5/8	5/8–5/8	5/8–5/8	5/8–5/8	5/8–5/8
Paris, francs	1 Month	(d) 15/8–17/8	(d) 1 3/4–2	(d) 1 7/8–1 7/8	(d) 1 7/8–1 7/8	(d) 1 7/8–1 7/8	(d) 1 1/4–1 1/2
	2 „	3 1/4–3 1/2	3 1/4–3 1/2	2 7/8–2 7/8	2 7/8–2 7/8	2 7/8–2 7/8	2 7/8–2 7/8
	3 „	4 7/8–4 7/8	4 5/8–4 7/8	4 1/4–4 1/2	3 7/8–3 7/8	3 11/16–3 15/16	3 11/16–3 15/16
Amsterdam, cent.	1 Month	(p) 1–5/4	(p) 1 1/8–1	(p) 1 1/4–5/4	(p) 1 1/8–1	(p) 1 1/8–1	(p) 1–5/8
	2 „	1 3/4–1 1/4	1 7/8–1 5/8	1 1/4–1 1/4	1 1/8–1	1 1/2–1	1 1/8–1
	3 „	2 3/8–1 7/8	2 1/4–2 1/4	2 1/4–2 1/4	2 1/2–2	2 1/2–2	2 1/2–2
Brussels, cent.	1 Month	(d) 7–10	(d) 6–9	(d) 6–8	(d) 4–6	(d) 4–6	(d) 4 1/2–6 1/2
	2 „	19–24	19–23	17–21	14–18	13–17	14–18
	3 „	39–44	36–41	33–37	30–34	27–31	27–31
Geneva, cent.	1 Month	(p) 2 1/2–1 1/2	(p) 2 1/2–1 1/2	(p) 2 3/4–1 3/4	(p) 2 1/2–1 1/2	(p) 2 1/2–1 1/2	(p) 2 1/2–1 1/2
	2 „	4 3/4–3 1/4	4 3/4–3 1/4	4 3/4–3 1/4	4 1/2–3 1/2	4–3	4 1/2–3 1/2
	3 „	6 3/4–5 1/4	6 3/4–5 1/4	6 3/4–5 1/4	6 1/2–5 1/2	6 1/2–5 1/2	6 1/2–5 1/2

(p) Premium. (d) Discount.

EXCHANGE RATES—cont.

NEW YORK

New York on	Par of Exch. per cent.	Aug. 18, 1938	Aug. 19, 1938	Aug. 20, 1938	Aug. 22, 1938	Aug. 23, 1938	Aug. 24, 1938
London :—*	Old Par						
60 days ...	4·8666	4·87 13/32	4·87 17/32	4·87 17/32	4·87 17/32	4·87 7/8	4·87 25/32
Cables ...	New Par	4·87 15/16	4·88 1/16	4·88 1/16	4·88 1/16	4·88 1/16	4·88 1/4
Demand...	8·2397	4·87 15/16	4·87 15/16	4·87 15/16	4·87 15/16	4·87 15/16	4·88 1/8
Paris, Fr.	6·63	2·72 15/16	2·73	2·73 1/16	2·73 3/8	2·73 5/8	2·73 3/8
Brussels, Bel.	23·53	16·83 5/8	16·83 3/4	16·85	16·86 1/2	16·88	16·88
Switz'l'd. Fr.	32·67	22·93	22·92 1/2	22·92 1/2	22·92	22·92	22·92 1/4
Italy, Lira ...	8·91	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4
Berlin, Mk. ...	40·33	40·10 1/2	40·11	40·11	40·08	40·08	40·09 1/2
Vienna, Sch.	23·82	...	...	...	...	...	...
Madrid, Pt. ...	32·67	...	...	...	...	...	...
Amst'd'm Gldr	68·06	54·72 1/2	54·70	54·68 1/2	54·71	54·72 1/2	54·73 1/2
Cop'h'gn,Kr.		21·78	21·79	21·78 1/2	21·79	21·79	21·80 1/2
Oslo, Kr. ...	145·37	24·52	24·52	24·52 1/2	24·53	24·53	24·54
St'h'lm, Kr.		25·16	25·16	25·16 1/2	25·16 1/2	25·16 1/2	25·18
Athens, Dr. ...	1·29	0·89 1/2	0·89 1/2	0·89 5/8	0·89 5/8	0·89 5/8	0·89 5/8
M'treal, Can. $	169·31	99·625	99·625	99·625	99·650	99·650	99·680
Yo'hama, Yen	84·40	28·46	28·46	28·45	28·47	28·47	28·48
Shanghai, $...	...	16·87	17·40	17·35	17·30	17·30	17·45
B. Aires, Peso	...	30·27	30·27	30·27	30·27	30·27	30·28
Rio, Ms. † ...	11·96	5·90	5·90	5·90	5·90	5·90	5·90

Usance: T.T. * Dollars per £1. † Official.

IMPORTS AND EXPORTS OF GOLD AND SILVER

Week ended August 25, 1938

Imports From	Bullion	Coin	Exports To	Bullion	Coin
GOLD	£	£	GOLD	£	£
British S. Africa ...	1,065,393	552,177	Finland	23,904	...
British India	...	...	Sweden	1,509,174	...
Australia	369,939	...	Netherlands	67,765	121,951
Germany	414,027	...	France	71,387	170,755
Netherlands	452	37,667	Switzerland	636,709	23,907
Belgium	5,732	240,320	Yugoslavia	22,970	...
Switzerland	12,880	26,346	United States ...	6,104,440	...
Total*	1,936,783	856,510	Total* ...	8,450,584	337,282
SILVER			SILVER		
British S. Africa ...	177	...	Eire	...	1,314
Hong Kong	4,614	...	Palestine	...	1,470
Netherlands	...	357	Denmark	1,923	...
Belgium	3,884	150	Germany	11,070	...
France	27,711	669	Java	2,050	...
Switzerland	...	77	France	2,012	...
Peru	358	...	Portugal	1,475	...
Total*	36,752	1,294	Total* ...	22,616	2,834

* Including other countries.

Investment

TRANSPORT RECEIPTS

BRITISH RAILWAY TRAFFICS

	Gross Receipts, week ended Aug. 21 (£'000)				Aggregate Gross Receipts 33 weeks (£'000)			
	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts
L. M. & S.—										
1937	619	496	241	737	1,356	17,520	16043	8,380	24,423	41,943
1938	641	413	236	649	1,290	17,526	14873	8,183	23,056	40,582
L. & N. E. (a)—										
1937	441	335	249	584	1,025	11,424	11058	8,090	19,148	30,572
1938	446	284	216	500	946	11,322	10368	7,764	18,132	29,454
Great Western—										
1937	296	205	111	316	612	7,430	6,482	3,656	10,138	17,568
1938	294	177	101	278	572	7,358	6,072	3,519	9,591	16,949
Southern—										
1937	417	68	30	98	515	11,039	2,048	1,002	3,050	14,089
1938	419	63	30	93	512	10,973	1,973	982	2,955	13,928
Total—										
1937	1773	1104	631	1735	3,508	47,413	35631	21,128	56,759	104,172
1938	1800	937	583	1520	3,320	47,179	33286	20,448	53,734	100,913

(a) Week ended Aug. 20.

CUMULATIVE AND WEEKLY COMPARISONS

(000's omitted)

	L.M.S.	L.N.E.R.	Great Western	Southern
Cumulative Figures	£	£	£	£
Gross increase, second half 1937, over second half 1936	+ 1,443	+ 1,099	+ 647	+ 372
Gross decrease, first half 1938, over first half 1937	— 780	— 638	— 318	— 105
Gross decrease, second half 1938, over second half 1937 :—	— 581	— 480	— 301	— 56
7 weeks to Aug. 21, 1938.....	— 83·00	— 68·57	— 43·00	— 8·00
Weekly Figures				
Av. weekly decrease, 2nd half 1938	— 66	— 79	— 40	— 3
Latest week compared with 1937 ...				
Latest week compared with average 1927–30	— 273	— 210	— 107	— 41

IRISH RAILWAY TRAFFICS

Company	Gross Receipts, week ended Aug. 19 (£'000)			Aggregate Gross Receipts 33 weeks (£'000)		
	Pass.	Goods	Total	Pass.	Goods	Total
Belfast & Co. Down—						
1937	3·9	0·4	4·3	89·5	16·1	105·6
1938	4·0	0·4	4·4	86·2	14·1	100·3
Great Northern—						
1937	16·1	9·6	25·7	367·1	311·2	678·3
1938	16·8	8·8	25·6	361·8	289·7	651·5
Great Southern—						
1937	56·2	38·0	94·2	1201·6	1331·7	2533·3
1938	55·6	38·7	94·3	1205·0	1278·6	2483·6

OVERSEAS WEEKLY TRAFFIC RECEIPTS

INDIAN

Name	Weeks	Ending	Gross Receipts for Week		Aggregate Gross Receipts	
			1938	+ or —	1938	+ or —
		1938	Rs.	Rs.	Rs.	Rs.
Bengal & N. Western	18	Aug. 10	‡8,17,694	— 1,25,208	1,42,08,543	— 8,94,523
Bengal-Nagpur	18	10	‡19,85,000	— 45,780	3,35,37,840	— 6,39,465
Bombay, Bar. & C.I.	20	20	‡24,35,000	— 2,33,000	4,52,01,000	— 11,46,000
Madras & S. Mah	17	July 31	†19,83,000	— 1,18,852	2,60,90,650	— 12,08,164
S. Indian	17	31	†15,55,564	+ 35,560	1,89,11,640	+ 2,46,675

† 11 days. ‡ 10 days.

CANADIAN

		1938	$	$	$	$
Canadian National...	33	Aug. 21	3,370,391	+ 297,679	106,785,291	— 15635175
Canadian Pacific ...	33	21	2,617,000	— 55,000	80,008,000	— 6,547,000

SOUTH & CENTRAL AMERICAN

		1938				
Antofagasta.....	33	Aug. 21	£11,700	— 4,320	514,600	— 34,610
Argentine N.E.	7	20	‡177,500	— 11,500	1,368,800	+ 106,500
			*£11,011	— 714	84,913	+ 6,606
B.A. and Pacific.....	7	20	‡1,173,000	— 128,000	8,675,000	— 1,134,000
			*£72,767	— 7,940	538,153	— 70,346
B.A. Central	6	6	$116,000	— 42,200	642,800	— 208,500
B.A. Gt. Southern...	7	20	‡£2,006,000	+ 108,000	14,749,000	+ 240,000
			*£124,442	+ 6,700	914,951	+ 14,889
B.A. Western	7	20	‡£569,000	— 291,000	4,471,000	— 1,122,000
			*£35,298	— 18,052	277,356	— 69,605
Central Argentine ...	7	20	‡£1,660,250	— 469,450	12,274,400	— 4,900,600
			*£102,993	— 29,122	761,440	— 304,005
Central Uruguayan	5	6	d143,653	+ 8,300	769,542	+ 12,761
			e£16,743	+ 1,516	89,684	+ 4,476
Leopoldina	33	20	M2235000	— 18,000	56,184,000	— 3,185,000
			£25,889	— 4,057	642,524	— 122,466
Mexican Railway ...	32	14	$227,300	— 61,700	1,707,600	— 171,600
Nitrate	32	15	a†£5,852	+ 230	96,357	— 4,631
United of Havana ...	7	20	£16,913	— 3,464	119,327	— 23,791

* Converted at average official rate 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."

SUEZ CANAL RECEIPTS

		1938	£	£	£	£
Transit Receipts‡ ...	31	Aug. 10	252,200	— 17,600	5,880,300	— 959,100

‡ 10 days.

LONDON TRANSPORT BOARD

	Receipts	Compared with prev. Year
	£	£
Week ending Aug. 20, 1938, before pooling	539,200	+ 3,100
Total, 8 weeks to date	4,483,500	+ 33,800
L.P.T.B. receipts, 52 weeks to June 25, 1938	29,368,200	+ 657,100
L.P.T.B. receipts, 52 weeks to June 26, 1937	28,732,000	— 255,000
L.P.T.B. receipts, year to June, 1937, after pooling ...	30,247,378	— 522,655
L.P.T.B. receipts, year to June, 1938	41,377,929	— 771,590
London Transport Pool receipts, year to June 30, 1937...		

THE WEEK'S COMPANY RESULTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation: Dividend: Preference Amount	Appropriation: Dividend: Ordinary Amount	Appropriation: Dividend: Ordinary Rate	Appropriation: Carried to Reserve, Depreciation, etc.	Appropriation: Balance Forward	Corresponding Period Last Year: Net Profit	Corresponding Period Last Year: Dividend
Financial Land, etc.		£	£	£	£	£	%	£	£	£	%
Shop Investments	June 30	9,332	36,083	45,415	...	22,050	10	13,995	9,370	14,779	(b)10
Strand Electric Holdings	Apr. 30	2,864	8,273	11,137	...	8,452	10	...	2,685	10,255	10
Iron, Coal and Steel											
Brightside Foundry, etc.	June 30	20,957	90,851	111,808	2,500	43,750	25	40,881	24,677	69,502	22½
Insoles, Ltd.	June 30	*Dr. 80,626*	2,643	*Dr. 77,983*	...	...	...	...	*Dr 77,983*	*Dr 17,638*	Nil
Lochgelly Iron and Coal	May 31	15,827	53,829	69,656	7,077	26,788	10	20,000	15,791	59,089	10
Rubber											
Kalidjeroek	Mar. 31	747	11,952	12,699	1,000	9,000	10	...	2,699	8,756	8
Tea											
Talliar Estates	Mar. 31	1,767	4,453	6,220	...	1,451	3	3,844	925	(a)	(a)
Textiles											
Wardle and Davenport	June 30	25,953	21,318	47,271	3,300	13,929	5½	4,000	26,042	20,291	4†
Trusts											
Compass Investment Trust	June 30	11,594	23,010	34,604	18,685	4,413	2	...	11,506	24,357	2
Waterworks											
East Worcestershire	June 30*	16,996	6,869	23,865	986	4,000	10	1,250	17,629	8,392	10
Other Companies											
Fenner (J. H.) & Co.	June 30	... (c)	29,370	29,370	4,950	5,438	6	15,572	3,410	(a)	(a)
Freedlands, Ltd.	Mar. 31	8,575	16,081	24,656	2,251	9,293	12	5,400	7,712	17,108	12
"News of The World"	June 30	30,765	333,376	364,141	126,000	80,000	20	149,030	9,111	362,441	20
Toogood and Sons	June 30	18,159	7,030	25,189	...	6,563	3½	...	18,626	5,246	3
Triplex Safety Glass	June 30	12,343	142,129	154,472	...	90,625	25	29,539	34,308	185,233	35
Vitacream, Ltd.	June 30	8,475	22,785	31,260	...	14,688	40	8,416	8,156	24,976	40·7
Wilson Brothers Bobbin Co.	July 15	2,583	15,505	18,088	...	14,250	5	...	3,838	15,321	5
Total Profits, 1938, in £'000:		*No. of Cos.*									
To August 20		*1,694*	*64,398*	*235,400*	*299,798*	*38,719*	*124,603*	...	*65,848*	*70,628*	*212,047*	...
To August 27		*1,709*	*64,503*	*236,191*	*300,694*	*38,881*	*124,950*	...	*66,121*	*70,742*	*212,855*	...

* For half year. (a) No comparable figure. (b) Absorbed £7,550. (c) Fifteen months. † Free of income tax.

(*Continued from page 428*)

Brewers and Distillers of Vancouver.—Net profit for half year to June 30, 1938, $186,605 (after $84,371 depreciation and $87,375 reserve for income taxes), against $281,863 a year ago. Decrease entirely due to reduction in volume of exports on liquidation of inventories of American type whiskies. Cash stands at $1,017,680.

Ismay Board Changes.—Mr A. E. Somers, managing director of Bell Investment Trust, has been appointed to the chairmanship of John Ismay and Sons in place of Mr John Ismay, who becomes vice-chairman; the managing directorship of Ismay Industries, Mr Ismay remaining chairman; the chairmanship of John Ismay, Ltd., Mr Ismay remaining managing director; and the chairmanship of Britannia Electric Lamp Works, Mr Ismay remaining a director.

Strand Electric Holdings, Ltd.—Report for year to April 30, 1938, shows net profit £11,316, against £13,841. Ordinary dividend 10 per cent. for year, as before. Carry forward reduced from £2,864 to £2,684. The cost of removal to a larger factory and other special items have been written off out of current profits.

Association of Stock and Share Dealers.—At the first meeting of the council, held on August 23rd, Mr B. Sefton Turner was unanimously elected chairman. Messrs Wild, Collins and Crosse were appointed solicitors, and the appointment of auditors was left over for future discussion.

Houghton Main Colliery.—Profit for year to June 30, 1938, £107,971, against £137,868. Ordinary dividend maintained at 12 per cent. tax free. Carry forward raised from £21,381 to £44,203. (Last year £8,752 was written off capital expenditure, £10,000 transferred to reserve and £30,000 to reserve for future capital expenditure.)

Indian Iron and Steel Company.—Final dividend for year ended March 31, 1938, on ordinary shares of 2 rupees per share, making 35 per cent., free of Indian income tax, for the year. (For the previous year the final payment was 1 rupee, including a bonus of 4 annas, and the total distribution 20 per cent. tax free.) The capital now ranking is Rs. 2,45,18,620; for 1936–37 the 10 per cent. interim was on Rs. 1,81,15,840 and the final on Rs. 2,23,10,520. Gross profit for the year to March 31, 1938, was Rs. 1,73,00,000 (£1,297,500).

Brightside Foundry and Engineering Company, Ltd.—Trading profit for the year to June 30, 1938, was £118,192, against £89,787. Ordinary dividend 15 per cent. plus special bonus of 10 per cent., absorbing £43,750 in all (against 15 per cent. dividend and 7½ per cent. bonus, absorbing in all £22,500). To staff pensions £1,000 (same). To reserve, £39,881 (£40,000). Carry forward raised from £20,957 to £24,676. A later statement points out that the gross amount of work in progress is £139,236 more than last year. The net amount is less as they have been able to obtain larger payments on account.

John Greenwood Millers (1934).—By August 22nd, forms of acceptance of the offer by Ranks, Ltd., had been received from holders of more than 90 per cent. John Greenwood Millers ordinary shares. Remaining shareholders still have, however, the opportunity to sell on the same terms, but transfers must be lodged by September 2nd.

Chunglоon Rubber Estate (1932).—Addressing shareholders at the annual meeting on August 23rd, Mr E. B. Ridsdel drew attention to the fine yield last year of 504 lbs. per acre. It was hoped that the releases between September, 1938, and March, 1939, would be more favourable.

Port of London Authority.—The twenty-ninth annual report shows that the net register tonnage of vessels arriving and departing in 1937 was 62,645,758 tons, against 62,151,310 in 1936. The tonnage of goods was: imports, 36,704,160 (against 35,276,733) tons; exports, 44,643,644 (against 42,871,678) tons. In the year to March 31, 1938, total revenue was £6,132,425 (against £5,786,938), and expenditure £4,439,000 (£4,253,212). After stock and loan service of £1,757,161 (£1,534,340), deficit is £63,736 (£614). Carry forward £340,969 (£404,705).

United Kingdom Gas Corporation, Ltd.—This corporation has recently acquired control of the Hemsworth, Grimethorpe and District Gas Company and the Aspley Guise and Woburn Sands Gas Company.

DIVIDEND ANNOUNCEMENTS

Rates are actual, unless stated per annum shown in cash per share. Rate for previo year refers to total dividend, unless mark by asterisk to indicate interim dividend.

Company	*Int. or †Final	Total	Payable	Prev. Year
	%	%		%
BANKS				
Mercantile of India	6*	...	Sept. 27	6
National of Egypt	4*	...	Sept. 1	4
INSURANCE				
Prudential "A"	‡25*	...	Sept. 8	‡25*
Scottish Life	9½*	...	Sept. 1	...
Union of Canton	12½*	...	Oct. 21	12½
INDUSTRIALS				
Barlow and Jones	2½*	...	...	3¾
Barnsley Brewery	11†	16	Aug. 29	16
Bearpark Coal, etc.	2½*	...	Sept. 26	5*
Blakey's Boot Protect's	(a)7½†	(a)15	...	15
Brightside Foundry	...	(a)25	...	22½
Brit. Amer. Tobacco	‡4½*	...	Sept. 30	‡4½
Canning (W.) and Co.	5*	...	Sept. 12	5*
Chamberlain King etc.	2½*	...	Oct. 1	2½*
Coatbridge Gas	9½†	14¼	Sept. 15	14¼
Coats (J. & P.)	2½*	...	...	2½*
Cowans Sheldon	...	10	Sept. 8	10
Debenhams, Ltd.	...	20	...	20
Dunhill (Alfred)	3½*	...	Sept. 16	4*
Fenner (J. H.) & Co.	...	6	Sept. 12	...
Harvey Nichols & Co.	...	7	...	10
Hilton Main Colls.	6†	10	...	13½
Houghton Main Col.	‡7†	12‡	...	12‡
Hugon & Co.	5*	...	...	5*
Indian Iron and Steel	(h)20†	(h)35	...	20(h)
Int. Harvester	10cts.*	...	...	62½c.
Ketton Cement	8¼†	15	...	12½
Lon. & Sthn. Super Cinemas	...	5	Sept. 1	7½
News of The World	‡12½†	20‡	...	20‡
Norton, etc., Collieries	5*	...	Nov. 3	5*
Oakey (John)	2½*	...	Sept. 1	2½*
Ransomes and Rapier	‡2½*	...	Oct. 14	‡2½*
Ropner Shipping	4‡	10	...	8
Second Alliance Trust	(a)12†	(a)21	...	20
Scottish Iron & Steel	3*	...	...	3*
Shanghai Water	2*	...	...	3¾*
Shop Investments	(a)6†	(a)10	...	10
Southalls (Birmgh)	‡10*	...	Oct. 1	‡10*
Stevenson Hardy, etc.	(a) 5*	...	...	10*
Strand Elect. Hldgs.	6†	10	...	10
Taylor Walker & Co.	4*	...	Oct. 3	4*
Transvaal Mattress	8½†	12½	...	10·416
Trojan (Holdings)	(a)7†	10	...	10(d)
Trotter (Y.) and Son	...	10	Aug. 31	10
Trussed Concrete Steel	7½*	...	Sept. 29	5*
United Kingdom Gas	(a)2*	...	Sept. 13	2*
Vitacream	25†	40	...	40·73
Wake and Dean	6†	10	...	9
Walsall Conduits	20*	...	Sept. 30	20*
Wardle and Davenport	3½†	5½	Sept. 3	‡4

‡ Free of income tax. (a) Paid on a larger capital (d) 15 months. (h) Free of Indian income tax. Latest dividend paid on a larger capital. (v) Equivalent to 13·53 per cent. per annum.

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A Clear Warning

THERE was a crowd in Downing Street on Tuesday to watch Ministers assembling for their hurriedly summoned meeting. This is a small but an unfailing sign of critical times, for it is only when the tension in the atmosphere rises to crisis level that the Londoner is brought into the street. That a meeting of Ministers should be arranged at such short notice in August is in itself an unusual step. It denotes, at the least, a situation whose implications are so serious that responsibility must be spread over the whole Cabinet. It may even be taken to mean that the Prime Minister and his more intimately associated colleagues required the assent of the other Ministers to a development of British policy involving heavy new commitments.

It is not difficult to discover the reasons for this sudden accentuation of the crisis over the relations between Germany and Czechoslovakia. Within the last week a series of German actions has combined to produce the gravest apprehension. Perhaps the most serious of these items of news is the knowledge that Germany has recently made diplomatic soundings in Russia, Roumania and Jugoslavia about the probable attitude of those countries in the event that Germany should find it "necessary" to go to the assistance of the Sudeten Germans in Bohemia. The choice of capitals for the dropping of such ominous hints is curious; and it is possibly an indication that German diplomacy had more hopes of frightening than of isolating the Czechs. But the open mention of forcible intervention, taken together with the presence under arms of a mobilised German army, must inevitably be taken very seriously by the rest of Europe. At the same time that German diplomatic activity was adopting this sinister note, the attitude of the Sudeten German Party inside Czechoslovakia became noticeably more truculent. It cannot truthfully be said that Herr Henlein's reaction to the Czechoslovak Government's proposals became more unyielding, since he has never yielded an inch. But the note of defiance in the Party's speeches grew higher, and the issue at this moment of an instruction to the Party members to arm themselves for self-defence against alleged (and totally non-existent) "Marxist attacks" had all the earmarks of provocation. And like a chorus of fiends in the background, drowning every note of moderation, the German Press has excelled even its own previous efforts in making mountains of blood-curdling accusation of terrorism against the Czechs out of the merest molehills of tavern brawls. The peaceful German people is being whipped up to fury by statements whose content of truth is so infinitesimal that they rank as conscious falsehoods. This sudden increase of tension has been a deliberate act of the German Government. Every contributory factor to it can be traced to the action either of the German Government itself or of those under its control. Indeed, so far as the Czechoslovak Government is concerned, this week of rising temperature has seen the most far-reaching concession that Prague has yet made to the Sudeten claims, in the form of a suggested revision of the constitution to convert Czechoslovakia into a federal State. It does not, of course, follow because Germany has placed the possibility of imminent war upon the agenda of international discussion, that she means to make an attack upon her neighbour. It may merely be the German way of bringing forceful pressure to bear. This is, indeed, still the most likely interpretation. But the other and more sinister interpretation is not so impossible that it can be disregarded.

The British Cabinet was thus not lightly called together. The Prime Minister, the Foreign Secretary and the Chancellor of the Exchequer were in close consultation last week, with the result that on Saturday Sir John Simon reiterated and re-emphasised Mr Chamberlain's speech of March 24th, in which those whom it might concern were solemnly warned that Great Britain could not be expected to keep out of a war that might start over the Czechoslovak dispute. But the British Government did not want to confine its influence to a single speech, and the rest of the Cabinet were summoned to decide what more was needed. There may have been discussion at the meeting on the methods of the next step to be taken. But there is not the slightest sign of any disagreement on its content. The rulers of Germany are to be left in no doubt that the cause of peace demands from them something other than an intransigent insistence that Czechoslovakia must commit suicide. There is, indeed, every need for tact in conveying this message from Downing Street to Berchtesgaden. Germany must be treated, as she has so often insisted, as an equal and a sensitive equal. The Prime Minister in a memorable metaphor some months ago spoke of the nations being in the high mountains, where an injudicious word might unloose the avalanche. We are now looking over the precipice and it is no time for hurling defiance. Our words must be soft, but resolute and clear beyond the possibility of a mistake.

No mistake must be made, equally, about the fact that the people of this country stand behind the Government. Since the events of March, and especially since May 21st, British public opinion has been solidifying and hardening. Many of the old hesitations and perplexities are beginning to disappear. We do not, for example, hear so much to-day of the misleading question whether the British people are prepared to fight for Czechoslovakia; the ordinary man realises that very much more than Czechoslovakia is at stake. It is an inaccurate description of this change in British opinion to say that it is a growth of hostility to Germany. It is true that those who preached the doctrine of relying on German moderation are now utterly discredited and that the busy clique of highly-placed friends of Germany is now silent. But there is nothing in the present mood of the British people that is hostile to the just aspirations of Germany; there is no talk of encirclement; there is nothing that excludes the possibility of Anglo-German friendship. There is only a growing grim realisation that there will never be any security for the British people if nations are allowed to pursue their ends by the methods that Germany has used in recent months and is now threatening to use again.

It is thus the whole British nation that is sending a message to Herr Hitler—a British nation very conscious of its responsibilities and backed beyond question by the approval and at least the moral force of the Dominions and the United States. The message is neither a submissive plea for forbearance nor a defiant threat. It is the plain statement of a fact that is as unpleasantly ineluctable for the British as for the Germans. If Germany draws the sword she will, for the second time in a quarter of a century, find the world up in arms against her.

Aliens in England

THE responsibilities of a great and Imperial people know no frontiers. A flood tide of alien migration is beating upon our shores; and not least among the heavy burdens now laid upon the good sense and generosity of the British people is the task of playing a fitting and sufficient part in providing work and shelter for the victims of persecution in the old and new portions of Greater Germany. Already the conscience and the apprehensions of the nations have been aroused. Conferences at Evian and London have led to the creation of a permanent organisation to correlate all efforts to cope with a problem which has now grown too large for the voluntary bodies hitherto grappling with it. For nearly two decades these bodies, with the aid and advice of organs set up by the League of Nations, have done their admirable best; but now, with the fresh threat to the half-million Jews of Greater Germany and the forthcoming expulsion, ordered on Thursday of this week, of about one-half of Italy's 40,000 Jews, the task has got beyond their financial and administrative resources. The nations made no pledges at Evian or London; but the discussions made it plain that salvation for the refugees themselves and safety for the settled peoples of the world lay in the conversion of the present ragged flight into an ordered and regulated flow of migrants dispersed with foresight and charity into many lands. The policy of Britain and the British Empire is of paramount importance.

In the past, exiles have found ready sanctuary in Britain. Bloomsbury sheltered Karl Marx; Napoleon III made a home in Chislehurst; and this tradition of tolerance serves as a powerful attraction to the wandering Jews—and others—of to-day. Helpless and homeless they besiege our ports. Since the war and its aftermath set hundreds of thousands on the move, however, the watchword of Britain's policy towards aliens has been caution. Foreigners have often been suspect on political grounds; and a continuously high level of unemployment has made Governments disinclined to encourage the entry of fresh competitors into the labour market. Under the Aliens Order of 1920, foreigners entering this country to work must obtain a permit from the Ministry of Labour, unless their intention is to set up in business on their own account, or to become partners or directors in registered enterprises.

These permits, granted only after the Home Office has approved the desirability of the would-be immigrant on political and health grounds, are only given for specific jobs already obtained, and they are actually issued to intending employers, who must prove that every effort has previously been made to fill the posts with British workers, and give assurances that the remuneration offered to the alien is not less than would be paid to native applicants. In general, the Order has been interpreted with marked strictness, with the possible exception of domestic service. Nevertheless, the number of permits granted annually has risen conspicuously in recent years. In 1927 the number of persons, including adult dependants, admitted under permit was less than 8,000; between 1928 and 1934 the number never reached 15,000 in a single year; in 1936 it was 21,000 and in 1937 28,000. Similarly, the number of other aliens admitted to this country to study and for various miscellaneous reasons (apart from holiday-making), after ranging between 6,000 and 7,500 from 1928 to 1935, rose sharply to 9,500 in 1936 and nearly 11,000 last year.

Clearly the exodus from Germany after the establishment of Nazi rule five years ago combined with the improvement in trade and employment in this country during 1936 and 1937 to bring about some relaxation in the terms of entry imposed upon foreigners. Now the *Anschluss* has swollen the number of migrants; and economic depression has returned. The crucial question is whether, in these circumstances, a more lenient attitude towards the admission of aliens is possible without straining generosity to the breaking-point. Since the war, Britain's welcome to exiles has not been so cordial as that of, say, France. In 1921 the number of foreigners permanently resident and gainfully occupied in this country was only 142,725; by 1931 it had fallen to 111,000; and the numbers admitted annually to work under permit represent only a negligible portion of the total employed population. Many have brought skill and enterprise. Indeed, recent alien immigrants have probably provided work for more British workpeople than they number themselves. Some years ago, aliens contributed notably to the development of the manufacture of beet-sugar, artificial silk and motor tyres. More recently, not unimportant foreign concerns have been operating successfully on the Government-assisted trading estates; a large part of the famous German fur trade has been brought by exiles to Holland and England; and in journalism many of the most successful ventures of recent years have been due to aliens, many of whom brought no capital of their own and had to pass through the needle's eye of the Aliens Order into salaried employment. The rewards of a more generous policy towards aliens might be very considerable, even in material terms.

To open the door indiscriminately wide would be both impracticable and improvident. Well-defined conditions must of necessity be laid down. No allegiance owed by an immigrant to any foreign Power should be permitted to endanger the security of these islands. The standard of life must, where necessary, be protected against the competition of cheap labour; and immigrants cannot look to rates and taxes for their maintenance. In brief, the present principles of British policy can stand, but the details of their application might well be modified in order to enable Britain to play the part in European rescue work which her wealth and traditions of tolerance and freedom require. At present, for instance, a permit for an alien to enter Great Britain to work is granted only on the application of his prospective employer in this country and for a specific post. Unless an alien can produce such a permit, or unless he will give an undertaking not to engage in gainful occupation, he will be turned back at the port. This means that the destitute refugee must find someone who will undertake to employ him without having seen him—a serious difficulty even for domestic servants and an almost insuperable obstacle for others. The principle of the legislation would not be infringed if refugees and others who are under severe pressure to leave their own countries were allowed a provisional entry to this country and only turned away again when it had become clear beyond a peradventure that they could not find a livelihood here. Foreigners with special skills should be welcomed, not, as is the rule at present, excluded so that British workers can be trained to fill the gap. The fallacious view that there is a limited and inexpansible fund of work to be divided among all workpeople, and that aliens in employment therefore rob natives of their living, should not be allowed to determine official policy. Trade unions and professional bodies should certainly be called in to assist in the work of absorbing as many deserving exiles as possible; but their often narrowly restricted views about the interests of their members must not prevail. The last word is the Government's; and it should be generous.

But British responsibility is not limited to these islands. Britain is the heart of a great Empire; and that Empire, like all the countries of the New World, was brought to prosperous development by migration. The need for migration has not ceased; and Britain can serve as an entrepôt to receive and train settlers for the far outposts and as a general headquarters for the planning of their dispersion. The Overseas Settlement Board only a few weeks ago laid stress upon the need for emigrants, especially in face of falling birth rates in the British Dominions and the United Kingdom alike. Nor is it only the more sparsely populated parts of the British Empire that have need for emigrants. A recently published Report of the International Labour Office on Migration for Settlement concludes that in many other countries there are opportunities for immigration and land settlement not yet turned to account, while several crowded industrial countries have citizens to spare. Argentina and Brazil want agricultural settlers. Mexico and Australia need immigrants. Kenya is ripe for added settlement. To merge the flight of Europe's fugitives in the migration which the world's economy still needs is the merest common sense. By generosity and forehanded planning Britain, both at home and in the distant corners of the earth where her interests and prestige extend, can contribute notably to the cure of Europe's ills. It is not only in Heaven that, by so doing, she would be storing up treasure for herself.

Standards of Living

PROGRESS, the Victorian watchword, has in Georgian days lost a lot of its pre-eminence. Security, in large measure, has taken its place. The worker, since he was demobilised after 1918, has demanded, in all Western countries—that is, in all systems of capitalistic production, whether privately or publicly owned—security of tenure for his job, and stability of money income. To a large extent he has secured both; in Russia, Italy and Germany, as in England, France or Sweden. The employer in these countries—whether a State entity, public utility, individual owner of the enterprise, or association of shareholders—has, equally and equitably, demanded and obtained from the Government security of tenure for *his* job by means of protective legislation, and, accordingly, stability of money income, too. The protection of economic interests, "vested" as much for workers as for employers, is as evident in the Russian or German economy as in the English; for, in all three, the community of consumers is taxed, directly and indirectly, to provide security of tenure for the jobs, as well as stability for the money incomes, of workers and work-givers alike. Therewith, risk-bearing—once the proudest device in the escutcheon of individual enterprise, regularly touched-up *gules* by profits—has rapidly become dimmed. More and more, the bearing of risks—risks of unemployment and unprofitability alike—are being thrust upon the broad shoulders of the State and its organisations. But risks can only be shifted, they can rarely be removed; and the peoples of the Western world, of Russia as of England or Germany, are content to remain blissfully ignorant where the State itself has shifted the burden of those risks.

In fact, few citizens of Western countries ever ask: Who is, or makes, or runs, the State? Who pays for it they know; but the year-to-year variations in the individual citizen's share are so small that the citizen, at the most, merely grouses and pays his taxes, bears his reduced standard of living, his longer hours of work, or whatever contribution he is called upon to make. He thinks—in Russia as in England or Germany—that his taxes, or hours, or falling quantity and quality of consumable goods and pleasures, merely pay the upkeep of the Cabinet, the fighting and Civil Services, and the whole administration of the State. What he has not yet realised is that to an overwhelming extent in Russia, to an extent rapidly approaching it in Italy and Germany, and to a less extent in England, France, Sweden or North America, a steadily

and rapidly increasing proportion of his money income, that income stabilised for him by the State, has been statutorily earmarked for expenditure upon definite and State-decreed objects; and this, after all direct taxes have been paid. He pays, by order of the State, and quite apart from his indirect taxes, more for his bread, milk, sugar, alcohol, meat, potatoes, eggs, butter, cheese, etc., than he need. He has to do so because, in industrial Belgium as in agricultural Hungary, in Socialist Russia as in Fascist Germany or epidemocratic England, the Government for almost a generation has been primarily concerned to produce, not the greatest amount of consumable goods and services, but (as hunters preserve game to pursue it) the largest volume of work for idle hands to do. In this way, security of jobs and stability of money incomes have been bought at the price of foregoing some of the progress in standards of living, which the phenomenal advance in productive technique since 1914 would otherwise have permitted. The Western peoples have not perceived the exaction of this cost by their Governments; it has been spread, all but imperceptibly, over the nations as a whole. And Governments themselves, while compelled to levy on the trading world the price of protection for their own nationals, have neither been aware they were arresting the advance of their own citizens' welfare, nor even levying any cost of it on anybody at all.

Governments, in acting in this way, have been responding to a very clear call from their peoples. The old ideas of economics, and the old ideas of economic policy, were at fault in failing to recognise that, in the ordinary man's mind, security at the expense of progress is at least as attractive as progress at the expense of security. But we have now swung far too violently to the other extreme, and the time is overdue for a reaction. That the reaction is coming is shown most clearly by the increased attention being given, not merely in this country but in others, to problems of the standard of living. The last Assembly of the League of Nations adopted a resolution setting on foot an inquiry into "measures of a national or international character for raising the standards of living." This has resulted in the last few weeks in the publication of two reports* of outstanding interest. The International Labour Office has investigated the extent to which it is possible to determine the standard of living in a country and by means of four countries taken as examples—the United States, Poland, India and Japan—has demonstrated what an appalling degree of poverty still exists in even the richest countries and how little excuse there is for calling a halt to the march of material progress.

The second report, that prepared by Mr N. F. Hall for the Economic and Financial Section of the League, is a first attempt to sketch a conscious policy for raising standards of living. Mr Hall, whose work both as the former Professor of Political Economy at University College (London) and as a contributor to this journal is warranty enough for his qualifications, naturally treats his subject from an international angle; but he shows concern, not so much for the familiar system of international trade and division of labour, already gravely threatened, as for the future functioning of purely national economic systems when—as the Dodo told Alice before the famous caucus-race began—everybody must win and everyone must have prizes. Mr Hall, significantly, sees the same danger lowering over the totalitarian States' economies as over those of the democracies—though he neither uses this terminology nor neglects the differences of degree, if not of kind, that distinguish the incidences of that danger in all Western countries.

The author, while admitting, what so few nineteenth-century economists admitted, that different nations' standards of living can hardly be reduced to comparable terms, owing to traditional and cultural valuations or ingredients, makes an initial statement of his social views as an economist:—

> The benefits of modern knowledge and of capital—as distinct from capitalism—can only be obtained if there are substantial increases in consumption. It appears, therefore, not untrue to say that the maintenance of the economic and political security of prosperous nations and of wealthy individuals has come to depend to a very substantial degree on the prosecution of measures designed to give at least a minimum standard of *physiological* living to the masses of the people (page 12).

Having made this confession of faith, however, Mr Hall makes it clear that he is not one of those who commit the mistake of divorcing consumption from production and treating them as separate problems. On the contrary, "substantial increases in consumption" will only be possible if there are those substantial increases in production which would ensue if all our national and international capital equipment, labour and natural resources were more rationally ordered in a productive system. And, as a hint of the methods by which an increase in production can be achieved, Mr Hall suggests that much more attention should be paid to what, in the technical language of the economists, is known as the elasticity of demand. We have had a practical example in Great Britain since 1932 of the benefits that accrue to the whole national economy when the prices of the primary necessities of life are reduced. The demand for these commodities is inelastic; a fall in their price releases purchasing power for other commodities (cars and radio sets, for example) and the satisfaction of this additional demand gives an impetus to the whole economy. Clearly, efforts devoted to the reduction of prices such as these are likely to have a much greater effect than other forms of Government intervention to increase consumption. Mr Hall makes the useful suggestion that research should be devoted to the problem of choosing those points in the structure of incomes, prices, production and consumption at which the injection of Government assistance is likely to do the maximum of good. He emphasises the importance of a more equitable distribution of national income in this context, and also of the progressive development of social services. He also calls for further inquiry into the advisability of State action to educate consumers—and its limitations.

Mr Hall's memorandum is in general terms and is, as a contribution by an independent expert, of a tentative and preliminary nature. But it raises the important question whether the so-called "free" economies of the democracies in the West might not, even now, be better served by collective economic action among themselves than by, as it seems, a separatist aping, at far and ineffectual removes, of the totalitarian "political economy." Nutrition, hours of work and leisure, wage-levels, standards of living: the League and its organs have done excellent work as pioneers in these fields. But on the shoulders of the Western democracies' governors rests the responsibility for determining what particular risks to individual vested interests they and their peoples are prepared to run in the laudable effort to spread prosperity and advance standards of living. Until they assume that responsibility, they will not take counsel together to improve their common lot. They will go on preferring their particular and separate drifts into economic stagnation.

The least their thinking citizens can do to help them is to ponder the choice between Progress and Security, a choice which we know to be in the last resort inescapable, and which, we trust, the League and private economists such as Mr N. F. Hall will continue to clarify.

* "Preliminary Investigation into Measures of a National or International Character for Raising the Standard of Living." Memorandum prepared by Mr N. F. Hall; L of N Publication II Economic and Financial, 1938, II, B.4. (London). Allen & Unwin. 91 pages. 2s.
"The Worker's Standard of Living." International Labour Office, Studies and Reports, Series B. No. 30. (London) P. S. King. 101 pages. 2s.

Britain's Changing Agriculture

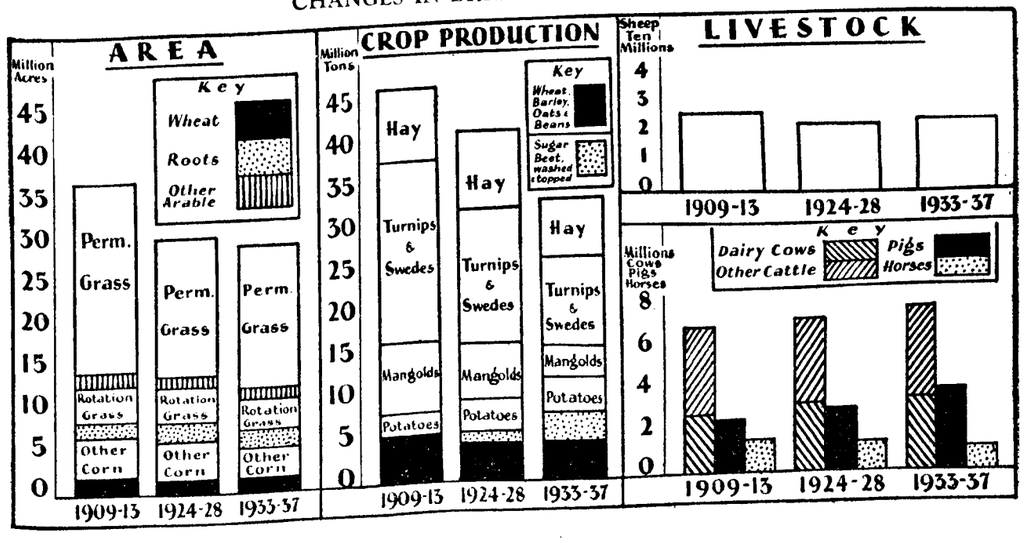
THE latest pronouncements on agricultural policy seem to indicate a refusal by the Government to be stampeded by the fear of war into forcing a hothouse expansion of British agriculture in all branches. Agriculture is to be assisted, but only in its progress along its "natural lines of development." Those who speak for the farmers seem to hold differing views on what constitutes the "natural development" of British farming. But a short answer, at least, can be found in a study of what, in fact, have been the actual directions of change in the industry during the last quarter of a century. For an industry which, above all others, is organised in small units both for production and, in the main, for distribution, there is a creditable volume of statistics available to illustrate the changes from year to year. Some of the more important of these figures have been reproduced in graphical form at the foot of the page. Three periods, each of five years, have been selected for comparison. The first is the years 1909-13, immediately preceding the outbreak of war. The second is the years 1924-28, representing the period of comparative stability between the immediate aftermath of the war and the onset of depression. The third consists of the last five years for which figures are available.

The most obvious and easily measurable fact about any country's agriculture is the number of acres devoted to agricultural purposes. This is shown in the left-hand diagram. The steady shrinkage of the total cultivated area has been deplored by every agriculturist for the past twenty years. In fact, however, it is less a sign of agriculture's decay than of urban encroachment on agricultural land, for new towns, suburbs, factories, bungalows, playing fields and aerodromes. The effective radius of the continuously built-up area of London alone has increased from 1913 to the present day from about six miles to about twelve miles, swallowing up something like a quarter of a million acres, and the same thing has been happening with the outer suburbs and with every town and city in the land. Much more significant than this fall in the total cultivable area is the shift, clearly shown in the diagram, from arable land to pasture land used for raising livestock. The amount of arable land has been falling all this century, and has only partially been arrested by recent legislation. The growth in livestock farming, on the other hand, has definitely accelerated in recent years.

The fall in the area under cultivation and the relative increase in permanent grass and in the importance of livestock are often cited as two sides of the same coin. That they are closely connected is obvious, but an increase in dairy herds and in pigs does not necessarily involve a decay in field crops and an increase in permanent grass. The largest European exporter of dairy produce—Denmark—is, in fact, largely an arable country; the increase of the animal herds during the present century has been accompanied by an increasing cultivation of corn and fodder crops. But in Britain it is true that livestock have increasingly been used as a substitute rather than as a complement, to arable cropping. Farmers have definitely changed from the one to the other. Indeed, one of the most striking changes in recent years has been the breakdown of such integrated systems of livestock and cultivation as did formerly exist. The type of meat which the public nowadays demands—lamb, veal and small beef joints rather than the cuts from the older and larger animals on which the prolific families of Victorian England were fed—is produced on good grass supplemented by imported concentrates and not the fodder crops of the mixed farm. Moreover, the pressure of lower prices has forced the arable farmer to concentrate on his cash crops. Thus the two varieties of farming have gone their separate ways. Livestock breeding is based on grass; while in arable cultivation, sugar beet, potatoes, vegetables for human consumption, and, since 1932, wheat, have been the favoured crops, at the expense of barley and beans, mangels, swedes and turnips. Even in the livestock division there has been a concentration on products that can be sold immediately for cash. Since the advent of the Milk Marketing Board there has been a decline in the farmhouse manufacture of butter and cheese and, particularly in the western regions, dairy farmers have preferred to send their milk into the Board's pool.

Partly as a cause, and partly as a consequence, the decline in arable cultivation and the change-over to livestock farming has been accompanied by a steady drift of rural workers from the land. Between 1925 and 1938 the number of regular workers employed on agricultural holdings fell by nearly one-fifth, and the fall in casual workers

CHANGES IN BRITISH AGRICULTURE

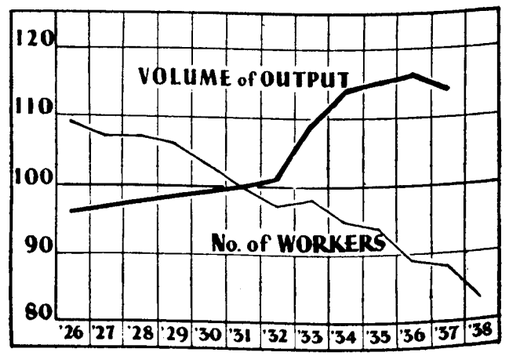


has been proportionately even greater. Livestock farming requires fewer hands per acre than arable farming, and the decline in employment is partly due to the fact that farmers, having made the change-over because of the greater profitability, or at least the greater steadiness of prices, in stockbreeding, have reduced the number of their employees. But the pressure has come at least as strongly from the other side, as is shown by the fact that the decline is concentrated on the younger age groups. Agriculture is, indeed, fast becoming an occupation for the elderly, and the boys from school seek other openings in towns and factories. Compared with urban life, agriculture suffers from comparative isolation, bad housing, long hours and low wages. The system of Wages Boards set up in 1924 has, indeed, succeeded in raising wages to about double their pre-war level, but even so they remain low by urban standards.

To the farmer who has to pay them, nevertheless, wages are a considerable burden, and the effort to economise labour lies behind many of the changes in British agriculture. It is shown not merely in the change-over from arable farming to stock breeding, but also in the considerable progress that has been made in mechanisation. This is seen at its most spectacular in the huge mechanised dairy farms and in the thousand-acre corn farms in East Anglia, where hardly a horse is to be seen. But on countless small farms, the milking machine, the tractor, the " grid," the oil engine and the motor car have worked a revolution, which would have gone even further but for the perennial lack of capital. A recent survey of East Anglian farms showed that in as short a period as the five years from 1931 to 1936 the value of output per man employed on the farms recorded rose by nearly one-half, and the volume, which is not affected by price changes, by as much as a quarter.

These changes in the efficiency of the industry are the vital factor that is usually ignored in special pleading on agricultural matters. It is so easy to point to declining acreage and the falling number of men employed and jump to the conclusion that agriculture is on the decline. So easy, and so fallacious. In point of fact, the Ministry of Agriculture's estimate of the total value of agricultural output in England and Wales in 1936-37 was £220,600,000,

Output and Employment in English Agriculture
(1931 = 100)



Index of output based on Ministry of Agriculture's estimates of output values at prices of 1930-31. Index of employment calculated from numbers of regular workers plus half number of casuals.

or only £14,600,000 less than the figure for 1925, and the fall is much less in proportion than the decline in prices. The same illuminating truth is represented most graphically in the accompanying chart, which shows the changes since 1925 in the *volume* of output (as estimated by the Ministry) against the changes in the same period in the number of men employed. In spite of the drift from the farms, the industry is producing more than a decade ago. The decline in the rural population is a matter of regret to many, as is the yearly total of acres from which the plough is withdrawn; and it is undoubtedly true that in many parts of the country the land has suffered from neglect and is now in poor condition. But against these regrets must be set the facts that the industry is steadily increasing its output, that those who have drifted away have gained the higher standard of living of the towns and that those who remain behind have also improved their condition. British agriculture is changing, but hardly decaying.

Topics of the Week

The New Czech Plan.—The European diplomatic crisis centres round Prague. But the happenings in that city have, in a sense, ceased to be decisive for the outcome of the crisis. A new plan by which the aspirations of the Sudeten Germans might be accommodated within a Czechoslovak State that preserved its integrity has been put forward, with the personal authority of President Benes himself and the blessing of the British Government, and at the moment that we go to press the answer of Herr Henlein is expected. That answer cannot be acceptance, but it may not be a total refusal to negotiate. For Czechoslovakia the content of these successive plans of constitutional reform is vitally important; the whole political life of the country for decades to come may turn upon their wording. On the German side, however, there is little sign of any serious attention being paid to them. Herr Henlein gives the impression of a subordinate whose master has not yet decided what instructions to give; he will accept no Czech proposals and put forward none of his own. Herr Hitler's attitude shows with the utmost clarity how much the Sudeten Germans are a pawn in a greater game. For if he wanted only to secure reasonable treatment for a minority that is already the best-treated in Europe he could have ordered Herr Henlein to begin negotiations with Prague long ago. If, on the other hand, Herr Hitler is determined to press the matter to the last dreadful issue, no plan from Prague, however reasonable, will be accepted.

In these circumstances the task of the Czechoslovak Government is to justify itself in the eyes of world opinion and world history fully as much as to persuade Herr Henlein to treat. The latest plan of local autonomy by cantons or *départements* is believed to follow very closely the outline given in *The Economist* last week, except that a larger number of local areas than the twenty-three then given seems now to be proposed. No information about the degree of autonomy to be granted to these local areas is yet available, and it may well be found that they will not have as full powers as, say, a Swiss canton. But how could they, in a State that is almost surrounded by a heavily armed and much larger neighbour which makes no attempt to hide its enmity to the whole conception of an independent Czechoslovakia? The opinion of the Czechs themselves, backed by foreign observers in Prague, is that the new proposals go to, and possibly beyond, the margin of safety. All the efforts of Lord Runciman's mission are bent on persuading Herr Henlein at least not to reject them outright, and the latest news is that Herr Henlein, at Lord Runciman's request, is journeying to see Herr Hitler at Berchtesgaden and presumably seek his permission to consider the Czech proposals. Hopes are not very high, but the Czech offer may be the last chance the Sudeten Germans have of preserving their own individuality, for they cannot be under any illusion that their successful " rescue " by Germany would leave them with a shred of the independence now offered them by Prague.

French Hours of Work.—The momentary *furore* aroused by M. Daladier's broadcast appeal for longer hours of work in the interests of French productivity and security has, as anticipated, largely died down. There are still growls to be heard from the trade unions, and the strength of the ties that bind the parties of the Popular Front has clearly not been increased. But there has been, and will be, no immediate political crisis. M. Daladier has made it clear that he had no intention of attacking the forty-hour week as such, but wished only to secure a more elastic interpretation of it; and he has also declared that he has no intention of abandoning his Socialist allies for new support from the Right. But he has equally continued to insist that longer hours and more work are necessary if France is to be saved. A Council of Ministers on Tuesday passed a decree, within the framework of the forty-hour week, which authorises unlimited overtime in defence industries and fixes for other industries a maximum week which, in most cases, works out at forty-three and a half hours, including overtime. This will seem to most people to be a small enough relaxation, in all conscience, and even these hours can only be attained by the payment of overtime rates, which in some industries are disproportionately high. The reduction of overtime rates was another part of M. Daladier's proposals, but since this would involve both legislation and, in some cases, the alteration of existing collective contracts, it may be more difficult to achieve. The events of the past fortnight have shown that the workers are beginning to realise that an increase in production, at reasonable cost, is vitally necessary, and that an extension of hours must play a part—though only a part—in such an increase. Very, very slowly facts are conquering theories in France. And one of the facts is that to insist on a larger slice of a smaller cake is not always the best way to riches.

* * *

Labour Policy.—The first of May may be by tradition Labour Day. September is by convention Labour's month. Within the next fortnight the Trade Union Congress, the Labour Party and—tell it not in Gath—the Communist Party will meet in conference, and the simultaneous onset of economic depression and the crisis in world affairs will afford a whetstone for the sharpening of the Labour movement's policies. Last week-end the president of the Amalgamated Engineering Union, in a speech defining the union's attitude towards re-armament, reiterated the engineers' disinclination to entertain proposals for dilution at a time of rising unemployment in their ranks. There can be little doubt that re-armament will loom large at the T.U.C.'s Blackpool meeting next week. Nor is it likely that the sentiment of the majority will be encouraging to those who still sponsor an attitude of intransigence. The present situation in Central Europe is sufficient earnest of the need for speedy and wholehearted co-operation between all parties in this field; and the perceptible stiffening of the British Government's attitude abroad has removed some at least of the political grounds for the unions' marked delay in meeting the Government's appeal for assistance.

* * *

The trade unions now stand at the end of a period of notable advance. In ten years their funds have doubled, according to the summary of the Registrar of Friendly Societies, issued this week; they now exceed £18 millions; and union membership has risen to 4,695,065, or 790,000 more than in 1927. This is a relatively small share of Britain's 13 millions of insured workpeople, and the unions' leaders will have to think hard about the rôle of working class organisation in the expanding industries, where at present they are weakest, in addition to working out plans to meet the effects of worsening trade upon employment and wages. The Labour Party, too, has thorny problems to solve, outside the sphere of world politics. By hook or crook it must shortly make some show of being a possible alternative to the present Government. This week, a resolution for the Communist conference at Birmingham offers the Labour Party unconditional support and loyalty. Mr Attlee and his colleagues will be duly suspicious of Greek gifts from Comrades Pollitt and Gallacher—just as the British farmers are likely to be sceptical about the Labour Party's own programme to restore British farming and, incidentally, win agricultural votes, announced in an open letter on Tuesday. The plan has borrowed much from the wisest proposals of agricultural reformers, but, like the Party programme of which it is part, it rests too much upon the familiar complicated and doctrinaire framework of Socialist apologetics to win wide popular support.

* * *

A Potentate Protests.—Lord Nuffield chose the occasion of the introduction last week-end of his new improved and cheaper Morris Ten to deliver more words in season to the powers that be. He was careful to congratulate Mr Chamberlain on his foreign policy, but in the field of fiscal policy he was less commendatory. Protesting against unfair competition from German cars exported to this country under subsidy, he declared that it was impossible for British manufacturers to compete without countervailing aid from their own Government; and he went on to utter a striking threat. If further burdens were placed upon the motor industry by taxation, he would " throw up his hand and walk out." Lord Nuffield is a power in the land, and his stature has not been diminished by the philanthropic disbursement of the Morris millions. Once before he clashed with the Government, over the production of military aircraft. That dispute is now happily ended and Lord Nuffield has lately been called upon to assume an important rôle in re-armament. His latest pronouncement is not, of course, to be taken literally. And in any case it is difficult to see what can or should be done about it. The absorption of the McKenna duties in the general tariff has

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made possible measures against German dumping, but nobody, not even Lord Nuffield, can say with certainty how much of the cheapness of German cars is due to export subsidies and how much to economies of manufacture. And, although the total revenue of the Exchequer and local authorities from motorists in 1937-38 is estimated at £90,560,000 from all sources, it is by no means certain that it is for the manufacturer, very heavily protected as he is, to raise the alarm. The motorist who pays these sums for the use of inadequate roads is the direct sufferer; and while these disabilities undoubtedly tend towards caution in the buying of motor cars, there is no evidence at all in the trend of new registrations that Lord Nuffield is being taxed out of business.

* * *

Changing World Economy.—Last week Sir William Beveridge released the results of researches, providing a more sharply etched picture than hitherto of the structure of the trade cycles through which the economic life of the nations has swung unceasingly in modern times. Hard upon Sir William's revelations came a survey of World Production and Prices from the Economic Intelligence Service of the League of Nations, measuring *inter alia* the progress made in the output of foodstuffs and manufactures during the post-war years. From these data it is possible, as we slide into the trough of the third trade cycle since 1918, to trace the trend of economic development in our own times, underlying the periodic ups and downs of commercial and industrial activity. Between 1920 and 1937 the world output of foodstuffs per head rose 19 per cent., and of manufactured consumption goods 40 per cent. Since 1925, however, there has been no increase, though no falling back, in the *per capita* output of foodstuffs; and the production per head of manufactured consumption goods is now practically the same as in 1929.

* * *

Although world output per head of manufactured goods has risen by 2.2 per cent. per annum over the last 18 years, there has been little change, on balance, in *per capita* production in North America; and while Europe's output of foodstuffs has increased considerably since 1929, North America's has fallen back. World production reached record levels in 1937, but the quantum of world trade in that year was 3 per cent. lower than in 1929, reflecting, as the League's survey points out, "the decline in the proportion of commodity production internationally exchanged." There has been no check to technological advance in industry in recent years, and output per hour has risen steadily from 100 in 1929 to 119 in 1937. The severe impact of depression upon the United States of America emerges very clearly from an examination of these various statistics; and upon the course of events in that country, where the outlook is now brighter, the rate of world progress in the near future must appreciably depend.

* * *

The Church, the Jews and the Axis.—The detestable doctrines of racial hatred seem to be part of the price that Italy is paying for adherence to the Axis. Signor Mussolini's sudden proclamation of Italy's conversion to racialism, followed by a truculent defiance of the Church or any other power that might venture to oppose or even criticise his new departure, seemed likely to involve him in a head-on clash with the Vatican. From the dangers of such a conflict the Duce has hung back. Within the last few days the provisions of the 1931 Agreement regarding the Scope of Catholic Action in Italy have been reaffirmed, and there has been a withdrawal of the Fascist threat that membership of Catholic Action might be deemed incompatible with membership of the party. At a public audience given by the Pope on August 27th to pilgrims from Bavaria, France and Italy, he intimated that in Italy the strain had relaxed. But there is no relaxation for the Jews, and Thursday's meeting of the Italian Cabinet resulted in a decree expelling from Italy all Jews (a Jew in Italy apparently means a full Jew) who have entered since 1919, naturalised as well as alien. Thus does the cruel madness spread. In Germany, the State and the Church are still at war. Indeed, the Nazi State has struck the most direct blow at the Catholic hierarchy in Germany that it has yet ventured. On August 26th the Catholic Bishop of Rottenburg, Dr Sproll, was forbidden by the civil powers to reside in the Württemburg province of the Reich, in which his diocese lies. The bishop's unpardonable offence in Nazi eyes is that, on the day of the plebiscite on the *Anschluss* of Austria, he, alone among the voters in Rottenburg, abstained from voting, on the ground that, although he approved of the *Anschluss,* he could not be a party to returning deputies to the Reichstag who, in his belief, were hostile to the Catholic Church. This last Sunday there was read from Catholic pulpits throughout Germany a pastoral letter from the Catholic hierarchy of the old Reich, who recently held their usual annual meeting at Fulda (with the Austrian hierarchy making itself conspicuous by its absence). This letter uses plain words. The attack on the Church, the bishops warn their flocks, has become fiercer and bitterer than ever; and the aim is to bleed the Catholic Church to death, to destroy its influence among the people, to uproot Christianity itself, and to supersede it by a faith which has nothing to do with belief in God. The bishops declare that a point has been reached at which it is impossible for them to compromise.

* * *

Deadlock in Spain.—Speaking at Burgos last Sunday, General Franco stated that the war in Spain was over, bar the shouting. The recent course of military operations suggests that the insurgent leader was perhaps whistling to keep up his courage. The campaign to win back the ground on the Ebro lost to Government forces, rather surprisingly, a month ago, has made only slow and painful progress, despite the effectiveness of the insurgents' light and speedy tanks and the help they have received from their aviation. And on the Estremadura front in South-West Spain the insurgent drive towards the rich quicksilver mines of Almaden has been arrested, though a vigorous revival of the offensive is reported. Indeed, the marked feature of the war at present is the strong and resilient resistance afforded by the Government forces to the desperate attempts of General Franco, almost certainly reinforced on a large scale by supplies from Italy, to bring operations to a decisive end. The insurgents undoubtedly hold the offensive; but the net effect of their attacks is stalemate, apart from minor gains, while, at sea, the serious damage inflicted on Saturday upon a Government destroyer in the Straits of Gibraltar was no more than a casual episode. The inability of Britain's representative in Rome to obtain satisfaction from Count Ciano concerning the renewal of Italian intervention, despite four interviews in three weeks up to Tuesday last, is therefore significant. For Signor Mussolini, the only satisfactory settlement of the Spanish conflict—and a settlement there must be before the Anglo-Italian Agreement can enter into force—is victory for the insurgents; and operations in the field demonstrate quite clearly that General Franco cannot win in the measurable future without more assistance from his ally than even the pliant policy of the other Powers, now pre-occupied with other and more serious matters, could possibly tolerate.

* * *

Japan's War.—The efforts of the Japanese armies in China to obtain a firmer grip of their elusive prey have entered a fresh phase. There has been severe fighting in five provinces during the past few days, and the forecast drive against Hankow has proceeded on a wide semi-circular front. Early this week the Japanese War Minister, in a statement to the Press on Japan's aims in China, which were simply to impose economic solidarity upon the Far East, outlined the administrative problems which would be outstanding in China when Hankow, Wuchang and Hanyang had fallen. So far Hankow has not fallen, and

despite Japanese successes it is not certain that it will fall shortly, while Chinese guerillas have struck several powerful blows in the vicinity of both Peking and Shanghai. And the Minister seemed to be reconciled to the fact that the successes he forecast would not bring the war any nearer to an end. Meanwhile, it was reassuring to gather from General Itagaki's statement that the views of the Japanese Foreign Office, which are stated to be conciliatory towards foreign Powers, rather than the unbridled ambitions of the Army, were likely to have most influence in determining the administrative future of Peking and Nanking. The shooting down of a Chinese-American commercial airplane ten days ago, however, with the loss of a dozen lives, was evidence that old habits die hard; and the subsequent Japanese contention that civil planes fly over China at their own risk affords little ground for believing that Japan has any serious intention of becoming a good neighbour. True, the concession has now been made that, if planes intending to fly over Chinese soil will supply their description and proposed route to the Japanese authorities, war pilots may be persuaded to leave them alone. But no guarantee is given; and such incidents serve to show that, however sincerely the desire for more friendly relations with foreign Powers may be held in certain quarters at Tokyo, Japanese counsels are too divided, and too much determined by the military and militant men on the spot in China, for such pious aspirations to be translated into actual deeds.

* * *

The Milk Contract.—When an increase in milk prices was awarded to the farmers in July on account of the extra cost of feeding arising out of the drought, a note in *The Economist* (on page 680 of the issue of June 18) expressed a hope that this emergency measure would not become a precedent. That hope has now been killed by the issue of the contract milk terms which have been agreed upon by the Milk Marketing Board and the Central Milk Distributive Committee. This agreement provides for a uniform retail price during the year of 7d. per quart in London, which will provide the same average price as that which has actually obtained during the current year, with the help of the extra 4d. per gallon awarded for July. The present year will therefore see a still higher level of retail prices than that originally arranged for 1937-38, which was itself higher than in the previous year. The scale agreed upon for districts other than London gives a corresponding rise in retail prices; in rural districts and towns with less than 10,000 people, the 1937-38 contract provided for a retail price of 2s. per gallon for all months except December and January, when the price was increased by 2d. per gallon. The new contract, while prescribing 2s. per gallon for most of the year, raises the price to 2s. 4d. in the winter, and the winter season is to last for the three months of November, December and January instead of two months as previously. Of the increase prescribed in the new contract, the farmers will obtain 6d. per gallon in the summer and lose 2d. per gallon in the winter months, a net gain of 4d. per gallon on sales to the liquid market. In addition, some of the prices ruling for milk going into manufacture are to be slightly increased.

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In these circumstances, the emphasis that has been placed in public announcements on the fact that there will be no increase in the retail price in London as compared with the present year is disingenuous, to say the least. In London, the emergency price-level of the present year is perpetuated, and outside London there are actual increases in price. It is still true that under the Milk Marketing Board the annual determination of price has resulted in a steadily higher average cost of milk to the consumer. This is bad enough; but the real state of affairs is masked when each year's price is compared merely with the preceding year's price. The facts upon which judgment should be based are that the price of milk in this country is the highest in Europe, while the consumption of milk in liquid form is among the lowest. The fact that the production of milk on the farm is nevertheless not an unduly profitable business is no sort of answer. It is more properly a challenge, and one which the present organisation of the milk industry conspicuously refuses to face.

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Atlantic Flights.—The execution of the programme of Atlantic flights announced in the Commons on July 20th is not, after all, to prove plain sailing. Last Saturday, Albatross No. 2, a four-engined land machine, scheduled to take part in these experimental trips, broke its back while taxi-ing over the ground at the end of a successful test flight. The machine had been intentionally overloaded by 3,000 lbs. more than a certificate of airworthiness for passenger flights would allow, and the accident, which follows upon a similar mishap to Albatross No. 1 last March, has proved less serious than at first feared. Plans for Transatlantic experiments with land machines will, however, inevitably be delayed, and the next trip will be undertaken by a flying boat, Cabot, of the Short Empire class, in a fortnight's time. Also on Saturday the Air Ministry's Chief Inspector of Accidents reported on the accident to the flying boat, Cygnus, at Brindisi, on December 5th last. The machine was apparently taking off with the flaps on the trailing edge of its wings fully extended instead of being only slightly depressed; and Imperial Airways have issued very strict instructions to prevent any recurrence of this type of mishap. It is clear that the millennium of safe, speedy and world-wide civil travel by air has not yet been quite reached; and it would be folly to embark too precipitately upon the glamorous venture of regular Transatlantic services without investigating the possibilities by experiment even more minutely than has hitherto been done. The air link with the United States is almost upon us, and it will be widely welcomed. But its material advantages in the early stages are not likely to be so enormous that we cannot wait for its achievement until the margin of safety has been maximised.

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A Splinter Union.—A legacy of last year's Coronation-time strike of London busmen has just fallen in. The strike was organised by leaders belonging to a minority movement among the transport workers, against the better judgment of the chiefs of the Transport and General Workers' Union, who in the end made a settlement with the London Passenger Transport Board over the heads of the busmen's leaders. Mr W. J. Brown, secretary of the Civil Service Union, always a diligent labourer in the vineyard of industrial controversy, then offered his services to organise a break-away union for the dissident and offended minority, and it is this body which has come sharply into the news during the last few days. The first step was the announcement by the L.P.T.B. that employees were not to wear the badge of any union other than the Transport and General Workers after September 1st. This instruction was opposed by the new National Passenger Workers' Union on the ground that it was contrary to the Trades Disputes Act of 1927, and pending legal advice the Board have suspended their ruling. It is ironical that a body representing to some extent extremist opinion among the transport workers, should base an appeal upon a statute commonly regarded as a reactionary restriction of

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workers' rights. Actually, it is doubtful whether either the L.P.T.B. or the T.G.W.U. have any right to impose, directly or indirectly, the principle of the closed shop upon the employees. On the other hand, the T.G.W.U. is a powerful union led in most matters with marked skill and common-sense, and it is doubly doubtful whether London passenger transport workers are in any way wise to seek the representation of their interests elsewhere. In the end, however, the men themselves will decide between the two unions; and they will do so sensibly.

* * *

Palestine: No Change.—The harrowingly monotonous chronicle of outrages in Palestine has been lengthened by another couple of weeks. At Attolit, on the night of August 16th-17th, an attack by an Arab band on the gaol at a labour camp resulted in the wounding of a British Inspector and an Arab warder, and the abduction of a Jewish Inspector of Police, together with his wife, mother-in-law and three children (the children have since been released unhurt). On the same day, two British soldiers were killed and two wounded by the explosion of a land-mine, and an Arab villager was killed near Beisan. On the 17th, a Jew was killed with a stone in Jerusalem, and an Arab with a bullet in Haifa. On the 18th, two British soldiers were killed, and one officer and seven other ranks wounded, in an engagement near Acre; and the British Army's total losses in all actions fought in Palestine that day were six killed and twelve wounded. On the evening of the 19th, an Arab band descended upon Hebron, set fire to the local bank and post-office, and captured an armoured police car. A detachment of Black Watch and police were sent from Jerusalem and succeeded in driving the raiders out of the town. On the 22nd, four British constables in a car were attacked by Arabs, but managed to beat off their assailants with losses and were finally rescued by the arrival of a detachment of the Transjordan Frontier Force. On the same day, two Jews (one a woman) were killed and six wounded by rifle-fire while travelling in omnibuses. On the same day again, three Nazarene Arabs were found dead on the Acre-Safed road, with notices pinned to their bodies announcing that they had been "executed" (presumably for supposed treason against the Arab national cause).

* * *

On the night of August 22nd-23rd, a British officer was killed in a petrol-lorry that was blown up by a land-mine. On the same night, a survey engineer was killed in camp in the Jordan Valley. On the 23rd, a train was held up and robbed, only about eight miles from Jerusalem, and the police guard on board was murdered. On the 24th, the Assistant District Commissioner at Jenin was shot in his office and subsequently died of his six wounds. On the 26th, at Jaffa, in the Arab vegetable market, a time-bomb exploded, killing sixteen Arabs and wounding about thirty. The victims included a number of young boys, and the consequence was an outbreak of rioting and destruction directed against all Jewish and British persons and property within the reach of an infuriated Arab mob. On the 28th, there was an engagement in the Tulharim district in which eleven Arabs were killed. There are now armed Arab bands once again at large and in virtual control of outlying tracts of the country, and in addition to the murderous outrages perpetrated by both Arabs and Jews there is a systematic campaign of robbing banks and destroying telephone lines.

* * *

If this chronicle, which has been given from time to time in *The Economist* during past months, has seemed unduly detailed to any reader, it may startle him to learn how the figures add up. For the single month of July the total number of casualties amounted to 677, made up of 148 Arabs, 60 Jews and 2 British soldiers killed, and 256 Arabs, 202 Jews, 6 British soldiers and 3 British constables wounded. In the first three weeks of August, the total number of casualties amounted to 357, made up of 118 Arabs, 41 Jews and 15 British killed, and 71 Arabs, 86 Jews and 26 British wounded. These figures should be perpetually in the minds of those responsible for the Government of Palestine—which includes in the last analysis the whole British people.

Overseas Correspondence

From Our Special Correspondents

United States

Droughts and Prices

New York, August 21.—In any given area the annual supply of agricultural crops is a function of weather. In the United States, we have just passed through a drought cycle of almost Biblical duration. Of the seven years from 1931 to 1937 not one enjoyed what could be called favourable weather conditions. Of these seven years, 1931, 1933, 1935 and 1937 were years of limited drought, and 1932 was a year of fair but sub-average rainfall. The drought of 1937 was not so severe in the United States as across the Canadian border. The years 1934 and 1936 were marked by droughts sufficiently severe to be classed as catastrophic.

This long succession of poor or mediocre harvests had a considerable effect on prices. Demand for the products of these annual crops is relatively inelastic. During this drought cycle, the general trend of agricultural prices in the United States was upwards.

AVERAGE PRICES (BUREAU OF LABOUR INDEX)
1926=100

	Farm Products	Foods
1931	65	75
1932	48	61
1933	51	61
1934	65	70
1935	79	84
1936	81	82
1937	86	86

Other factors than the weather were operative; and substantial weight must be given to such episodes as the "slaughter of the little pigs" as one part of official agricultural policy, and the impounding of millions of bales of cotton as another—to say nothing of the programmes of acreage reduction, principally effective in cotton.

Some weight must also be given to international factors, including the changed relationship between the dollar and the pound in 1931 and again in 1933. But, on the whole, it is questionable whether all these extraneous influences taken together exerted as much influence on prices as the weather. The case of cotton might perhaps be excepted from this generalisation; more has been "done" for cotton than for any other commodity—and one result has been to increase the yield per acre.

Abundant Crops

The crop year 1938 has been a year of ample rainfall, and the effect has been visible in the abundance of the crops.

AVERAGE PRICES (BUREAU OF LABOUR INDEX)
1926=100

	Farm Products	Foods
March, 1937	*94·1*	*87·5*
End July, 1937	*87·7*	*86·5*
January, 1938	71·6	76·3
February, 1938	69·8	73·5
March, 1938	70·3	73·5
April, 1938	68·4	72·3
May, 1938	67·5	72·1
End June, 1938	68·8	73·2
End July, 1938	68·6	74·1

It will be noted that the Bureau of Labour Index of farm products for the end of July was slightly higher than for the end of April. This is the consequence of mixed price movements during the intervening period.

INDIVIDUAL PRICES (Dollars per Unit)

	Aug. 1, 1937	May 1, 1938	Aug. 1, 1938
Wheat (bu.)	*1·195*	0·85¼	0·69⅞
Maize (bu.)	*1·025*	0·59	0·55⅝
Cattle (cwt.)	*14·40*	8·65	10·75
Hogs (cwt.)	*12·00*	8·05	8·30
Eggs (doz.)	*0·21*	0·20½	0·22½
Butter (lb.)	*0·315*	0·26½	0·26¼
Cotton (lb.)	*0·1096*	0·0878	0·0861
Wool (lb.)	*0·435*	0·265	0·32

The typical annual crops (wheat and maize) are selling for only about half of last year's price, and prices have fallen since May. Cotton and livestock prices, although below last year's, are unchanged or have risen since May. The recent declines have been most marked in the prices of wheat and maize—September wheat fell in early August almost to 60 cents, and maize went below 50 cents.

Maize is not a cash crop; most of it is fed to hogs on the farm which produces it, and marketed, so to speak, as hogs. Wheat, on the other hand, is largely a cash crop; and the price of wheat is not only half what it was a year ago, but 20 cents lower than it was in June. The total wheat crop is about 5 per cent. larger than a year ago, but most of the increase is in spring wheat—the winter wheat crop is only slightly larger than a year ago.

It is clear that, compared with a year ago, the decline in prices is not compensated by a correspondingly enlarged supply. Accordingly, apparent total earned farm income is perhaps 10 per cent. less than last year; though, as an offset to this decline, the income is probably more evenly distributed than it was last year. It is still clear that the agricultural population has experienced no depression comparable with that suffered by the urban industrial population. If the present situation is compared with, say, the end of May, the decline is mostly in wheat, cotton, and maize; the fall in maize is partly compensated by the rise in hogs, and the fall in cotton is negligible.

Help for Wheat

The centre of interest is wheat. If the wheat crop is taken as 1,000 million bushels, at a price of 50 cents on the farm, the total cash value of the crop is $500 millions, which is, relative to the total national income, unimportant. Indeed, it is not even a very large element in the total estimated farm income of roughly $9,000 millions. But wheat is the cash crop of several states; its economic significance locally is greater than the gross figures would suggest, and its political significance is still greater. The surplus at present depressing wheat prices is of the order of 100 million bushels.

To meet this situation, the Government has two devices in operation, and one in prospect. The Government will lend to farmers on the basis of 75 cents a bushel (Chicago), although the September option is now under 65 cents. The machinery for lending has been slow in getting under way, and has not yet shown its effectiveness; and only farmers who have "signed up" are eligible for the loan. Secondly, the subsidy for next year will be doubled to about 26 to 30 cents a bushel as an inducement to farmers to enter the planting control schemes.

Finally, the Department of Agriculture is reported to have formulated a plan for exporting under subsidy 100 million bushels. This is open to the charge of dumping, but the plan itself has not been disclosed, and comment may be postponed.

France

Increased Hours of Work

Paris, September 1.—After a week of anxious negotiations, the leaders of the Popular Front groups with a majority in the Chamber accepted M. Daladier's proposals, fearing a political crisis at a time of great international tension. They realised, moreover, that any strong resistance to the proposed amendments to the 40-hour week would not be very popular, even with their followers. In the end, a decree was decided upon, fixing exceptions to the law which will enable a 48-hour week to be worked in concerns engaged on National Defence contracts, and sanction a 44-hour week in other industries according to their individual needs. Another decree will amend the procedure for authorising the working of hours in particular factories; and, finally, a special Bill will be laid before the Chamber to lower overtime rates of payment. The Government hopes, however, that agreements will first be concluded amicably between employers and employed.

This may open a new era for French industry, which was first paralysed for two years by the gold franc and then crippled for another two years by the 40-hour week. Prices have now been adjusted by devaluation; extra hours of work have now been authorised.

Credit and Confidence

There only remains the financial problem. One outstanding complaint made by business men is that money is too dear. This is a consequence of the scarcity of capital, which in turn is due to the enormous requirements of the Treasury. This year the Budget deficit amounts to something between 40,000 and 50,000 million francs; and the Government is borrowing 1,000 millions a week.

Some expansion of credit by the banks would in such circumstances be very opportune. Fear of a further flight of capital prevents the financial authorities from creating new credits just when this step is asked for on all sides to bring about a revival in business. Actually, the Government seems inclined rather towards a policy of economy and budgetary deflation, in order to provoke a return of confidence and the repatriation of capital. But the deficit on the ordinary Budget will again be about 10,000 millions this year and total Treasury charges will not be less than 40,000 to 50,000 millions. Economies, at least on the extraordinary Budget, and an increase in revenue receipts, secured in part by new taxes, will have to be appreciable if the franc is to be safeguarded and the Government's creditworthiness restored.

Meanwhile, the Minister of Finance is drafting the 1939 Budget which will be communicated to the Finance Committee of the Chamber on September 15th. If new taxation is decided, then Parliament will have to be summoned, since the power to proceed by decree will have expired. The Government, to pave the way for the loan which is urgently needed to replenish the Treasury, will probably announce their intention of making every effort to balance their Budget.

The franc recently registered a slight recovery. The firmness of M. Daladier seems to have diminished the demand for gold which accompanied the decline of the pound against the dollar. The French financial Press point out that the franc has sources of strength; foreign trade has improved; tourists are spending lavishly; and all these factors tend to assist the franc. But, meanwhile, the fear of an international conflict is paralysing the stock markets.

Higher Price for Bread

The Central Wheat Council has fixed the legal price of wheat for the next twelve months at 204 francs per quintal. This is, however, only a nominal price. The price actually paid to farmers will not exceed 176–180 francs, which is slightly more than a year ago, and may cause an increase in the price of bread of 10 to 15 centimes. The 1938 crop is provisionally estimated at 88 million quintals, or nearly 20 millions more than are required for home consumption. No decision has yet been taken about the surplus, though

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it is likely that proposals to use it for the manufacture of alcohol, which is a costly process, will be shelved.

Coal output in July was 3,801,145 tons for 20.9 working days, against 3,892,446 tons in June for 21.7 working days, and 3,588,558 tons in July, 1937, for 21.1 working days. Thus, average daily production was 182,887 tons, compared with 180,805 tons in June, 183,077 tons in May, and 170,100 tons in July, 1937. The number of men employed at the mines was 249,084 at the end of July, compared with 248,794 at the end of June and 238,148 at the end of July, 1937. The production of coke in colliery plants was 348,817 tons in July, against 351,250 tons in June and 336,156 tons in July, 1937.

During the week ended August 20th, the number of persons unemployed was 340,295, against 340,674 in the preceding week and 310,220 a year ago.

Germany

Berlin, Prague and London

Berlin, August 31.—The aggravation of international relations due to the Sudeten-German dispute had no visible effect on last week's markets. The general public knew nothing of a fresh crisis. They could not know because it is always officially alleged, as it was again to-day, that crises are concocted by London (sometimes together with Paris) for unworthy ends. The Bourse did suffer a sharp setback last week, but this was merely a resumption of the prolonged decline; and so far this week shares are somewhat firmer.

If the Sudeten-German attitude is, as it is believed, the same as the attitude of the Reich propaganda organs, the position in Czechoslovakia is well-nigh hopeless. True, the Government has lately said very little, but the official Press campaign has been conducted with extreme violence, indicating that no practicable Czech offer would be accepted.

It is not quite clear why this state of affairs, which has persisted ever since the annexation of Austria, should produce a fresh crisis. The exhaustion of Sudeten-German (which means Reich) patience was announced long ago. The German manœuvres seem to have been the cause of the acute anxiety abroad. The affair has unfortunately done harm to Anglo-German relations. The attitude towards Great Britain is very hostile. Germans are told daily that London is expecting the Czechoslovakian question to provoke an anti-German war, and that Britain is encouraging Prague to be obdurate. This attitude will not change, propagandists here proclaim, unless the British Government champions, without any qualifications, the full Reich and Sudeten-German claims.

On the other hand, the foreign belief that Germany is seeking to precipitate a general war is probably mistaken. The parallel with Austria is not convincing; the *Einmarsch* into Austria was riskless and, moreover, in view of the sentiments of Austria's population and government, was the only means of annexation. The Sudeten-Germans may be able virtually to join the Reich without any overt breach of the peace by Berlin. To prevent such a move, the Prague Government would have to take internal measures of repression which would look bad and would probably not succeed.

The expert view continues to be that no general decline in business activity is foreshadowed by the Bourse decline, and that the Government has no particular financial difficulties to face. "The National-Socialist Government," says the Minister of Economics, "will never tolerate material hindrances to the execution of its great economic tasks arising from any kind of breakdown in financing. Where such difficulties arise, they will be promptly and drastically removed, even if a method or a system has to be altered." The last sentence does not refer to any major change in the long-term industrial, financial and currency policy to which the Government remains committed, but to minor adaptations and reversals which, at the expense of particular interests, have in the past provided ways of getting out of difficulties.

The Reichsbank's return for August 23rd, like the commercial banks' balance sheets, shows a large increase of deposits. Since deposits earn no interest, business has usually no interest in holding them, and the figures suggest a general search for increased liquidity. It is stated that this cash partly represents preparations for the next Reich loan, which is not, however, likely to come before October at the earliest. Despite the decline in home bond quotations, which began immediately after the March loan, it seems that the Reich has the power to obtain whatever medium-term credits it wants; and probably the Minister of Economics, in the speech quoted above, had this in mind.

Expenditure and the National Income

For the moment, talk of increased taxation has ceased. Referring to the need for "adapting expenditure to the capacity of the taxpayer, *plus* the loan-subscriber, short-term credit, and industrial finance," the *Deutscher Volkswirt* remarks: "It must be remembered quite half the national income is already appropriated for the financial needs of all the public services in Germany, and if the expenditure of publicly-owned earning undertakings are included, public authorities in 1937-38 controlled in one way or another approximately two-thirds of the national income." The journal admits that this rate of expenditure is made practicable only by enforcing cuts in consumption. Observation of German private life shows this diagnosis to be correct.

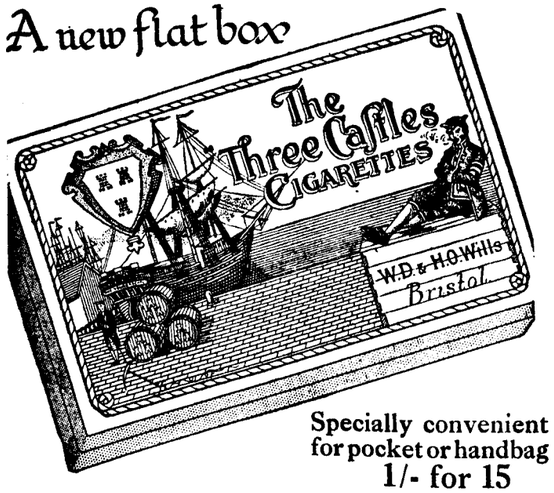
It is significant in this connection that a postal savings service, such as already existed in Austria, has now been established in Germany. There will be 47,000 offices and agencies, interest will be paid at the present standard savings rate of 3 per cent., and the withdrawal of up to Rm. 100 at sight will be permitted. The existing savings bank organisation comprises only 15,000 offices. The new system will cover the country more completely, particularly in thinly populated districts, and will, it is claimed, "extract much money from the stocking for economically useful purposes."

Industry Slackens

The report on employment in industry during July shows a moderate seasonal decline in the number of hours worked. The number was only 16.1 per cent. higher than in the same month of 1936, against 17.3 per cent. higher in June. As usual the production-goods trades showed improved figures; but the consumption-goods group declined. The manufacture of machinery was much more active, mainly on home account. This chimes in with a report from the German-Russian Committee, which mentions that inability to make prompt deliveries (machines being Russia's chief need) is one cause of the heavy falling off in Russian orders, which in the first half of this year totalled only some Rm. 8 millions. According to the same report the diversion of many Russian orders to the United States (which so far this year is first among exporters to Russia) resulted from German delivery delays. The Russian returns for this year (not up to date) show German deliveries behind even those of Belgium and Holland.

Ingot-steel production in July was 1,981,100 tons; and in the first seven months of the year output amounted to 13,204,400 tons, against 11,219,700 tons in 1937. The July figure is a new high record. The Pig-Iron Syndicate's report mentions a continued decline in export prices. It is hoped to bring the European and, if possible, the American firms at present outside the International Cartel, within the framework of the agreement. Meanwhile much is being written about American dumping. Coal output in the first seven months was 108,212,000 tons, against 105,180,000 tons in 1937.

The July census shows 3,364,500 motor vehicles in the Reich, including Austria, and the number in the old Reich has risen 15 per cent. in twelve months. Private cars alone numbered 1,305,600. The cutlery industry is in a state of crisis, owing partly to a decline in home sales and partly to a fall in exports, which normally take 60 per cent. of the cutlers' output; at present, on the basis of booked orders, the proportion exported is only about 40 per cent. In so far as it is not seasonal, this depression is due to excessive buying and stocking in the past in the fear that raw materials would be rationed.



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Hongkong

City of Refuge

Hongkong, August 3.—Hongkong has always been used as a city of refuge for the Chinese of the Southern provinces when revolts and civil war have upset normal conditions of life in the interior. Until last year, however, it has never been called upon to shelter so great an influx of Chinese drawn from different regions of the country and composed of all classes. Dispossessed officials from Nanking and Shanghai, educationists from the various universities and schools of the Centre and North, merchants and manufacturers from Shanghai and Hankow, farmers and labourers from the neighbouring provinces, all these have flocked to Hongkong accompanied or preceded by wives, children and servants. No barrier has been raised against their entry, although when the rush of Chinese from Canton was at its height admittance was refused to anyone not in possession of at least $20. This does not appear to have been an effective check to keep out the destitute and, for all practical purposes, Hongkong has been open to all comers.

The consequence is that the Government of the Colony is now faced with the serious problem of housing the refugees. There are no statistics of the number of refugees who have entered the Colony during the past year and no means of ascertaining to what extent the poorest section of the resident population has been displaced to make room for newcomers. From various sources, however, it has been possible to arrive at fairly reliable estimates, and these show that just under 250,000 refugees have arrived in the Colony during the past twelve months.

It is stated that this summer about 30,000 people have been sleeping in the streets, a number some three or four times as many as in normal times; and it is estimated that of this 30,000 at least 9,000 are destitute and without any means of obtaining shelter during the winter months. The Government assumes that about 1,500 of these are able-bodied men, and proposes to provide housing accommodation for 7,500 destitute women, children and infirm men. Three camps of wooden hutments will be set up in different parts of the Colony, one to be for refugees who can afford a small contribution towards their keep.

The whole scheme will involve an expenditure of nearly one million dollars, of which $522,000 comes under the heading of capital, for the erection and equipment of the camps, and $367,000 is allocated as the cost of administration for one year. While the resident community are relieved that Government has at last decided to tackle the problem, they find much ground for criticism of the detailed plans. The camps are to be within the urban district, and their presence will be objectionable to permanent residents in the neighbourhood. It was generally thought that suitable sites could have been found in the rural area of the New Territories.

A stronger line of criticism concerns the cost of the scheme. The expenditure on building seems to contemplate permanent accommodation, while the estimated cost of feeding the refugees is on a considerably higher basis than that taken by the authorities in Shanghai. There is no lack of sympathy for the unfortunate people who have sought peace and security in Hongkong, but the taxpayer not unnaturally sees danger in the provision of free housing accommodation, which may attract many Chinese from outside the Colony, in addition to genuine war refugees.

Growing Trade

The trade of the Colony continues to expand. The figures for the first half of the year show an increase of 21 per cent. compared with the first half of 1937, and 62.9 per cent. compared with the first half of 1936. The following table shows the value of imports and exports for the period from January to June in each of the past four years:—

Imports
(000,000 omitted)

	1935	1936	1937	1938
	$	$	$	$
Merchandise	191	212	286	342
Treasure	24	19	6	7
	215	231	292	349

Exports
(000,000 omitted)

	1935	1936	1937	1938
	$	$	$	$
Merchandise	142	163	219	270
Treasure	38	109	18	110
	180	272	237	380

There have been a number of changes in the direction of trade, and a marked reduction in trade with Japan. The following table shows the proportion of imports provided by the principal countries trading with Hongkong:—

From	1935	1936	1937	1938
China	31·6	32·7	30·9	35·0
Japan	11·5	12·3	13·3	3·2
United Kingdom	6·5	6·4	7·1	7·8
U.S.A.	7·4	7·9	5·2	9·9
Germany	4·0	5·5	5·6	6·8

After remaining steady at about 9d. for a few weeks the Shanghai dollar has fallen away and (at the moment of writing) is under 8d. Exchange provided by the Chinese Government enabled the foreign banks to keep up the dollar, but support has now been withdrawn, and the dollar will presumably decline until further official assistance is forthcoming.

Exported Shoes

The report of Mr H. B. Butler to the International Labour Conference contains a reference to the cheap manufactures of Asiatic countries which is of more than passing interest to Hongkong exporters of rubber shoes. In the year 1937 nearly 5 million pairs of shoes, valued at £188,000, were shipped from here to the United Kingdom and, during the first four months of this year, a further 3,750,000 pairs were shipped.

The rapid development of this trade is causing anxiety to home manufacturers who, in conjunction with importers of Canadian rubber shoes, have approached the Secretary of State for the Colonies, with a view to imposing restrictions on the import of Hongkong shoes. While Hongkong exporters are quite prepared to discuss the question of a quota, they consider that the type of cheap shoe which is shipped from here supplies a demand which is not catered for by the high-grade shoe manufactured in the United Kingdom and Canada.

Mr Butler in his report argues that the cheap products of Asiatic factories have enabled natives of Africa and Asia to keep up their standard of living to a considerable extent, at a time when they could not possibly have bought European goods. The Hongkong exporters to the United Kingdom are inclined to apply the same argument to the poorer classes at home.

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Letters to the Editor

Size and Efficiency in Industry

TO THE EDITOR OF THE ECONOMIST

SIR,—Theory suggests and experience confirms that concentration of power is inimical to the maintenance of democratic institutions, and that diffusion of industrial control is conducive to diffusion of power. On political grounds alone, therefore, there are grave objections to the trend of legislation, which has promoted concentration and centralisation.

For example, the transport legislation of 1930 and 1933 handicaps small hauliers. The big milk distributors receive better terms for the purchase of milk for manufacturing than the small, who are now, it seems, threatened by the establishment of district monopolies. The State has in many industries fostered rationalisation schemes which, beginning with the laudable object of concentrating output in the best plants, usually degenerate into devices for the elimination of the small units; the Finance Act of 1935 also encouraged rationalisation schemes by allowing contributions to them to be deducted from computations of profits for the purpose of income tax. The Central Lancashire Coal Owners' Association is concerned lest the new Coal Act should "transfer the tonnage at present enjoyed by the small colliery . . . to the 'efficient competitors,' who at the present in Lancashire at any rate, are unable to work their collieries as profitably as the small owners can theirs." The recommendations of the Report of the Transport Advisory Council concerning the control of road transport rates would, if given legislative effect, penalise the small haulier by preventing him from undercutting the larger.

Legislation which promoted industrial efficiency would be laudable; legislation which confuses efficiency with scale of operation is deplorable. In the first place, centralisation brings its own economic problems. To quote Mr A. G. H. Dent, Assistant Economist to the Central Electricity Board, at the Oxford Conference of Management Associations: "Large-scale organisations suffer from numerous diseases — committee-itis, departmental astigmatism, Napoleon complex, passing the buck. . . ." Mr Dent spoke also of "excess financial control," "accountancy myopia," "terribly impersonal" conditions, and the "fear and uncertainty of a square deal" which prevented efficient workmanship. Partial elimination of these defects may be possible, but elimination incurs cost.

We need perhaps to recall the advantages of small-scale enterprise: the personal initiative, flexibility, differentiation, the close association of effort with reward. It is possible, moreover, to underestimate the degree to which the economies of scale may be neutralised by small firms, either by the establishment of a separate common organisation to undertake the functions sometimes best centralised—buying, market research, advertising, transport—or by contracting out to independent specialists.

Modern proposals for industrial rationalisation not only ignore the political implications of centralised planning, but would also appear to misconceive the economic significance of technical processes. A large plant may involve lower technical costs than a small one, but it is not the more efficient if co-ordination of functions and adaptability to change are rendered more difficult. Standardisation may "reduce" costs—but it yields a different commodity: "efficiency" (like "waste") is meaningless unless referable to consumer demand. Complexities of large-scale management and diversity of demand prevent, therefore, the attainment only of *technical* optima. Further, the necessity of technical description produces misleading classifications of economic functions; the wisdom of designating as "shops" retail outlets (excluding chains and departmental stores) irrespective of size, class of trade or services rendered is dubious. The possession of common physical features relating to the commodity or place of business is not necessarily relevant; significance attaches only to the degree of competition between groups of retail outlets as determined by functions performed. Here size is a determinant: the small store renders services which the larger by its very nature cannot perform, viz., a social centre, individuality, exclusiveness, personal service, attention to individual preference.

But let us ignore all these considerations. If the small firm is indeed less efficient than the large, let them compete in conditions which favour neither. If "waste" is generated by the existence of "too many" small enterprises, let it be eliminated not by *arbitrary* limitations and restrictions on entry, which are clumsy and inaccurate if well-intentioned, and are not always well-intentioned, but by revision of the impersonal legal rules which govern the conduct of economic relations in order to maintain satisfaction of market demand as the criterion of waste and efficiency.

In England to-day democratic government and Industrial efficiency are not at variance. Where the big firm is more efficient than the small, it is a social benefactor. Where the small firm suffers no handicap, to discriminate against it is to further neither well-being nor good government. For there is no test of efficiency except consumer demand.

Yours, etc.,
ARTHUR SLABERDAIN.

London, W.C.

The Economics of Eire

TO THE EDITOR OF THE ECONOMIST

SIR,—Perhaps you will allow me to offer a few reflections suggested by your leading article upon the Report of the Banking Commission (*The Economist*, August 13th, page 312).

The labours of the Commission began, continued and ended during the "economic war" with Britain. The economic background which the Commission so elaborately surveyed and the economic policy of the Irish Government which it criticises were both profoundly affected by this quite abnormal environment. Trade obstructions and destructive tariffs have now largely disappeared as a result of the agreement, and, at the cost of £10 millions paid in cash, Britain's claim for roughly £5 millions per annum, or a capital sum of £100 millions, was extinguished. The millstone around Ireland's neck was thus removed.

All the figures for the balance of payments, the national income, the deadweight or other debt, were at once susceptible to most extensive modification—and naturally the policy of the Government in regard to them will also be modified. Ireland benefited to an extent wholly unforeseen by the Commission, and the symptoms and conditions of strain which affrighted them have given place instead to desirable prospects.

It is difficult to understand why the repatriation of Irish capital for productive enterprise at home should be censured —unless it be premised that there can be no productive enterprise at home. And, in dealing with the loss of sterling assets and its effect on the future balance of payments, insufficient emphasis seems to have been laid upon the prospective increase of the national income to be caused by their reinvestment at home, after the inevitable "lag." There have been war losses, of course, but these cannot be fairly attributed to a faulty economic policy.

The treatment of the problems of Irish currency policy is singularly incomplete. The wisdom of maintaining the link with sterling is obvious. But what of the crucial question of safeguards? What of the Irish pound if Britain for any reason should resort to an inflationary policy and currency depreciation, such as many people advocate, and which may possibly become inevitable? Is Ireland to let her abundant sterling assets be correspondingly depreciated? And if not, then when and where and how should she cry "halt"?

In spite of the strongly expressed view of at least one witness, the Report is silent on the topic of gold coin or bullion as part of the currency reserve and of the liquid resources of the Irish banks. It seems from its silence to be content that Ireland, alone of the nations of the sterling area and of the nations whose currency is linked with sterling, should deprive herself of the protection in financial emergency which a store of gold in reserve would confer. It is noteworthy that the distinguished Swedish banker, Mr Per Jacobson, of the Bank for International Settlements, in a special Appendix (No. 17) on the position of the Currency Commission, is silent as to the wisdom or unwisdom of its policy, to which he adverts, of not exercising its statutory powers to hold gold coin or bullion.

Yours faithfully,
HENRY HARRISON.

London.

Books and Publications

Prices in Theory and Practice

ECONOMICS is often defined as the science of prices. Yet a survey of economic literature reveals a good many deficiencies in the treatment of prices, especially on the factual side. These two studies* may therefore be welcomed as contributions to the task of filling in important gaps.

In one sense, as "Price and Price Policies" shows, the work will never be done. As long as industry is so diversified, so constantly changing, as at present, descriptive study, however minute and profound, must always be to some degree incomplete or out of date. The material studied is never quite the same for two days together. The Protean character of economic activity is clearly recognised by the editor in his introductory section, but he insists that "Questions of price resolve themselves into the diagnostic problems of industries at work." Their understanding is best achieved by "the way of concretion," and this method at least brings legislators and, we may add, economic theorists, nearer to reality than they could possibly be if they satisfied themselves with the working-out of abstract theories.

Accordingly, the automobile, the automobile tyre, gasolene, cottonseed, dresses, whisky, and milk are subjected to intensive examination by Professor Hamilton's associates, in the light of a single question: "What are the forces which have chiefly determined the price of this commodity?" The result is a mine of information which future economic historians are likely to work with gratitude. The student who runs and reads, however, has one objection: the book is about a quarter of a million words long. It would be absurd to ask for a short account of American industry; a brief study could not possibly tell us much that we should like to know. But the book is somewhat repetitive, with frequent digressions (such as the survey of labour organisation in the dress-making trades). Anything that affects output bears on price; but in studies of this kind only the close and immediate issues should be discussed.

When we turn to Professor Marget's book we are in a very different realm of discourse. The sub-title declares it to be "A Re-examination of the Central Problems of Monetary Theory," and the author is concerned with the question how far Mr J. M. Keynes' criticisms of the older Quantity Theory, and his own Fundamental Equations for the value of money, are valid. It is the first volume of a work to explore the field covered by Mr Keynes' "Treatise" and "General Theory of Employment"; the more controversial matters raised in those books will be dealt with in a promised second volume.

To attempt to pronounce judgment on Professor Marget's views would thus be premature; it is only proper to speak of his method and the single volume available to us. It displays an immense learning and a minute thoroughness. Professor Marget meets Mr Keynes' challenges to previously received doctrine on every point. This book is not only a timely defence of tradition; it is a study of the Keynesian school of thought that no student of monetary theory can afford to neglect.

* "Price and Price Policies." Walton Hamilton and Associates. (London) McGraw-Hill. 565 pages. 24s. net.
"The Theory of Prices." Vol. I. Arthur W. Marget. (New York) Prentice-Hall. 624 pages. $6.00. 24s. net.

Shorter Notices

"Success with Stocks and Shares." By John B. Gledhill and Frank Preston. Pitman. 135 pages. 5s. net.

This new guide answers the many questions likely to occur to investors not already familiar with the machinery of the stock markets and the factors underlying price changes. Those who think the world's markets have lately run according to a plan which might have been designed in his inimitable style by Mr Heath Robinson will be glad to find this book enlivened by a number of his drawings.

"What's What and Who's Who in Some World Affairs." By J. A. Sinclair Pooley. John Bale, Sons and Curnow. 265 pages. 5s.

This is a new venture designed to answer the questions of the man in the street about the chief events and facts in current world affairs. The author has the special knowledge and judgment of the skilled journalist, but his book of reference is not a specialised work. It is written simply and lucidly, giving details and dates of treaties, conventions and agreements and summaries of outstanding issues. No intelligent conversation can be complete without some such guide; and, although experts might perhaps criticise an occasional section here and there, while the march of time since the book was written may have altered the perspective of events, Mr Sinclair Pooley has done a useful job ably.

"Why Capitalism Means War." By H. N. Brailsford. Gollancz. 95 pages. 1s. 6d.

The labours of Mr Brailsford's pen have never been wholly in vain. Here the style and exposition are as forceful and clear as ever. The theme is familiar: war is an act of society, and the communities we live in are prone to war because of "their class structure and their addiction to a faulty system of distribution." The influence of J. A. Hobson is present at every step of an argument which, in spite of its oversimplification and unsophisticated summarising of economic processes, has light to throw upon the causes of contemporary international conflict and rivalry. Mr Brailsford's approach is sectarian and somewhat narrow; the validity of his solution, a Federation of non-sovereign Socialist communities, is not proven; but his sincerity and shrewdness are notable.

Books Received

School Feeding in England and Wales. By M. E. Green. (London) Children's Minimum Council. 22 pages. 3d. net.

Ten Years of the National Bank of Czechoslovakia. (Prague) National Bank of Czechoslovakia. 481 pages. No price stated.

The Changing Face of Bengal. A Study in Riverine Economy. By R. Mukerjee. (Calcutta) University of Calcutta. 293 pages, and maps. No price stated.

The State and Economic Life. By A. I. Qureshi. (Bombay) New Book Co. 208 pages. Rs. 5. 7s. 6d. net.

Son of the People. By M. Thorez. (London) Lawrence and Wishart. 237 pages. 5s. net.

Public Utility Regulation. By G. Lloyd Wilson and others. (London) McGraw-Hill Publishing Co., Ltd. 571 pages. 24s. net.

Markets and the Problem of Peaceful Change. By J. B. Condliffe. (Paris) League of Nations, International Institute of Intellectual Co-operation. 63 pages. No price stated.

The Synthetic Optimum of Population. By I. Ferenczi. (Paris) League of Nations, International Institute of Intellectual Co-operation. 115 pages. No price stated.

THE
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THE BUSINESS WORLD

Sterling Below Parity

THE pressure on sterling, which had steadily been gaining momentum for about a month, reached a temporary climax during the first part of this week. On Tuesday morning the dollar "looked sterling in the face again," but only for a second. The passing of the traditional parity of $4.86⅔ was made without a show of genuine resistance by the Exchange Equalisation Account, and within a minute or so of being called at $4.86⅞ the dollar-sterling rate was at $4.86½. Since then it has fallen, at one time to $4.84⅞, but thanks to persistent and quite considerable supporting operations on the part of the Exchange Account, and also to some profit-taking, it has subsequently recovered to about $4.86.

The essential feature to recognise in this movement is that it represents strength of the dollar rather than weakness of sterling. This is evident from the fact that such currencies as the guilder and the Swiss franc have either kept pace with the depreciation of sterling in terms of the dollar or have even fallen in terms of sterling. This has also been true of the currencies within the sterling group and of the French franc, which may be reckoned as coming just within the fringes of that group. There has been a world-wide movement to convert other currencies into dollars, and sterling has received most of the impact of that movement by reason of the fact that London is still by far the most important foreign exchange market in dollars.

The rush into dollars is a parallel of the recent hoarding demand for gold, and must be regarded as a product of the prevailing international tension. It is essentially a movement of short-term capital. To a small extent it has been swollen by some anticipatory commercial buying of dollars, but the experience of the market suggests, however, that this source of demand for dollars is playing a very minor part in the present activity. No doubt there is some solid commercial justification for the recent strength of the dollar. It is evident, for example, in the fact that the visible trade balance of the United States yielded an export surplus of $632 millions for the first half of this year, as compared with an import surplus of $146 millions for the corresponding period of 1937, while both the British and, as far as it can be calculated, the sterling area's, trade balance has been shifting appreciably in the other direction. But it is believed in the market that commercial requirements of dollars have this year been covered well in advance. This advance buying has normally been the practice ever since the dollar fell to a discount on its traditional sterling parity, traders feeling that there could be no risk in covering their dollars at around $5 to the £, even counting the slight cost of the forward operation. Such forward purchases of dollars have been extensively made this year, and, in retrospect, with complete justification. The incidence of the commercial autumn pressure on sterling has thus been well spread, and though it has undoubtedly made itself felt on the foreign exchange market during the past days of heavy pressure on sterling, it cannot be saddled with more than a negligible part of the responsibility for the heavy buying of dollars.

The movement of "funk money" into dollars has been accompanied by a considerable enlargement of the professional bull position in dollars. When a foreign exchange trend becomes as clearly defined as the trend in the dollar rate has been over the past few weeks, a day-to-day bull position in the currency is bound to develop. Every foreign exchange dealer sees to it that he ends his day with as long a position in the strong currency as the initiative left to him by his bank renders feasible. In many important cases that measure of initiative is decidedly elastic. It has been the sudden enlargement of this short-term bull position, quite as much as the more genuine movement of short-term funds to New York, which has contributed to the exceptional activity of the dollar market during the past week. A position of this kind cannot be run for any length of time, and in the latter part of this week, when the dollar had risen appreciably over its parity with sterling, there were signs that it was being rapidly liquidated—the immediate objective for which it had been built up having been reached. None the less, the balance of factors operating in the market has remained adverse to sterling and the position has called for continued vigilance on the part of the Exchange Account.

Both the broad principles and the mechanics of Exchange Account intervention during the past week have proved of particular interest. The strong barrage of intervention which had previously been put up to prevent sterling from depreciating below its traditional parity with the dollar had led to widespread anticipation that the tactics would be repeated when the emergency arose again, as it did at the beginning of this week. The arguments in favour of such rigid pegging are entirely psychological. There is no inherent merit in the old parity of $4.86⅔; it may bear little relation to what the economic parity of the moment may be. But this rate was the objective in anticipation of which a substantial part of the recent conversion of sterling and more or less allied currencies into dollars had been effected. It was a limit which most operators in the market had in mind when embarking on sales of sterling against purchases of gold or dollars, and with the approach of that limit it would have been reasonable to anticipate a natural reaction due to profit-taking. Such profit-taking has in fact occurred, but as yet it has found its origin wholly in the professional position. There is still no indication that any of the recent conversions of sterling balances into dollars have been reversed at the profit which the re-conversion would now yield. And it may be added that the decision of the authorities in charge of the Exchange Equalisation Account to allow the dollar rate to cross the traditional parity has probably postponed such re-conversions by arousing fears or expectations that the pound may be allowed to fall much further. It was noticeable on Tuesday how suddenly the selling of sterling gathered strength once the traditional parity had been crossed. Far from being a signal for profit-taking, it led to a sudden expansion in sales of sterling from the Continent.

To many Continental holders of sterling the former parity had appeared as a solidly entrenched line which the British authorities would defend vigorously. This figure once passed, there is no obvious rallying-point, no obvious rate to limit the riot of imagination that can be resorted to in viewing the possible extent of a further depreciation of sterling. There is probably substance in the opinion generally heard in the foreign exchange market this week that it would have cost the Exchange Equalisation Account less to hold the rate above $4.86⅔ than it has cost to hold it above $4.85. But this alone provides no adequate criticism of the policy actually followed by the authorities. They are better able to judge of the character of the selling to which sterling has been subjected, and to decide from this and from its weight whether the occasion calls for pegging *à outrance* or for the exercise of the more normal function of the Account, namely that of "ironing out" fluctuations.

The Exchange Account cannot be accused of impassivity or of lack of decision in its recent operations. It has operated as far as possible within the bullion market, providing gold on every day of the week at prices which have allowed arbitrage with the United States to work freely. The scope of such operations has, however, been insufficient to provide adequate support for sterling, and the authorities have in addition made heavy purchases of sterling against dollars in the foreign exchange market during the week. During the seven days to noon on Thursday no less than £9,203,282 of gold was taken for shipment from this country to the United States. Of this total, private arbitrage shipments probably account for rather less than half, the balance being gold shipped on official account and representing the counterpart of official sales of dollars in the foreign exchange market. The American authorities are evidently adhering to their policy of leaving no gold earmarked in foreign centres; as and when such earmarked stocks accrue they are shipped home as soon as possible.

The pressure to which sterling has been subjected during the past week has probably been the most severe that has been experienced since December, 1932. But the resources at the disposal of the authorities are immeasurably greater now than they were six years ago. The official policy of this country is not to prevent changes in the value of sterling, but merely to smooth out the more violent swings. True, it has been assumed that the existence of the Tripartite Agreement set narrower limits to the permitted fluctuations. But the successive devaluations of the franc have shown that quite considerable changes in the relative values of the three currencies are not excluded. And in any case, this week's fall in the pound sterling has neither been due to movements of British capital nor has it been engineered by the British authorities. In no sense is it an unfairly competitive depreciation. Fortunately, there is every sign that this fact is fully appreciated on the other side of the Atlantic. It would, indeed, be a tragedy if market movements were, at this moment, to disturb the relations existing between London and Washington.

Motor Shares in Recession

THE private motor business was one of the first to feel the depression. As long ago as May last year new registrations first dipped below the figures of the preceding year, and though for the rest of the summer the 1937 returns resumed their lead, the autumn showed conclusively that sales had turned downwards in the home market. During the first three quarters of the 1937-38 motoring year, every month has so far fallen below its 1936-37 record, and the figures of new registrations show an aggregate deficit of 14 per cent. up to the end of June. But even before the recession in sales set in, motor chairmen were already warning their shareholders that higher costs must eat into profits; and the last results of those companies which make up their accounts to December 31st—Ford, Morris and Vauxhall—confirmed those warnings. Does the industry's early reaction to the depression mean that its major troubles have now been faced and that it can settle down to comfortable sub-peak activity? Or are there still difficulties ahead?

Apart from fluctuations in the fortunes of individual makers (always an important factor in the industry) profits as a whole depend first on turnover and secondly on costs. Each of these factors can be assessed broadly from the available information. The gross revenue of the private motor manufacturers is derived from three main sources: home sales of private cars; exports of private cars; and sales of light commercial vehicles. The October-June totals under each head for the last three motoring years have been:—

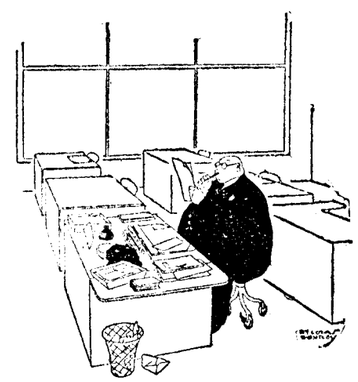
	October-June,		
	1935–36	1936–37	1937–38
Home sales of private cars* ...	240,156	260,873	224,308
Exports of private cars	45,372	59,354	62,752
Total private car production...	278,192	308,994	275,357
Home sales of commercial cars under 2½ tons*	53,385	56,604	49,020

* Great Britain and Northern Ireland

No separate figures are available for exports of light commercial vehicles, but since total exports of commercial vehicles are lower, it is unlikely that exports of light vehicles have increased. The general picture is clear. A moderate recession in home sales of private cars is being partially offset by a well-maintained increase in exports. Total production of private cars, therefore, is not running far below the 1935-36 level, in numbers, while home sales of light commercial vehicles, on the other hand, have fallen more appreciably. Against this fall in physical turnover the investor must set the rather higher prices at which 1938 models have been sold. The Private Car Price Index computed by the Society of Motor Manufacturers and Traders rose to 50.5 for 1937-38, against 49.0 for 1936-37 and 49.8 for 1935-36. For commercial vehicles, there was a rather larger rise in the index to 63.5 for this year, against 60.2 last year and 61.6 for 1935-36. It would be incorrect, however, to assume that higher list prices have produced a higher average value per unit sold in the 1937-38 season, for the trend of recent buying has shown a marked preference for the smaller horse-power groups. No figures are available for the value of car sales, but some indication is to be found in the movement of the average horse-power of new registrations, given on the following page.

Some phrases seldom ring true

"Owing to the holidays we are working with a skeleton staff"



but

YOU CAN BE SURE OF SHELL

	1935 Year	1936 Year	1937 Year	1938 Jan.–May
Average h.p. of home sales	11·7	12·0	11·8	11·3

These figures reflect the prosperity of 1936 and the progressive and marked recession of 1937-38. This reduction in the average size of new cars seems quite sufficient to offset the nominal rise in list prices. It may, indeed, be assumed that the fall in units sold below the 1935-36 level has involved at least a corresponding reduction—and perhaps more—in the industry's gross cash turnover.

If this were the sole criterion of profits, the motor shareholder might be happier, for 1935-36 was an excellent year for the industry. But it is only a first stage towards the estimation of profits, which depend, secondly, on the level of costs. It is here that the trade recognises its chief problem. In the current year, sharp reductions have occurred in the price of the base metals required for the manufacture of chassis, in rubber for tyres and sundry accessories, and in leather and textiles for upholstery. But steel prices remain at their peak level; prices of special castings and pressings have not been appreciably reduced; and wages are still based on the increased rates of a year ago. Moreover, high machine tool prices are still a heavy burden on depreciation costs, while the expansion of plant, designed to cope with last year's peak outputs, now involves greater standing charges. The extent of the benefit of lower base metal, rubber and upholstery prices in the current year depends in any particular case on how far the manufacturer covered his requirements in advance at higher prices. But, even on the most favourable assumptions, it is fairly clear that those costs which have fallen are insufficient to offset the much more important items which remain at or near peak levels—steel, wages, machine tools and standing charges. The motor trade, to its cost, is a competitor with the re-armament trades for labour and many essential materials.

The conclusion can hardly be avoided that profits of the private car and light commercial vehicle makers must now be running well below those of any recent year. Lower profits, as reported by Ford, Morris and Vauxhall, so far cover only the beginning of the recession period, but these are a reliable pointer to what may be expected throughout the trade, except that accounts which cover twelve months of recession, instead of seven or eight months of recession combined with several months of peak sales, will, of course, be correspondingly worse. There are, it is true, certain temporary economies open to the trade at the outset of depression; in particular, existing models, if satisfactory, can be continued virtually unchanged in the new motoring year, thus saving the very material expense of new jigs and dies. Announcements of the industry's 1938-39 programmes, so far published, suggest that changes are in fact to be small this year. It is also possible that the newly emerging technique of making body and chassis-frame as one unit will ultimately yield useful savings. But this method of construction has not yet been adopted on a scale wide enough to affect 1938-39 profits, and in any case the expensive re-equipment which is necessary for the process will probably offset any initial economies. Moreover, the expedient of continuing existing models for a further year can only be temporary in an industry which is still technically progressive. Finally, the lists which are now being issued for the 1939 season reveal bold reductions in the price of cars in the popular classes, which seem not merely to give to the buyer the benefit of any possible saving in production costs, but even to discount the prospect of lower steel prices at the end of 1938. Conditions, in brief, are highly competitive in a market long used to vigorous expansion, but which now finds itself temporarily contracted.

The effect of such conditions on private car sales was traced in an article in *The Economist* of August 21, 1937. Not only does the habitual buyer of new cars extend his replacement period; in addition, he tends to replace a more expensive with a less expensive model. This tendency slightly relieves the pressure of recession on the popular car market by diverting to it a certain stream of replacement demand from the makers of more expensive and special models, but the pressure on the latter can be severe. As we demonstrated last year by means of a sample profits index, although popular makers' profits react quite sharply to a depression, specialist car producers' profits can rapidly be converted to losses. There remains, finally, the possibility that an individual maker may actually profit from the depression by designing a model to attract economy-seeking replacement demand from larger cars—as Standard Motors did with the "Big Nine" in the last depression. But it is too early to know whether any company will "pick a winner" of that kind to-day.

MOTOR COMPANY PROFITS

Company (and date of accounts)		Earned for Ord. £'000	Earned for Ord. %	Ord. div. %	Ordinary Shares: Denom.	Price	Yield %
						s. d.	
Alvis (July 31)	1934	19·9	17·5	15	5s.	3 3	Nil
	1935	12·5	9·4	10			
	1937*	*Dr.56·3*	Nil	Nil			
Austin (July 31)	1935	434·1	90·0	50	5s.	25 0	10·00
	1936	365·7	77·1	50			
	1937	369·8	79·2	50			
Ford (Dec. 31)	1935	597·2	8·6	5	£1	16 10½	5·92
	1936	511·8	7·6	6			
	1937	375·1	5·7	5			
Humber (July 31)	1935	130·1	161·1	10	10s. *a*	15 0	10·00
	1936	102·8	125·1	15			
	1937	115·4	142·8	15			
Morris (Dec. 31)	1935	942·7	41·5†	15†	5s.	27 10½	8·07
	1936	1,478·3	74·4	45			
	1937	1,065·5	55·5	45			
Rover (July 31)	1935	154·0	38·2	Nil	8s.	17 3	8·12
	1936	127·8	24·6	10†			
	1937	139·6	29·8	17½			
Standard (Aug. 31)	1935	120·5	51·8	20	5s.	12 9	7·85*b*
	1936	200·0	57·0	25			
	1937	200·7	58·2	40			
Vauxhall (Dec. 31)	1935	662·7	117·9	100	£1*c*	22 6	5·34*c*
	1936	787·9	103·3	75			
	1937	702·8	93·7	30§			

* 19 months to July 31, 1937. † Tax free. § And 50 per cent. scrip bonus. (*a*) 15% Preferred Ordinary. (*b*) On a 20% basis. (*c*) 6% Cumulative Preference.

While these are the conditions in which the motor industry proper now appears to be working, allowance must be made for a new and special factor affecting profits—that of the Government "shadow" aircraft factories which are being operated (or are to be operated) by leading motor manufacturers. The report of the Comptroller and Auditor-General issued last April showed that, besides meeting the full costs of production, the Government would pay the companies managing the shadow factories £300 for every complete aeroplane turned out—£225 for the airframe and £75 for the engine. Although any individual manufacturer would have to share the £300 with others who had contributed parts from other shadow factories, it is clear that, on the outputs now planned, these shadow factory fees should make a very useful contribution to earnings. The fact that the Austin shadow factory is now in production may, indeed, have influenced the board in their decision to reduce the price of their 10-h.p. model by as much as £10, since, among their chief competitors in this class, the Ford and Vauxhall companies have no shadow factories, and the Morris and Standard companies have only recently begun work on theirs. It is also possible that the Alvis company may welcome its aero-engine works at this juncture, since by normal standards of judgment a manufacturer of luxury cars, particularly if its cash resources are rather low, might find present conditions distinctly difficult.

At this season of the year, when new models are coming on the market, not even the motor trade itself would care to forecast the fortunes of individual makers in 1938. The investor, therefore, must fall back on the general principles of motor investment. That he is rightly treating the whole group as a rather speculative holding in present conditions is shown by the yields offered on Austin and Morris shares. The shares of specialist manufacturers need to be treated with yet greater caution—even of one which has been so markedly successful as the Rover Company during the rising phase of the trade cycle. A time will come when motor shares will again be attractive for the general investor, but it is not yet in sight.

Finance and Banking

Germany's Private Gold.—The import of £1,250,000 of gold from Germany into Great Britain during the past three weeks and the rock-like stability of the Reichsbank gold reserve over this period have again drawn attention to the accumulation of a private and hidden gold reserve in Germany. It has been common knowledge for some years past that gold was being accumulated—at a very modest rate—in German reserves outside that of the central bank. That tendency has been accentuated this year, the figures of bullion movements published by the Statistische Reichsamt showing an excess of imports over exports of gold for the first seven months amounting to Rm. 94,500,000 or £7,900,000. Most of this excess represents the proceeds of export trade amassed in free devisen (as opposed to clearing credits) and converted into gold pending their subsequent utilisation. The gold in question remains in the ownership of the exporting firms—Farben Industrie, for example, has accumulated a substantial reserve—but the whole operation, from the conversion of devisen into gold to the re-export and re-conversion of that gold into devisen, is effected with the approval of the authorities. The tendency to keep such current balances in the form of gold rather than foreign exchange has been emphasised lately by the prevailing uncertainty in the foreign exchange markets, and it must be admitted that the policy has paid handsomely this year. The more recent tendency to encroach on those private gold reserves, which is evident in the recent exports to Great Britain, fits in with the experience of the commodity markets, where German buying has been especially noticeable in the past few weeks.

* * *

The Note Issue Profit.—Among the gems of information that lie hidden in the annual Finance Accounts of the United Kingdom is the profit transferred each year from the Issue Department of the Bank of England to the Exchequer. The annual amounts of such profits since the transfer was authorised by the Currency and Bank Notes Act of 1928 have been as follows:—

	£
1928–29	553,000
1929–30	2,420,000
1930–31	6,211,000
1931–32	3,109,000
1932–33	11,423,000
1933–34	2,660,000
1934–35	2,755,000
1935–36	1,448,000
1936–37	985,000
1937–38	Nil

The sting of this table lies in its tail. During the last financial year no profit could be transferred from the Issue Department of the Bank of England to the Exchequer, and since it is unlikely that the Department should have succeeded in exactly balancing incomings and outgoings, it is highly probable that it incurred a net loss. This loss, it is safe to presume, was incurred as a result of the operations of the Issue Department in the market for longer-term Government securities. The Issue Department is one of the principal "Public Departments" used by the Treasury for carrying out official operations in the gilt-edged market. In the last financial year public departments were called upon to take up the bulk of the 2½ per cent. National Defence Bonds, issued at 99, and subsequently marketed at prices which averaged several points under the price of issue. The resultant loss of this and similar operations has, it would appear, more than offset the income which accrues to the Issue Department from the securities held against the fiduciary issue. The profit of the Issue Department is agreed upon by the Bank and the Treasury, and the figure arrived at takes account of the capital gains or losses made by the Department during the year. The effect of those capital items is well brought out by the above table, which shows that the annual profits have fluctuated in fairly close correlation with the net movements in gilt-edged values during the years in question.

* * *

Blocked Mark Trends.—The weaker tendency of registered marks, commented upon by us a week ago has become more pronounced. As the following table shows, there have been heavy depreciations in the principal blocked mark rates during the past year:—

	1937 Jan. 1	1937 July 1	1938 Jan. 1	1938 July 1	1938 Sept. 1
	(Rates in Reichsmarks to the pound)				
Registered marks ...	26	23	23	26	29½
Credit marks	55	55	72	105	102½
Emigrant marks.....	55	55	74	122	134½
Security marks	58	55	74	122	134½

Note.—These rates are quoted by the Swiss Bank Corporation.

Registered marks represent the proceeds of standstill liquidations. The buyer may use them for travel purposes and in certain other ways, such as for the support of relatives in Germany. Travel marks are charged a licence fee of ten shillings per 100 marks, and after allowing for this, the current registered mark rate of Rm. 29½, as quoted between the banks, works out at a travel mark rate of only Rm. 24. If registered marks are used for other purposes, the licence fee is not payable. The "support" rate, quoted in the Press, of Rm. 27½, refers to marks bought for the support of relatives in Germany. There is also a special arrangement for limited dealings between Jews, and this is authorised by the German Government and the British Bankers' Committee. These marks are called Haavara marks, and the current rate is Rm. 27½. They may only be used for "support" purposes, and not for commerce and travel. Purchases are limited normally to Rm. 200 per month, and they must not be sold more cheaply than registered marks. This is why their rate is the same as the "support" rate. The last three rates in the table refer respectively to the liquidation of credits, the realisation of property and inheritances; to the recovery of their fortunes by those who have already emigrated from Germany; and to the withdrawal of the proceeds of the sale or redemption of securities. Purchasers of these marks can, broadly speaking, only use them for re-investment in Germany. Each transaction needs separate authority, being considered on its own merits, and the regulations have been progressively tightened. This, together with the natural disinclination to invest money in Germany, explains the heavy depreciation of these last three rates.

* * *

National Bank of India.—The reduction in this bank's interim dividend from 18 to 16 per cent. per annum, though disappointing to shareholders, can hardly be regarded as a surprise. Last April, in discussing Indian

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FOR ALL CLASSES OF INSURANCE

banking trends, we reached the conclusion that there was some reason to expect a certain shrinkage in earnings. India is now experiencing the familiar difficulties of a primary producing country during a period of world recession, and to these must be added the dislocation caused by the war in the Far East. In a sense, Mr Langford James, the chairman of the National Bank of India, foreshadowed the possibility of a dividend reduction when he spoke at the Bank's annual meeting at the end of last March. He alluded to the growing competition of the indigenous banks and to the difficulty in obtaining an adequate return upon money employed in financing trade. He also said that in the bank's latest balance sheet deposits of £30.5 millions were off-set only by discounts and advances of £14.6 millions, while investments were as high as £15.3 millions. A further point made by him was that the Bank's income from investments would tend to diminish as securities bearing high rates of interest reached maturity and were redeemed out of money borrowed on a cheaper basis.

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British Insurance in the United States.—The 1936 reports of the large British insurance companies recorded an aggregate increase in premium income in both the fire and accident branches, and the corresponding underwriting results were also satisfactory. As approximately one-half of the premium income in these branches is derived from the United States, the experience in that country greatly influences the aggregate results. Last year, as may be seen from the accompanying tables, encouraging results were secured by the British offices operating in that country, particularly in regard to miscellaneous branches of insurance. The figures in these tables are based on the official reports of the companies as furnished to the American insurance authorities and published by *The Spectator* of Philadelphia. Underwriting profits have been adjusted to conform with the British practice of allowing for an unexpired risk reserve equal to 40 per cent. of the current premium income. The exchange is taken at $4.86⅔ = £1. The aggregate results of eleven British companies or groups of companies in the miscellaneous branches are given in the following table. The profit ratio of 8.6 per cent. for last year is much the highest shown since the table was first compiled twelve years ago. Indeed, of the twelve years no less than seven have shown negative ratios, while the average yearly ratio works out at only 0.9 per cent.

AGGREGATE RESULTS IN U.S.A. IN THE MISCELLANEOUS BRANCH OF INSURANCE OF ELEVEN BRITISH COMPANIES OR GROUPS OF COMPANIES

Year	Premiums	Underwriting Profit	
		Amount of Profit	Percentage of Premiums
	£	£	
1931	24,953,000	− 168,000	− 0·7
1932	22,312,000	− 377,000	− 1·7
1933	22,613,000	− 16,000	− 0·1
1934	23,657,000	− 275,000	− 1·2
1935	22,795,000	+ 434,000	+ 1·9
1936	23,784,000	+1,320,000	+ 5·5
1937	25,491,000	+2,197,000	+ 8·6

The experience of the individual offices in the past two years is shown in the second table:—

INDIVIDUAL RESULTS IN U.S.A. IN THE MISCELLANEOUS BRANCH OF INSURANCE OF ELEVEN BRITISH COMPANIES OR GROUPS OF COMPANIES

Company or Group of Companies	1936			1937		
	Premium Income	Underwriting Profit or Loss		Premium Income	Underwriting Profit or Loss	
		Amount	Per-cent. of Prem. Inc.		Amount	Per-cent. of Prem. Inc.
	£	£		£	£	
Commercial Union	2,325,000	+ 96,000	+ 4·1	2,520,000	+ 186,000	+ 7·4
Employers' Liab.	6,926,000	+ 383,000	+ 5·5	7,158,000	+ 507,000	+ 7·1
General Accident	3,722,000	+ 428,000	+11·5	4,099,000	+ 287,000	+ 7·0
Liverpool and London & Globe	3,217,000	+ 191,000	+ 5·9	3,434,000	+ 537,000	+15·6
London & Lancs.	701,000	− 1,000	− 0·1	795,000	+ 20,000	+ 2·5
Norwich Union	85,000	− 15,000	− 18·1	45,000	− 11,000	− 25·2
Phœnix	2,312,000	+ 85,000	+ 3·7	2,537,000	+ 174,000	+ 6·9
Royal	3,129,000	+ 197,000	+ 6·3	3,541,000	+ 374,000	+10·6
Royal Exchange	523,000	− 92,000	−17·6	501,000	+ 71,000	+14·2
Sun	659,000	+ 35,000	+ 5·3	682,000	+ 37,000	+ 5·5
Yorkshire	185,000	+ 13,000	+ 6·9	179,000	+ 15,000	+ 8·2
	23,784,000	+1,320,000	+ 5·5	25,491,000	+2,197,000	+ 8·6

Much the most important of the miscellaneous branches are workmen's compensation and motor insurance, and the indication is that in both these cases the claim experience was definitely more favourable than in 1936, just as that year showed improvement on 1935. Similar figures for fire insurance results of British companies in the United States will be given next week.

MONEY MARKET NOTES

Foreign Exchanges

THE depreciation of sterling below $4.866 is discussed in a leading article on page 456 of this week's issue. As soon as the rate fell below $4.87 most operators came in as buyers of dollars, and though the Control gave vigorous support to the pound, the rate dropped on Wednesday to $4.85. There was a big turnover, which included a commercial demand as well as the general flight from European currencies into dollars. On Thursday sterling was steadier, rising at one time to $4.86 and then falling back to $4.85¼. There was less business in French francs. The Control held the spot rate steady at Frs. 178⅛, while three months' francs remained at Frs. 3⅞ discount. Guilders and Swiss francs were offered early in the week against Dutch and Swiss purchases of dollars, and depreciated respectively to Fl. 8.94½ and Frs. 21.33½. Latterly they improved to Fl. 8.92 and Frs. 21.30. The belga followed the dollar. Wednesday's worst London rate was Bel. 28.71½, but there was little business at this rate, and by the evening sterling had improved to Bel. 28.79. There was little further change on Thursday, but the belga is clearly an exception to the prevailing weakness of European currencies.

The Bank Return

THIS week's return shows the usual increase in the note circulation which occurs at the end of each month, but no attempt has been made to neutralise it by means of any addition to the Banking Department's securities. It has therefore helped to reduce bankers' deposits as well as the Bank's Reserve.

	Sept. 1, 1937	Aug. 17, 1938	Aug. 24, 1938	Aug. 31, 1938
	£ mill.	£ mill.	£ mill.	£ mill.
Issue Dept.:				
Gold	326·4	326·4	326·4	326·4
Notes in circulation	490·3	482·6	478·7	480·4
Banking Dept.:				
Reserve	37·6	45·0	48·9	47·3
Public Deps.	14·1	20·1	24·0	27·8
Bankers' Deps.	104·2	105·7	101·6	94·7
Other Deps.	36·5	34·1	34·1	36·4
Govt. Secs.	109·3	104·6	101·9	102·1
Discounts & Advances	5·4	6·5	6·3	5·4
Other Secs.	20·8	22·0	20·6	22·3
Proportion	24·3%	28·1%	30·6%	29·7%

Public deposits are £3.8 millions as the result of the concentration of Treasury bill payments in the early part of the week. There is also an increase of £2.3 millions in other deposits. All these changes have combined to reduce bankers' deposits, which have fallen to under £94.7 millions. Treasury bill maturities and dividend payments by the Government and other authorities should quickly bring bankers' deposits back to a higher level, and this week's decrease can be regarded as a temporary movement.

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The Bullion Market

THE lapse of sterling to below $4.866 has automatically caused a further rise in the price of gold, and Wednesday's price of 143s. 3½d. per fine ounce is the highest recorded since May, 1935. A slight premium over the American shipping price was maintained early in the week, but on Wednesday and Thursday the "fixing" price was at par. Consequently about three-quarters of this week's heavy demand was for arbitrage purposes, though apparently the whole of these purchases have not yet been matched by sales of dollars. There was a certain amount of hoarding and speculative buying, mainly of forward gold, though this was at once covered in the spot market. Most of this forward buying was against sterling and not against European currencies. On the other side of the account, there was a certain amount of re-selling, mainly of a profit-taking character, for a number of forward contracts entered into last

May have just fallen due. The authorities, however, remained the chief source of supply.

Initially silver rose in sympathy with the dollar, but by Wednesday selling by "tired bulls" had appeared, and so prices have latterly become easier. The

Date	Gold			Silver, price per oz. standard	
	Price per fine oz.	Prem. or Dis-count *	Amt. dealt in †	Cash	Two Mths.
1938	s. d.	d.	£'000	d.	d
Aug. 26 ...	142 7	½pm	1,036	19 5/16	19 1/8
„ 27 ...	142 8	½pm	976	19 5/16	19 1/8
„ 29 ...	142 8 1/2	1pm	1,409	19 5/16	19
„ 30 ...	142 11	1 pm	940	19 3/8	19 1/8
„ 31 ...	143 3	par	954	19 1/4	19
Sept. 1 ...	143 0 1/2	par	1,400	19 1/4	18 15/16

* Above or below American shipping price.
† At fixing.
The New York price of silver remained at 43 cents per ounce ·999 fine during the week.

Continent has also been selling, but the London price has been low enough to stimulate American buying, mainly of a trade and arbitrage character. The American demand has been for "cash" and not for forward silver, and so the premium of the cash price over the two months' price has widened from ⅛d. to 1/16d. during the week.

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The Money Market

THE vagaries of the calendar meant that Treasury bills paid for on Monday and Tuesday of this week were 92-day bills, while those dated later in the week only run for 91 days. In consequence the earlier bills went one penny cheaper, and so the discount market concentrated its applications on those bills. Conversely, there were no maturities on Monday, this having been the case during the whole of August. The result was that by Wednesday there had been a temporary diversion of funds into public deposits at the Bank, and so the market was not quite so well supplied with money. Thus on Thursday bond money stiffened from ½-⅝ to ⅝-¾ per cent., though not much was borrowed at ¾ per cent. Government and other dividend payments fell due on Thursday, while the Treasury bill inequality also righted itself by the end of the week. This slight hardening in money rates may therefore be only temporary.

	Sept. 2, 1937	Aug. 25, 1938	Sept. 1, 1938
	%	%	%
Bank Rate	2	2	2
London Deposit Rate	½	½	½
Short Loan Rates:			
Clearing Banks	½-1*	½-1*	½-1*
Others	½-⅝	½-⅝	⅝-¾
Discount Rates:			
Treasury bills	½	½	½
Three months' bank bills	17/32-9/16	17/32	17/32-9/16

* Viz. ½ per cent. for loans against Treasury bills and other approved bills and British Government securities within six months of maturity. ¾ per cent. for loans against 1 per cent. Treasury bonds and other gilt-edged stocks within six months of maturity. 1 per cent. for loans against other collateral.

There is no change in the bill position. The banks remain keen buyers at minimum rates, but the market still cannot meet all their needs. The tender issue is again shrinking, as we predicted last week.

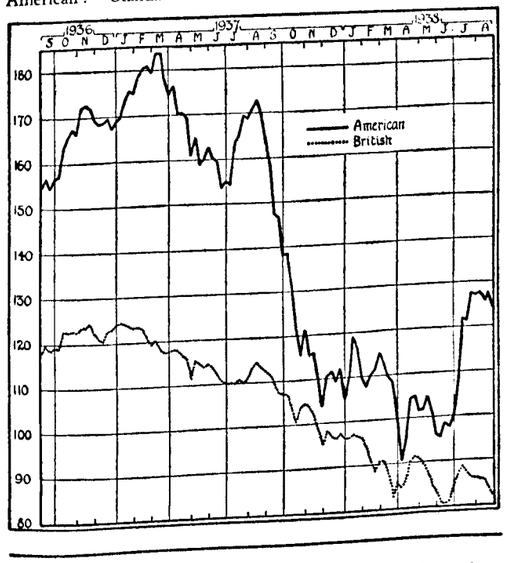
Investment

The Course of Share Values.—While the political clouds gathered during the first three weeks of August, the security markets commendably pursued their stoical course—if "course" is the right word to apply to a condition of sub-normal dealings and slight, though declining, movements in prices. When, at the beginning of this week, it was feared that the storm might break, the market inevitably

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES DURING THE PAST TWO YEARS

(July 1, 1935 = 100)

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



showed signs of greater nervousness. Yet it remained characteristic of the London market, at least, that the investor refused to indulge in panic. Perhaps his experience after March 11th and May 21st, when the market was able to overcome the consequences of acute political tension, has provided some hope on the latest occasion. Perhaps the apparent improvement towards the middle of this week corrected any incipient selling pressure which might otherwise have gathered to harass a market in no mood to take stock. And perhaps the "bears"—who at this juncture are no less nervous than the general investor—have themselves provided the right degree of technical strength to carry the market past the first impact of the latest crisis. All investors, however, would agree that the end of the month has provided no more than a breathing space. The market, having fallen less severely than during the critical days of March and May, has greater reason for self-congratulation, but perhaps less reason for expecting any appreciable degree of recovery in the immediate future. To anticipate the Nuremberg *Parteitag* as a bull point for the market would obviously be irrational.

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The reaction of the investment markets to the tension at the beginning of this week is illustrated by the movements of representative gilt-edged stocks, foreign bonds, and industrial and mining shares during the past week. These, together with comparative prices at the end of the "mid-August" account, and after the March and May crises are given below:—

	1937		1938				
	High	Low	Mar. 14	May 23	Aug. 19	Aug. 26	Aug. 29	Sept. 1
War loan 3½%	105 13/16	99 5/8	102 1/4	101	102 5/8	102 7/8	102 1/4	102 1/8
Consols 2½%	84 3/16	73 1/8	75 1/4	74 1/2	75	75 1/2	74 3/4	74 1/8
German "Dawes" 5%	65	53	51	47	53 1/2	54	53 1/2	50 1/2
Czechoslovakia 8%	107½	101½	85	70	73	74	72	73
I.C.I. (£1)	41/10½	31/-	29/-	29/6	31/-	31/3	30/9	30/7½
Vickers (10/-)	3/9/11½	20/7½	21/-	21/-	20/-	20/3	20,3	20/-
Courtaulds (£1)	58/4½	42/-	39/-	36/6	31/-	31/9	31,-	31/-
"Shell" Transport (£1)	147/-	82/6	87/-	82/-	88/9	91/3	88/11½	89/4½
Crown Mines (10/-)	163/3/2	111/4	155/8	16	17 1/8	17 1/4	17	17 1/4
Western Holdings (5/-)	5/3	4/-	3/6	17/10½	22/6	21/9	19/3	18/9

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Monday's fall was most serious in the gilt-edged market, with inevitable accompanying weakness among Central European bonds. Industrial share quotations naturally fell, but to a relatively moderate extent and often without any appreciable volume of selling. Gilt-edged stocks are invariably the first to suffer from the flight into cash, for the market is a repositary for funds which can be liquefied at a moment's notice. September has been ushered in with relative calm, but the market has in no way relaxed its caution.

* * *

Wall Street and Industrial Recovery.—The London market, at present, has a double burden—first, to assess the political risk in terms of share prices and, secondly, to measure the industrial prospect. In May (as our Trade Supplement showed last week) the downward course of business activity since September last year was halted. But it is altogether too early, as the market realises, to translate a halt into a turning point towards recovery. The recession has proceeded too fast; but there is no conclusive evidence that it has been reversed. A contrast with the American situation is obviously suggested. The chart which accompanies the preceding note shows how doggedly Wall Street has maintained the "highs" which were recorded late in July, and fractionally surpassed early in August. The recording of three sub-peaks during the past five weeks is to be explained, of course, by the appearance of signs of industrial improvement which the market began to discount at the beginning of June. Of chief importance among them, the Federal Reserve Board's index of industrial production jumped from 77 in June to 83 in July. Residential building permits, computed by the Department of Labour, were 79 per cent. higher in July, compared with June—the increase itself is eloquent of the low level to which building activity had shrunk during the recession. *Iron Age* estimates that steel activity has risen further during the current week to 44 per cent. of capacity, compared with 43 per cent. a week ago. And the recent improvement in the automobile industry provides some encouragement for the new season models, now entering production. Thus three main pointers—steel activity, building, and automobiles—provide definite encouragement for the market. Its path, however, is not all roses. The railroad wages problem is little nearer solution and, even when it is solved, the major roads will hardly be able to carry out much re-equipment work. The slump in New York, Chicago and St. Louis issues (though largely to be explained by the revocation of the payment previously announced on the 4½ per cent. Refunding Bonds) is symptomatic of the nervous state of the rail market. Doubtless other problems will arise as the November elections approach. But there is, at least, partial evidence of the industrial recovery which the market anticipated so vigorously during June and July. Its next problem is to determine how far recovery is likely to continue during the autumn.

* * *

Foreign Bond Movements.—At the end of a month of increasing political tension, the level of foreign bond prices provides some negative consolation for the investor. The index of 108 representative bonds compiled by the Municipal and General Securities Company declined from 71.3 to 70.0 during August, a movement which may be accounted fairly moderate compared with the sharp falls—also largely political in origin—which were recorded in March and May. As the following table shows, undefaulted bonds were unchanged during August, and the defaulted group was, in fact, responsible for the fall in the total index:—

AVERAGE JANUARY-JUNE, 1934 = 100.

End of Month	Europe	Near & Far East	Egypt	South and Central America: States	South and Central America: Provinces	South and Central America: Total	Complete Index	Undefaulted Bonds	Defaulted Bonds
1937	(29)	(31)	(4)	(35)	(11)	(46)	(110)	(56)	(54)
August	103·1	95·3	98·5	122·4	118·4	121·4	107·7	99·1	117·4
September	101·9	87·2	99·5	116·1	111·8	115·0	102·4	95·9	109·7
	(28)						(109)	(54)	(55)
October	99·0	88·1	98·3	105·1	108·2	105·8	98·5	95·5	101·5
November	97·7	81·6	97·9	82·4	74·2	80·4	85·5	88·6	82·5
December	98·4	81·6	98·6	82·6	75·0	80·7	85·8	86·6	85·0
1938									
January	97·9	71·7	97·8	75·5	67·1	73·4	79·3	80·2	78·2
February	96·2	74·7	97·6	75·4	63·8	72·4	79·5	82·7	76·4
March	83·4	73·9	97·2	61·3	49·4	58·2	69·6	74·9	64·8
April	88·9	77·3	98·5	69·8	51·4	64·9	75·1	78·3	72·1
								(53)	(56)
April	88·9	77·3	98·5	69·8	51·4	64·9	75·1	78·8	71·8
May	85·7	74·9	98·4	63·0	47·2	58·8	70·7	75·3	66·6
								(52)	(57)
May	85·7	74·9	98·4	63·0	47·2	58·8	70·7	76·1	66·1
June	89·3	68·5	98·0	65·9	51·2	62·0	71·3	75·9	67·3
	(27)						(108)	(48)	(60)
June	89·0	68·5	98·0	65·9	51·2	62·0	71·1	76·5	67·0
July	90·8	67·7	97·5	65·4	53·4	62·3	71·3	75·7	67·9
August	87·1	72·1	97·3	61·4	50·4	58·6	170·0	75·7	65·7

N.B.—Figures in brackets denote number of bonds included.

European bonds, with a decline of 3.7 points, and South American issues, both States and Provinces, head the list of falls. The considerable improvement in the Far-Eastern index, from 67.7 to 72.1, is due mainly to a sharp recovery in Chinese issues. A subsidiary index of Chinese defaulted bonds, computed on the same basis as the other component indices, jumped from 31.1 to 37.7 last month.

* * *

Capital Issues in August.—New issues last month accounted for even a smaller total than is usual during the summer holiday period. There were, in fact, only two prospectus issues in August—Luton Corporation, and Odhams (Watford). The following table shows that the total capital raised last month, amounting to £2,654,000 on the old basis and £5,192,000 on the new basis, was substantially lower than in August, 1937:—

(000's omitted) Excluding Conversions

Monthly Average 1937	United Kingdom	British Possessions	Foreign Countries	Total
	£	£	£	£
Old basis	18,603	1,842	525	20,970
New basis	32,296	5,283	592	38,171
Monthly Total (Old Basis)	Govt.	Other		
June, 1937	*Dr. 650*	*24,507*	*2,067*	*Nil*	*25,924*
June, 1938	77,800	6,136	250	Nil	84,186
July, 1937	*Dr. 750*	*12,367*	*2,297*	*940*	*14,854*
July, 1938	*Dr. 350*	10,751	4,280	Nil	14,681
Aug., 1937	*Dr. 450*	*4,264*	*487*	*Nil*	*4,301*
Aug., 1938	100	1,476	657	421	2,654
(New Basis)					
June, 1937	*Dr. 650*	*29,690*	*3,788*	*40*	*32,868*
June, 1938	77,800	8,795	19,478	Nil	106,073
July, 1937	*Dr. 750*	*52,838*	*6,218*	*1,513*	*59,819*
July, 1938	*Dr. 350*	21,199	6,432	Nil	27,281
Aug., 1937	†*41,254*	*8,246*	*1,163*	*Nil*	†*50,663*
Aug., 1938	100	2,731	1,940	421	5,192

† Includes £40,804,000 for tithe redemption 3 per cent. stock

Apart, indeed, from a certain number of issues to shareholders (including Short Brothers and Trepca Mines) the capital market has been almost wholly idle.

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Dealings Outside the "House."—Reference was made in these columns last month (see *The Economist* of August 6th, page 288) to the development of outside dealings and to the Stock Exchange Committee's proposals to protect jobbers from their extreme forms. The Committee for General Purposes proposed to effect certain alterations to Rules 88, 89, 90, 200 (a), 20 and Appendix 43 of the Rules and Regulations of the Stock Exchange. Confirmation had been fixed for August 8th, but as a result of representations by an influential group of brokers, the date was put forward until October 17th, to give ample opportunity for "House" opinion to crystallise. The general object of the proposals is, in effect, to bring business back to the "House" by making it more difficult for brokers to participate in outside business. A broker at present must not execute an order with a non-member unless he can deal for his principal to greater advantage than with a member. Under the new rule, he would be required to test the market and specifically to establish that he could deal outside to greater advantage. The bargains would have to be marked on a special slip giving the time, the prices quoted, and the names of jobbers supplying abortive quotations. Secondly, a broker who does business for an arbitrageur who is on the Committee's Register of non-member arbitrageurs may charge not less than half the minimum scale of commissions on arbitrage orders. It is now proposed to limit this concession to business done with a jobber, and thus to exclude "broker to broker" bargains.

* * *

To the layman these changes may not seem of great importance. In the actual transaction of business, however, they are critical. Market prices, at any given moment, are the function of delicately opposed forces, many of which are purely psychological. In the view of many brokers, the testing process would affect the "inside" market, and hence the possibility of doing business "outside," to such an extent that much business would be lost. This view is even more strongly felt regarding the proposed modification of the commission concession in respect of arbitrage transactions. In this trade much depends on small margins, and some brokers fear that much business might be rendered impracticable. An unofficial committee of brokers has been formed to consider such aspects of the proposed rules, and it is in accord with precedent that this development should be regarded as constructive, since the committee traditionally responds to serious opinion within the "House." Broader matters are, of course, involved than the proposed changes in the Rules, important though they are. The growth of provincial dealing organisations, the recent formation of the Association of Stock and Share Dealers, direct dealings between large buyers and sellers, and the Government's anti-share-pushing activities are symptomatic of important changes in the nation's share-dealing machinery. It may be open to debate whether the drift of business away from the "House" can be corrected by such adjustments in dealing regulations as those now under consideration. Some observers, indeed, are urging that the situation is in many respects analogous to the beginning of the Road v. Rail struggle, in which a solution was unattainable except on a nationally conceived basis. The symmetry of the analogy lies in the fact that the "House" now, like the railways in the past, is too often called upon to carry uneconomic traffic, while other channels, with fewer responsibilities, are free to attract the cream of the business.

* * *

Staveley and Sheepbridge Dividends.—Staveley Coal and Iron and Sheepbridge Coal and Iron so habitually show a similar profits and dividend trend that the final declarations for the year to June last are at first sight surprising. Staveley's final payment of 8 per cent., tax free makes a total for the year of 11 per cent, tax free, compared with a distribution of 12½ per cent. (including a 2½ per cent. bonus) for 1936-37. Sheepbridge, on the other hand, announces a final dividend of 7½ per cent. on the participating preference and ordinary shares, making 12½ per cent., tax free, compared with 10 per cent., tax free, for 1936-37. The latter distribution took the market pleasantly by surprise, and the £1 ordinary shares improved from 36s. 9d. to 39s., while Staveley ordinary stock units declined from 45s. 3d. to 43s. 3d. The chairman of Staveley, however, explained at last year's meeting that the dividend received from Yorkshire Main Colliery during the year 1936-37 had been larger than normal, since the company had distributed certain undivided profits not assigned to the Doncaster Amalgamated Collieries, of which it now forms a part. It may be presumed, therefore, that the specific description of "bonus" applied to 2½ per cent. of last year's distribution marked the non-recurring nature of this payment. On this assumption, the actual dividend payment has been increased from 10 per cent. to 11 per cent., tax free. Current gross yields of £7 8s. per cent. on Staveley and £9 7s. per cent. on Sheepbridge suggest that the market is taking a cautious view of the profits for the current year. Sheepbridge is, perhaps, more dependent upon coal, while Staveley, among other interests, specialises on cast-iron pipes. In neither branch of activity would it be reasonable to count upon the maintenance of profits during the current year, but the records of both concerns over the past decade suggest that they should be able to preserve a satisfactory level of earnings.

* * *

Initial Services Profits.—This company is one of the distinguished few which did credit to the ill-fated issue boom of 1928, and throughout the decade it has made consistent progress. The depression had no adverse effect on profits, and recovery brought a satisfactory rate of expansion. The improvement in total profits during the year to June 30th last has in fact been almost as large, proportionately, as that recorded in 1936-37. In a preliminary statement the directors announce that profits amount to £305,156, against £277,693, while the earnings of the whole group are 12 per cent. higher at £330,128. New capital was subscribed during the latest year, and for about nine months the company has employed a further sum of £138,000 gross, the proceeds of an issue of 552,000 5s. ordinary shares to existing holders last September. It was then anticipated that the 20 per cent. dividend could be maintained on a capital increased by one-fifth to £828,000. Not only has this expectation been realised, but a bonus issue of one in ten is announced. This will absorb £82,800 from general reserve, which receives £32,800 out of the 1937-38 profits, against £50,000 from those for 1936-37. Earnings for the ordinary shares and the balance sheet position cannot be ascertained till the full report is available, but members have every reason to be satisfied with the results already published. The outlook for the current year is less clear, but the company conducts a specialised business which has shown dynamic qualities. Assuming the dividend is maintained on the larger capital, the 5s. ordinary shares yield £4 4s. 9d. per cent. at a current price of 27s. 9d. cum dividend and bonus.

* * *

Indian Iron and Steel Progress.—The results of Indian Iron and Steel for the year ended March 31st appear to be satisfactory, although a proper comparison with the 1936-37 figures cannot be made, since in that year the Bengal Iron Company contributed barely four months' earnings towards total profits. The advance in sales

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proceeds from Rs. 2,74,08,871 to Rs. 5,08,71,812, however, is in itself sufficiently striking. It would seem that this improvement in gross revenue is due more to satisfactory selling prices than to expansion in physical output. Production of pig iron, in fact, amounted to 701,250 tons—falling short, owing to labour troubles in the summer of last year, of the 790,000 tons which had been expected. The company was fortunate in escaping the general tendency towards falling prices last year, for over two-thirds of its sales had been covered by forward contracts. Again, the increase of 65 per cent. in expenses, to Rs. 3,77,01,028, is comfortably below the 86 per cent. increase in sales. Depreciation and repairs, however, required Rs. 13,93,506, against Rs. 9,47,772, and after debenture interest, there remained Rs. 1,11,87,481 (equivalent to 45.6 per cent.) available for the ordinary shares, out of which a dividend of 35 per cent. free of Indian income tax is being paid and Rs. 25,50,000 placed to dividend adjustment account. This compares with earnings of 14.2 per cent. (or Rs. 28,68,955) on a smaller capital, which received 20 per cent. for 1936-37. Since the date of the previous balance sheet, the share capital has been increased from Rs. 2,03,23,940 to Rs. 2,53,05,620, following the issue to shareholders in June, 1937, of 4,19,468 Rs. 10 ordinary shares (the premiums on which account for most of the rise in total reserves from Rs. 27,48,780 to Rs. 1,44,36,597), together with the conversion into ordinary shares of £118,050 4 per cent. Convertible Second Mortgage Debenture Stock. Fixed assets have risen by 7 per cent., and the report points out that the capital extension programme has proceeded according to schedule. The prospects for a large increase in profits arising from the extra plant are more conjectural than a year ago. Demand has become less favourable in 1938, and although various concessions have already been made, there was a renewal of labour troubles last June. The Rs. 10 ordinary shares are quoted on the London market at 48s. 9d., to yield £11 9s. per cent.

* * *

The Week's Company Profits. Reports from only ten companies have been received during the past week (excluding two for which comparable figures are not available). These show total net profits of £1,184,000, against £658,000. This 80 per cent. increase, however, is entirely attributable to Indian Iron and Steel. Net profits of 1,719 companies whose reports have been received this year amount to £237,375,000, and show an increase of 11 per cent. over the total of £213,513,000 earned in the previous year. The week's reports are discussed in the preceding Notes and on page 468 under the heading "Shorter Comments," and are analysed on page 480.

THE STOCK EXCHANGES

London

SETTLING DAYS

TICKET	ACCOUNT
SEPTEMBER 6	SEPTEMBER 8

THE shadow of politics has hung heavily over the markets this week. Monday's news that a full Cabinet meeting had been called abruptly terminated the almost indifferent behaviour of the "House" to political fears in recent weeks, but even on this worst day of the week, selling pressure was not acute. The gilt-edged market was most affected, but investment industrials, although quoted at lower levels, were not subjected to any extreme volume of selling. After this display of steadiness to threatening news, most sections of the market made slight recovery as mid-week approached. The market remains calm, but it is not without apprehension regarding the immediate political outlook.

Initial falls in the *gilt-edged market* were greatest for the "undated" stocks. War Loan, in fact, lost ½, and "Old Consols" almost as much, on Monday. Some bear selling was reported, but a number of holders appeared to be converting their reserve funds into cash. A further reaction on Tuesday was followed by a rally, and the temper of the market so far improved in mid-week that small gains were recorded, although selling had not altogether ceased. Home Corporation issues recovered after a depressed start, but business in Dominion issues continued to decline.

German and Czechoslovakian bonds showed sharp falls on Monday and Tuesday, and failed to show any net recovery in mid-week. Appreciable falls were recorded in the Chinese list, and Brazilian bonds were also flat.

*

Relatively small offering of *home rail stocks* depressed prices at the opening, and produced a rather exaggerated effect upon prices. Selling of guaranteed and debenture stocks was resumed, and the bad traffics drove prices down further, before speculative buying helped the market from its worst levels. Little interest was recorded in Argentine rail stocks.

The gravity of the international situation resulted in a general marking down of quotations in the industrial market on Monday. Subsequently there was little change, the market continuing in uncertain mood. At no time was selling pressure extreme, and activity remained throughout at a low level. In the iron and steel section, Staveley and Thos. Ward hardened on Monday in opposition to the general trend, though the former fell in mid-week on the dividend reduction. Movements otherwise were irregular, Indian Iron and Steel failing to respond to the good profits, though Sheepbridge rose on the dividend announcement. Ransome and Marles were a weak feature. Coal shares were consistently dull. Electrical equipment issues were rather unsatisfactory, irregularity in mid-week following the opening fall. The motor section lacked special features, following instead the general market trend. Aircraft shares no longer offered special attraction, and in the main were a little lower. Textiles made a mixed showing. Tobacco issues were steadier in mid-week, while breweries remained weak, a little profit-taking aggravating the easier tendency on Monday. Provision and catering shares remained dull. Cook Son and Company (St. Pauls) fell sharply on the postponement of the preference dividend. While the volume of business remained very small, the tone in the miscellaneous section became brighter in mid-week. Shipping shares continued irregular.

*

With the amount of business still remaining low, the *oil share market* behaved similarly to other sections, a fall. In mid-week, some of the leaders rallied slightly, and turnover expanded a little. Though there was as little activity as ever, rubber shares were weaker on the whole, and sales predominated early in the week. Share quotations were indifferent to the mid-week rally in the commodity. Tea shares were steady, though there were some scattered realisations on Tuesday.

The *mining markets* provided no exception to the general trend, and though nerves were steadier after Monday's fall, a very reserved attitude was adopted, and it was only in mid-week that modest buying returned. Kaffirs broke sharply at the beginning of the week, but selling was limited, and on Wednesday Cape and Paris support assisted the improvement. Marievale soon recovered from Monday's setback. Rhodesian copper issues were occasionally resistant, but unexciting. Other base metals were quiet, but some interest was aroused by dealings in Trepca *ex* rights.

"FINANCIAL NEWS" INDICATORS

1938	Total Bargains‡	Corres. Day 1937	Security Indices: 10 ord. shares*	Security Indices: 20 fixed int.†
Aug. 26	4,620	*6,110*	84·0	128·8
Aug. 29	5,305	*6,645*	82·6	128·5
Aug. 30	5,320	*6,010*	82·0	128·4
Aug. 31	5,245	*6,120*	82·2	128·4
Sept. 1	4,975	*7,475*	82·4	128·2
1938 High...	...	...	*97·2*	*131·0*
			Jan. 12	*Feb. 4*
Low ...	...	...	*79·4*	*126·9*
			Mar. 16	*Mar. 17*

‡ Approx. total recorded in S.E. List. 1935 = 100. † 1928 = 100. * July 1.

ACTUARIES' INVESTMENT INDEX

The Actuaries' Index of 151 industrial ordinary share prices stood on Tuesday last (August 30th) at 63·5, compared with 66·7 five weeks ago and 83·4 a year ago. The corresponding average yields are 5·97, 5·88 and 4·36 per cent. We show on the following page a selection of the component indices, and also the usual monthly particulars of fixed interest security prices and yields.

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100): Aug. 31, 1937	July 26, 1938	Aug. 30, 1938
Fixed Interest			
2½% Consols (1)	131·4	134·5	131·9
Misc. ind. deb. (13)	121·3	120·9	121·0
Misc. ind. pref. (26)	117·1	114·5	114·5
Ordinary			
Bldg. mats. (6)	89·3	81·6	77·3
Coal (9)	128·0	83·5	75·3
Elec. mfg. (12)	149·0	123·4	118·3
Motors (6)	51·1	36·6	33·4
Oil (4)	95·7	92·0	84·9
Shipping (6)	24·6	15·5	14·4
Breweries, etc. (20)	145·3	127·5	121·0

Group	Yields (%): Aug. 31, 1937	July 26, 1938	Aug. 30, 1938
Fixed Interest			
2½% Consols	3·39	3·32	3·38
Misc. indus. deb.	4·09	3·94	3·94
Misc. indus. pref.	4·44	4·30	4·30
Ordinary			
Building matls.	6·08	6·78	7·17
Coal	3·66	6·71	7·18
Elec. manufg.	4·31	5·62	5·71
Motors	4·77	6·52	7·11
Oil	6·79	6·52	7·13
Shipping	1·78	4·35	4·73
Breweries, etc.	4·32	5·24	5·51

New York

WALL STREET took international politics more to heart than did most European centres, and the easier tendency that set in at the end of last week was followed on Monday by a sharp break. The declines, in fact, were the largest since March. The Dow Jones industrial index dropped by nearly 5 points, and selling pressure was quite heavy. Although later days saw some recovery, the volume of business dwindled to small dimensions. The steel and motor groups, which had led the improvement earlier in August, were the first to suffer last Monday, though they shared correspondingly in the later recovery. *Iron Age* estimates the week's steel production at 44 per cent. of capacity, against 43 per cent., while it is considered that part of the recent rise in production has been due to a building up of stocks. Rails improved on Tuesday on rumours (later denied) that a wage reduction had been agreed upon. New York, Chicago and St. Louis Railroad securities fell heavily on news of default on the 4½ per cent. refunding bonds. The market became firm but uninteresting in mid-week.

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).

WEEKLY AVERAGES

	1938 Low Mar. 30	1938 High Aug. 24	Aug. 17, 1938	Aug. 24 1938	Aug. 31, 1938
347 Ind'ls. ...	75·9	109·2	106·0	109·2	105·1
32 Rails	19·0	31·4†	26·9	28·2	26·6
40 Utilities...	57·7	78·8†	73·9	75·6	73·4
419 Stocks ...	63·7	90·7‡	87·9	90·5	87·2
Av. yield %*	8·35 High	3·92 Low	4·10	3·92	4·06%

* 50 Common Stocks. † January 12th. ‡ July 20th.

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

Aug. 25	Aug. 26	Aug. 27	Aug. 29	Aug. 30	Aug. 31
125·6	124·3	123·1	118·0	119·9	120·3

1938 High: 127·4 August 6th. Low: 83·6 March 31st.

TOTAL DEALINGS IN NEW YORK

1938	Stock Exchange: Shares 000's	Stock Exchange: Bonds $000's	Curb Shares 000's
Aug. 25	830	5,270	103
„ 26	820	4,430	105
„ 27*	350	2,070	99
„ 29	1,250	4,900	147
„ 30	630	4,270	89
„ 31	460	3,690	74

* Two-Hour Session.

New York Prices

	Close Aug. 25, 1938	Latest Sept. 1, 1938
1. Rails and Transport		
Atchison	t 38	35½
Balt. & Ohio...	8⅝	7⅝
B.M.T.....	10⅝	9½
Can. Pacific...	6½	6⅜
Ches. & Ohio	31⅜	29
G.N. Ry. Pf...	23⅛	20¼
Illinois Cent...	12⅞	11⅜
N.Y. Central..	19⅞	17⅝
Northern Pac.	12⅛	11⅝
Pennsylv. R...	20¾	19⅛
Southern Pac.	14¾	11½
Southern Rly.	14	12¾
Union Pac. ...	92	87½xd
Greyhound ...	17½	16½
2. Utilities and Communications		
Am. W'works.	10½	9⅝
C'with. & S....	1⅛	1⅛
Con. Edison...	28	26
Col. Gas & El	7	6½
El Bond & Sh.	8	7⅛
Nat Pwr & Lt.	7	6½
N. American..	20¾	19½
Pac. Gas & El	26½	26
Pac. Lighting	37½	36¾
Pub Serv N.J.	30	28⅞
Stan Gas & E.	4	3⅝
United Corp.	2⅝	2½
Un. Gas Imp.	10⅛	10
Amer. Tel. ...	146	143
Internat. Tel.	9⅛	8¼
Westn. Union	30	29
Radio	7⅜	7⅜
„ B. Pref.	60	59½
3. Extractive and Metal		
Am. Rol. Mill	20½	18⅛
Beth. Steel ...	60¼	56⅜
Beth. Steel P.	99½	100xd
Republic St.	18⅞	18
U.S. Steel ...	60¼	57½
U.S. Steel Pf.	111½	111¾
Alaska J'neau	10⅜	10⅜
Am. Metal ...	34⅞	35⅛
Am. Smelting	48¾	48⅛
Anaconda ...	35	33½
Bohn Alum ...	27¾	26¾
Cerro de Pas..	44½	44¼
Int. Nickel ...	49¾	48
Kennecott ...	41¾	39⅝
Patino Mines	11⅜	10½
Tex. Gulf Sul.	36½	35½
U.S. Smelt....	65	63
Vanadium ...	19½	18¼
Atlantic Refg.	23⅛	22⅞
Phillips Petr.	39¾	39⅜
Shell Union...	16	15⅞
Shell Un. Pf...	103⅝	100½
Socony Vac....	14¾	13⅝
Stan. Oil Cal.	30⅞	29⅞
Stan. Oil N.J.	54½	52¼
Texas Corp.	45	43¼

	Close Aug. 25, 1938	Latest Sept. 1, 1938
4. Manufacturing		
Briggs	35½	34⅞
Chrysler	75½	71¾
Elec. Autolite	29½	28½
Gen. Motors..	49⅛	46¼
Hudson Mtr.	9½	8¾
Nash Kelvntr	11	9⅝
Packard Mtr..	5⅜	4⅞
Bendix Avtn.	24¼	21½
Boeing Airpln	26¾	23½
Douglas Air...	49	46
United Aircft.	27⅝	26¼
Air Reduction	63¼	60¾
Allied Chemi.	180	175
Col. Carbon	91½	90
Dupont	134½	130½
Un. Carbide	83⅜	81½
U.S. Ind. Alc.	23⅛	21¾
Allis Chalmer	50¼	48½
Gen. Electric	42	41½
West'hseElec.	104	100½
American Can	103½	98½
Addressogrph	29	29½xd
Caterpillar ...	49¾	47
Cont. Can. ...	43	40¼
Ingersoll Rnd	99½	93
Int. Harvester	60	59⅞
Johns Manvle	95	96⅛
Am. Radiator	16⅝	15⅝
Corn Prods....	70⅝	69⅛
J I Case & Co.	92⅝	88⅛
Glidden	24½	22
G. Am. Trans	48¼	49
Allied Stores	11⅛	10¼
Celanese of A.	24⅞	21¾
Ind. Rayon ...	29	28⅝
Colgate Palm.	12⅝	12
Eastm'n Kdk.	174	169⅞xd
Gillette	10⅛	9⅝
Lambert Co.	13¾	13⅞
Loews	48½	49⅞
20th Cen. Fox	25¾	26⅛
5. Retail Trade, etc.		
Mont. Ward	48⅛	45¾
J. C. Penney	84	83
Sears Roebck	73xd	70⅝
United Drug	5¾	5⅞
Walgreen ...	17⅝	16¾
Woolworth ...	46	44¾
Borden	16¾	15¾
Gen. Foods...	34⅜	35⅝
Kroger Grcy.	17⅛	16⅞
Nat. Biscuit	25¼	25
Nat. Dairy ...	13⅞	13⅛
Stand. Brands	7⅝	7¼
Am. Tob. B.	90⅛	86¼
Lig. Myers B.	100	100
Lorillard	20⅜	19¾
Reyn. Tob.B.	42¼	41½
Nat. Distillers	24⅞	24
Schenley Dis.	18⅝	17½
6. Finance		
Comcl. Credit	49¾	49½
Atlas Corp....	8⅛	7¾
Com Inv. Tr.	54¾	52¾

Paris

THOUGH August provided no lack of local as well as foreign news, the Bourse refused to be stung into activity. The tone in the equity share markets was heavy almost throughout the month. During the first fortnight, the exchange problem dominated the markets; later, home and international politics determined the trend. Exchange-guaranteed rentes were the market favourites in the first two weeks, responding closely to changes in the foreign exchange situation, and occasionally moving in an opposite direction to ordinary rentes and domestic issues. On August 10th and in a few sessions after the 18th the Bourse was soothed by M. Daladier's announcements regarding the financial situation and the 40-hour week, although the resignation of two Ministers checked the improvement. Conditions deteriorated on a disquieting international outlook, though a cautious attitude rather than any selling pressure was maintained. Local and international stocks weakened last Monday; the falls did not persist, but the tendency was on the whole for prices to drift lower as the month ended.

	Aug. 2, 1938	Aug. 31, 1938		Aug. 2, 1938	Aug. 31, 1938
3% Rentes	73·70	75·55	Reunis ...	506	477
4% Rts. '17	70·90	73·60	Rio Tinto	2,552	2,385
Banque de France ...	6,555	6,355	R. Dutch...	68,400	67,500
Credit Lyonnais..	1,550	1,535	Mex. Eagle	491/4	423/4
Suez Canal	21,355	19,800	Chartered	248	241½
Wag. Lits...	86·00	80·00	Ford	59	59
			De Beers...	1,601	1,502
			"Johnnies"	502	489

Berlin

THE rapid descent of security quotations which began early in July continued, with only one noticeable recovery, in August. Although the volume of selling was never great, the absence of support produced very heavy falls, which gave the market a semi-panic appearance. International events had no visible effect on the market and Jewish liquidation was moderate, the selling being either by industrial holders who needed cash, or by the general public. The absence of buying support undoubtedly arose from fear of smaller industrial earnings and of new taxation. The recovery from the bottom levels recorded on August 16th was apparently due to a not unqualified official denial of taxation rumours. In the first half of the month falls of 4 to 6 points on single days were common, but these were mostly in high-priced specialities, and the leading heavy-industry, chemical, and textile issues, though very weak, generally suffered less. Declines in engineering shares were disproportionately heavy, but bank and shipping issues were less affected. Recovery, which began on August 18th, lasted only four days, and at the end of the week to August 27th, stocks closed little above the month's "lows." Home fixed-interest securities were weak, but average losses were small. The German section of Young Loan was steady at a little over 101. Converted dollar bonds were very weak. The official shares index (1924-26) for the week ended August 20th was 100.74 against 107.86 for July; bonds averaged 99.8 against 99.95 for all July.

	Aug. 2, 1938	Aug. 31, 1938		Aug. 2, 1938	Aug. 31, 1938
Reichsbank ...	184·75	177·25	Nord. Lloyd...	66·75	65·00
D.D. Bank ...	116·50	113·50	A.E.G....	109·00	107·50
Dresdner	108·75	106·00	Siemens & H. ...	187·00	181·00
I.G. Farbenind.	149·75	145·75	Stahlwerke...	101·00	98·50
			Hamburg Amer.	65·00	63·00

Amsterdam

DURING the first part of August the Bourse was quite featureless. There was small attendance and less business, prices moving within narrow limits. Quotations hardened slightly, if anything, during the first week. Then, although activity continued at a low ebb, the tone became rather weaker, under the influence of international politics and the foreign exchange outlook. With the volume of business still failing to expand, the market continued to follow Wall Street's moods, though at no time were price movements important until quotations fell sharply—as in all other centres—on

(*Continued on page* 468)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields of fixed interest stocks 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 increase or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1937 Highest	Prices, Year 1937 Lowest	Prices, Year 1938 Jan. 1 to Aug. 31, inclusive Highest	Lowest	Name of Security	Price, Aug. 31, 1938	Change since Aug. 24, 1938	Yield Aug. 31, 1938 £ s. d.
				British Funds			
84 13/16	73⅛	79¼	71	Consols 2½%	74½	−1	3 7 6
113	105¾	111¾	107	Do. 4% (aft. 1957)	109¾	−½	3 6 0n
101 5/16	94⅜	100¾	96	Conv. 2½% 1944–49	99½x	...	2 11 0
103 9/16	97⅜	103¼	99	Do. 3% 1948–53	101⅜	−½	2 16 3
106 25/32	99	104⅝	98¼	Do. 3½% after 1961	101¼x	−½	3 8 0n
108	105	105⅛	104 5/16	Do. 4½% 1940–44	105	...	2 3 0
117½	111¼	115⅝	112¼	Do. 5% 1944–64	114¾	−⅛	2 11 0
92½	89	91 11/16	87⅝	Fund. 2½% 1956–61	91¼	−½	3 1 0
96⅞	89⅞	97 13/16	94	Fund. 2¾% 1952–57	97	−¼	3 0 6
101⅝	92⅞	99 5/16	95⅛	Fund. 3% 1959–69	99	−¼	3 2 0
116⅜	109	114⅞	110½	Fund. 4% 1960–90	113½	−½	3 3 3
99 3/16	96	101 11/16	97¾	Nat. D. 2½% 1944–48	101½	...	2 7 6
114¾	107⅛	112 13/16	107¾	Victory Bonds 4%	110x	−¾	3 12 9f
105 13/16	99⅝	103⅝	99½	War L. 3½% af. 1952	102⅛	−¾	3 7 0n
96⅞	84 3/16	90⅛	84⅛	Local Loans 3%	87¾	−¾	3 8 4
102	99½	102	99½	Austria 3% 1933–53	101	...	2 18 9
72	62	68½	63¼	India 2½%	67	−½	3 14 8
85¼	74¼	82¼	75	Do. 3%	81	...	3 14 6
98¾	87	95⅝	88½	Do. 3½%	94	...	3 14 9
119½	112¼	117⅛	114¾	Do. 4½% 1958–68	117	...	3 7 9
				Dom. & Col. Govts.			
109⅞	105	108⅞	104¾	Austr. 5% 1945–75	106	...	4 1 9
105⅜	101	104 15/16	100¼	Canada 4% 1940–60	104	...	2 1 0
118	114½	115	112⅞	Nigeria 5% 1950–60	114	...	3 11 3
110	104¼	108	101¾	N. Zealand 5% 1946	104	...	4 7 6
107⅜	103¼	107 19/32	102	Queens. 5% 1940–60	104	...	3 12 6
114⅛	110½	112 15/16	109¾	S. Africa 5% 1945–75	111	...	3 6 0
				Foreign Governments			
103	93	96½	85¾	Arg. 4½% Stg. Bds.	87	−1	5 3 6f
105½	97¾	102	24	Austria 1930 5%	45	−4	11 2 3
91¾	84¼	89	48	Do. 4½% 1934–59	66	−5	7 17 8
102⅛	95¼	99	95	Belgian 4% (36) 1970	97½	−1	4 3 6
33¼	24½	36	31½	Bulgaria 7½%	34½	−1	7 4 11m
89¾	37	37½	16	Brazil 5% Fd. 1914	19	−1½	Nil
28	15	19⅝	16¼	Chile 6% (1929)	17½	...	4 9 0v
95¾	54½	60½	40½	China 5% (1912)	51½	−2	9 14 3f
101⅞	59	73½	43	Do. 5% (1913)	60	−3½	8 6 9f
108⅜	101½	105¾	58	Czechoslovakia 8%	69	−5	11 11 9f
100	92½	99	94	Denmark 3%	97½	...	3 1 9
106½	100½	104	100¼	Egypt Unified 4%	101	...	3 16 0
18½	11	13	9¼	French 4% (British)	10½	...	5 10 0e
66	52¾	60	43½	Ger. Dawes Ln. 5%	50	−3½	10 0 0
49¼	35	46	32½	Do. Young Ln. 4½%	35½	−3½	12 13 6
40¾	30	34½	25	Greek 6% Stab. Ln.	30½	−1	7 11 6w
62	47⅛	58½	30	Hungary 7½%	40½	−2	11 2 3h
88¾	53	60	38	Japan. 5½% 1936–65	44	...	12 10 0f
94¾	57½	64½	40	Do. 6% ('24) red. 1959	47	...	12 18 0f
121¾	110½	124	115	Norwegian 4% 1911.	117½	...	3 8 6
61½	40¾	50	36	Peru 7½% 1922	45	...	...
83	56	75½	54	Poland 7%	75½	...	7 8 6s
20½	13	15¾	11	Roum. 4% Con. 1922	12½	−1	15 0 0y
96⅝	88¼	92	78	U.K. & Arg. C. 3%	85½	+1	3 10 2
				Corporation Stocks			
118	111½	115¾	110½	Bir'ham 5% 1946–56	111x	+½	3 8 2
118¾	112¾	117	112	Bristol 5% 1948–58	113	...	3 8 9
95¼	82½	87½	83	L.C.C. 3%	86	...	3 9 9
101	93	97½	94	Liverpool 3% 1954–64	97	...	3 4 0
104⅜	100⅜	105¾	101½	Middx. 3½% 1957–62	105	...	3 4 3

Prices, Year 1938 Jan. 1 to Aug. 31, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, Aug. 31, 1938	Change since Aug. 24, 1938	Yield Aug. 31, 1938 £ s. d.
				Public Boards			
115½	110½	2½	2½	C. Elec. 5% 1950–70	113	...	3 12 9
				Lon. Pass. Transport			
119½	112	2¼	2¼	4½% "A" 1985–2023	118½	...	3 13 9
129¾	125	2¾	2½	5% "A" 1985–2023	128½	...	3 14 6
122⅝	116½	2½	2½	5% "B" 1965–2023	119½	...	3 17 0
84	72⅞	2¾b	1½a	"C" 1956 or after	74	+½	5 14 10
92¼	85	1½	1½	Met. W.B. "B" 3%	90	...	3 6 6
118	114¼	2½	2½	P. of Lon. 5% 50–70	116	...	3 8 6
				British Railways			
65	32½	3½b	Nil a	G.W. Ord.	33	−1	10 12 2
4⅝	2⅛	Nil	Nil	L. & N.E.R. Def.	2½	−⅛	Nil
8⅜	3⅝	Nil	Nil	Do. 5% Pref. Ord.	4	−¼	Nil
97	48	3¾b	Nil a	Do. 5% Pref. 1955	49½	...	7 11 6f
27⅛	9¾	½c	1¾c	Do. 4% 2nd Pf.	10½	...	16 13 0
68¼	22½	3b	Nil a	Do. 4% 1st Pf.	26½	+1	11 6 3
30⅛	12 11/16	1¼c	1½c	L.M.S. Ord.	13	+¼	11 10 10
70¼	24½	2b	Nil a	4% Pf. 1923	28½	+1	7 0 4
82¼	48½	2b	2a	4% Pf.	52½	+1	7 12 3
21⅜	11½	½c	1½c	Southern Def.	12	−½	12 10 0
87	49	3b	1a	Do. 5% Pf. Ord.	50½	...	7 18 5
115½	92	2½a	2½b	Do. 5% Pf.	93½	...	5 6 11
				Dom. & Foreign Rys.			
14	7 7/16	Nil	Nil	Antofagasta Ord.	11	...	Nil
6½	3⅜	Nil	Nil	B.A. & Pac. Ord.	5	+½	Nil
17	8¾	Nil	Nil	B.A. Gt. Sthn. Ord.	11½	−½	Nil
12½	6⅛	Nil	Nil	B.A. West. Ord.	8½	+½	Nil
13¼	6½	Nil	Nil	C. Arg. Ord.	9	+½	Nil
8 7/16	5	Nil	Nil	Can. Pac. Com. $25	6½	...	Nil
28½	25¼	2c	2c	Costa Rica Ord.	25½	...	7 17 0
43/9	33/9	Nil	1c	Nitrate Rlys. £10	40/-	...	5 0 0
66	33	†2a	†2b	San Paulo Ord.	34½	...	11 11 9†
16/3	13/9	1c	1c	Taltal Rly. Ord. £5	15/-	...	6 13 4
				Banks and Discount			
75/6	59/-	10b	7½a	Alexanders £2, £1 pd.	65/-	...	5 7 9
35/-	32/6	5a	5b	Bk. of N. Zealand £1	33/9	...	4 14 8e
352½	330	6a	6b	Bk. of England	345½	−3	3 9 6
76/7½	71/3	7b	7a	Barclay B. £1	72/6	−2/-	3 17 3
46/-	41/-	3¼b	3a	Barcl. (D.,&c.) A £1	44/6	−6d	2 16 3
8 9/16	7¼	4½b	3½a	Bk. of Aust. £5	8⅜	...	4 15 6
£44⅝	£39½	8c	8c	Bk. of Mont. $100	£42½	−£1	3 15 0e
26½	23½	5¼c	6c	Bk. of N.S.W. £20	24½	...	3 18 6e
55/-	32/6	6c	Nil c	Brit. Overseas A £5	45/-	−2/6	Nil
13⅛	11 5/16	7a	7b	Chtd. of India £5	12⅝	−⅝	5 10 10
13/4½	12/-	3½a	3¾b	Com. Bk. of Aus. 10/-	13/1½	...	4 6 3e
53/9	50/-	5b	5a	District B. £1 fy pd.	52/6	...	3 16 3
90/-	74/6	3½b	3½a	En. S. & Aust. £5 £3p.	80/-	...	5 5 0
10⅜	9 13/16	10b	8a	Hambros £10, £2½ p.	10	...	4 10 0
£96¼	£82	£3b	£2½a	Hong. and S. $125.	£87½	−£1	6 5 9
64/6	56/9	6b	6a	Lloyds £5, £1 pd.	58/6	−6d	4 2 0
9¾	8⅜	9b	7a	Martins £20, £2½ pd.	8⅝	...	4 12 6
89/3	78/3¾	8b	8a	Midland £1, fy. pd.	84/-	−6d	3 16 3
6 5/16	5¾	5a	5b	Nat. Dis. £2½ fy. pd.	6¼	...	4 0 0
41	34	11b	4a	Nat. of Egypt £10	35	...	4 5 9
41¼	37½	9b	8a	N. of Ind. £25, £12½p	39½	−1	5 8 0
3⅞	3 7/16	7½b	7½a	N. Prov. £5, £1 pd.	72/-	−1/-	4 5 6
488	444	8½a	8½b	Roy. Bk. of Scotland	458	−2	3 14 3
16 13/32	13⅞	5a	10b	St. of S.A. £20, £5 pd.	16	...	4 14 0
51/3	43/-	6¼b	3¾a	Union Dis. £1	45/-	−1/3	4 9 10
99/-	90/-	11b	9a	West. £4, £1 pd.	96/-	−1/-	4 4 0
				Insurance			
28⅝	24½	40a	50b	Alliance £1, fully pd.	27	−½	3 6 6
16¼	12¾	†3/6a	†4/6b	Atlas £5, £1¼ pd.	15½	−¼	2 11 6†
10 3/16	9⅛	20a	20b	Com. Un. £1, fy. pd.	9¾	−⅛	4 2 0
5½	4⅝	1/6a	2/-b	Gen. Acc. £1, 5/- pd.	4⅞	−⅛	3 11 9
31	26⅛	25a	25b	Lon. & Lanc. £5, £2pd.	28½	−½	3 10 2
11⅞	9½	3/2a	3/1b	N.Brit.&Mer. £1¼, f.p.	11	−¼	2 16 3
20⅝	18½	†30b	†25a	Pearl (£1), fy. pd.	19	−¼	2 18 0†
16	13¾	6/-a	6/-b	Phœnix £1, fy. pd.	15¼	−¼	3 18 6
35 11/16	29½	†72¼b	†25a	Prudential £1 A	34¾x	−¼	2 16 0†
106/-	81/3	†50c	†50c	Do. £1, with 4s. pd.	98/9	...	2 1 0†
10 3/16	8¼	11a	19b	Royal Exchange £1	10	...	3 0 0
9 1/16	7½	3/3a	3/3b	Royal £1, 10/- pd.	8¾	...	3 14 3
17	15¼	6/6a	6/6b	S.U.&Nl.A £20, £1pd.	16¼	−¼	4 0 0
88/6	69/8¼	1/3a	1/6b	Sun In., £1 with 5/pd.	85/-	...	3 4 6
8 13/16	7¼	†10a	†10b	Sun. Lf. Ass., £1 fy.pd	8¼	−⅛	2 8 6†
				Investment Trusts			
267	230	4a	8b	Anglo-Amer. Deb.	240	...	5 0 0
65½	45½	3c	3½c	Anglo-Celtic Ord.	47½	...	7 7 6
11/3	7/6	7½c	10c	Brit. Assets Trust 5/-	11/3	...	4 9 0
233	208	6b	4a	Debenture Corp. Stk.	215	...	4 13 0
75	55½	1½a	3b	For. Amer. &c., Def.	66½	...	6 15 3
137½	119½	4½b	2½a	Guardian Investment	120½	...	5 16 0
254	201	4a	8b	Ind. and Gen. Ord.	236½	−3	5 1 6
275½	223	5a	8b	Invest. Trust Def.	234½	...	5 10 10
17/-	14/9	2½a	6½b	Lake View Inv. 10/-	15/6	...	5 16 0
252½	233	8½b	3½a	Mercantile Inv.	241½	−1	4 19 5
154	122½	4½b	3a	Merchants Trust Ord.	122½	...	6 2 5
251½	223	7b	5a	Metropolitan Trust	229½	...	5 4 6
5/-	3/4½	2½c	4c	Scottish Inv. 5/-	4/6	...	4 9 0
218	178	3½a	6b	Scottish Mort., &c.	178½	−5	5 6 5
221	190½	3a	9b	Trustees Corp. Ord.	205½	...	4 17 6p
193	167	6b	4a	United States Deb.	177½	...	5 12 9
				Financial Trusts, &c.			
11/9	6/3	2½c	4c	Argentine Land, &c. 10/-	9/4½	...	8 11 5
35/-	22/9	10c	13⅓c	Brit. S.Afr. 15/-fy. pd.	25/3	−1/-	7 18 6
23/9	15/7½	10c	10c	Charterhouse Inv. £1	20/-	...	10 0 0
16/10½	13/10½	2a	2b	C. of Lond. R. Pty. £1	15/-	...	5 6 9
33/9	25/7½	†2½a	†8¾b	Daily Mail & Gen. £1	27/3	−6d	8 4 0†
7	6 1/16	4¼b	3a	Dalgety £20 £5 pd.	6⅝	...	5 14 0
23/6	18/6	3a	6b	Forestal Land £1	19/-	−1/6	9 9 3
25/10½	19/-	Nil c	z 4 (c)	Hudson's Bay Co. £1	21/6	+6d	3 14 0
20/-	13/9	2½a	5b	Java Invest. £1	17/6	...	8 11 6
5⅝	2¼	Nil	Nil	Peru. Corp. Pref.	3	...	Nil
10/6	7/-	3c	3½c	Primitiva Hold. £1	8/6	...	8 5 0
17/3	12/6	7½c	7½c	Staveley Trust £1	13/9	...	10 1 9
34/10½	23/9	10c	12½c	Sudan Plant. £1	30/-	−7½d	8 6 9
				Breweries, &c.			
77/6	61/3	12½b	5a	Ansell's Brewery £1	68/-	−2/-	5 2 9
32/-	21/9	5½b	2½a	Barclay Perkins £1	25/-	−6d	6 8 0
131/-	103/9	†20b	†5a	Bass Ratcliff Ord. £1	123/-	−1/-	4 1 0†
67/-	51/-	3a	12b	Charrington & Co. £1	58/6	−1/6	5 2 0
82/6	70/-	14b	6a	Courage Ord. £1	73/6x	−6d	5 9 0
107/9	85/-	7½a	15b	Distillers Ord. £1	95/6	−1/6	4 14 0
125/-	102/6	12a	17b	Guinness Ord. £1	113/-	+1/-	5 2 0
113/6	91/-	20b	7½a	Ind. Coope & All. £1	101/6	+6d	5 19 0
43/-	34/-	3½a	7½b	Meux's Ord. £1	35/6	−1/6	6 3 0
93/-	76/3	15b	8a	Mitchells & Butlers £1	83/-	−1/-	5 10 0
75/-	63/9	5a	12½b	Ohlsson's Cape £1	68/6	...	5 2 9
78/-	65/-	14b	4a	Simonds (H.&G.) £1	68/-	...	5 6 0
108/6	87/6	†5a	†17½b	S. African Bws. £1	106/-	−1/-	4 5 0†
42/-	30/-	6b	4a	Taylor Walker Ord. £1	36/-	+1/-	5 12 0
26/3	19/4½	5½b	2a	Walker (P.)&R.Cain £1	21/-	...	7 2 8
77/9	62/6	6a	12b	Watney Combe Def. £1	67/-	+1/-	5 7 6
				Iron, Coal and Steel			
24/6	19/3	4a	6b	Allied Ironfound. £1.	20/-	...	10 0 0
44/-	36/6	4a	6b	Babcock Wilcox £1	36/10½	...	5 8 0
9/4½	4/7½	10c	10c	Baldwins 4/-	5/-	...	8 0 0
46/3	36/9	4a	10b	Bolsover Col. Ord. £1	36/3	−1/3	7 14 6
32/3	24/9	†5a	†12½b	Brown (J.) Ord. 10/-	25/9	−3d	6 16 0†
36/7½	26/-	†2a	†6b	Butterley Co. Ord. £1	26/3	...	6 1 7†
11/3¾	6/9	5c	8⅓c	Cammell Laird 5/-	7/6	+3d	5 12 0
25/7½	19/3	3a	5b	Colvilles Ord. £1	20/7½	+7½d	7 15 0
11/10½	7/3¾	7½c	10c	Consett Iron Ord. 6/8	7/9	...	8 12 0
87/6	78/6	5a	15b	Cory, William, Ord. £1	82/6	−1/3	4 17 9
34/3	19/3	6c	10c	Dorman Long Ord. £1	20/7½	...	9 13 0
55/3	34/3	14c	18c	Do. Pref. Ord. £1	37/6	...	9 12 0
70/-	62/6	†6a	†11½b	Firth Brown £1	65/-	...	5 7 0†
31/1½	22/6	†3a	†4½b	Guest Keen &c. Ord. £1	22/9	−3d	6 12 0†
33/9	26/6	15b	7½a	Hadfields 10/-	27/-	...	8 6 6
31/4½	21/6	6½b	2½a	Horder Collieries £1	23/1½	−7½d	7 16 0
29/-	25/-	5c	9½c	Lambert Bros. Ord. £1	27/6	...	6 19 0
2/3	2/1½	2c	3½c	Ocean Coal, &c. 4/-	2/3	...	6 4 0
12/3	8/6	5c	10c	Pease and Partners 10/-	8/9	...	11 8 6
23/9	16/-	2a	5½b	Powell Duffryn £1	16/3	−3d	9 4 7
48/4½	36/2¼	†5a	†7½b	Sheepbridge C.&I. £1	37/6	+1/3	6 19 0†
35/4½	24/4½	3½a	8½b	Shipley Coll. Ord. £1	25/-	−1/3	9 12 0
40/-	28/9	12c	13c	S. Durham } Ord. £1	30/-	−7½d	8 15 3
20/-	12/-	6c	7c	Steel & Iron } B Ord £1	12/6	...	11 4 0
47/-	38/4½	4a	6b	Stanton Iron. £1	39/4½	−7½d	5 1 7
58/-	44/3	†3a	†8b	Staveley Coal, etc. £1	41/4½	−1/3	5 4 0†
40/3	31/6	7½c	12½c	Stewarts & Lloyds £1	35/-	...	7 2 8
28/9	23/3	4a	6b	Swan, Hunter £1	26/3	...	7 12 3
10/10½	2/4½	15c	5c	Thomas (Rich.) 6/8	2/9	...	?

(a) Interim dividend. (b) Final dividend. (c) Dividends for full year. (d) Paid in £N.Z. (e) Allowing for exchange. (f) Flat yield. (h) Yield on 4½% basis. (m) Based on payment of 2½%. (n) To redemption at par, in year shown. (v) Yield on 15/8% basis. (s) Yield worked on a 5½% basis. (w) Yield based on 40% of coupon. (p) Yield worked on a 10% basis. (t) Yield worked on a 14% basis. † Free of Income Tax. (y) Yield based on 47% of coupon. (x) 1% paid free of income tax.

Prices, Year 1938 Jan. 1 to Aug. 31, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, Aug. 31, 1938	Change since Aug. 24, 1938	Yield Aug. 31, 1938 £ s. d.
				Iron, Coal, &c.—cont.			
25/6	20/9	Nil	Nil	Thornycroft, John £1	23/9	−1/3	Nil
$64	$38½	1c	Nil c	U. States Steel $100	$59½	−$2	Nil
27/6	20/-	6b	3a	Un. Steel Cos. Ord. £1	21/9	+3d	8 5 0
27/6	19/6	10c	10c	Vickers 10/-	20/-	...	5 0 0
29/6	21/-	10c	3¾a	Ward (Thos. W.) £1	23/9	...	8 8 4
36/6	33/1½	10 4/9 c	12 8/9 c	Weardale S. etc. Df £1	34/4½	...	7 3 0
5 15/16	4	12½a	22½b	Whitehead I. & S. £1	4⅛	...	8 8 6
51/3	40/7½	15c	15c	Yarrow & Co. £1	47/6	+2/6	6 6 3
				Textiles			
5/9	2/9	Nil	Nil	Bleachers £1	3/-	−3d	Nil
5/6	2/10½	Nil	Nil	Bradford Dyers £1	4/-	−3d	Nil
5/4½	2/3	Nil	Nil	Brit. Cel. Ord. 10/-	3/6	...	Nil
7/6	4/-	Nil	Nil	Calico Printers £1	4/9	+3d	Nil
41/9	32/6	10c	10c	Coats, J. & P. £1	37/3x	−6d	5 7 0
48/1½	26/9	7⅔b	1½a	Courtaulds £1	30/9	−9d	5 17 6
39/9	26/9	2½a	7½b	English Swg. Ctn. £1	27/6	−1/-	7 5 5
6/9	3/4½	Nil	Nil	Fine Cotton Spin. £1	3/9	−3d	Nil
33/9	25/-	5½b	3a	Linen Thread Stk. £1	28/9	...	5 18 3
49/4½	36/3	†12½c	†10c	Patons & Baldwins £1	45/7½	−7½d	4 8 0†
18/9	6/3	Nil a	Nil b	Whitworth & Mit. £1	7/-	+9d	Nil
				Electrical Manufactg.			
45/3	34/9	10c	10c	Associated Elec. £1	37/-	−1/-	5 8 0
95/6	77/6	5a	15b	British Insulated £1	90/-	−2/6	4 8 6
103/3	78/9	5a	15b	Callenders £1	97/6	...	4 2 1
32/6	18/9	6½b	6a	Crompton Park. A 5/-	26/3	...	2 6 6
31/10½	24/4½	Nil c	10c	English Electric £1	30/6	...	6 11 0
79/3	67/-	17½c	20c	General Electric £1	76/6	−6d	5 5 0
21/3	16/-	15b	5a	Henleys (W. T.) 5/-	20/7½	−7½d	4 16 0
41/3	34/-	5a	7½b	Johnson & Phillips £1	38/-	−9d	6 11 0
30/6	22/3	7½c	7½c	Siemens £1	23/9	...	6 6 4
				Electric Light, &c.			
$13 11/16	$7⅜	Nil	$1c	Brazil Trac., no par	$11⅛	−¾	9 0 0
68/-	62/6	9b	6a	Bournemouth & Ple.	66/3x	...	4 12 3
39/3	24/6	2a	5b	British Pow. & Lt. £1	29/-	...	4 16 9
34/3	32/11¼	4b	3½a	City of London £1	33/-x	−6d	4 10 9
42/-	33/6	5b	3a	Clyde Valley Elec. £1	38/-	...	4 5 9
51/-	45/3	3a	7½b	County of London £1	49/-	−6d	4 6 0
27/9	26/-	4a	5b	Edmundsons £1	26/6	−6d	4 10 6t
35/-	31/3	2½a	5b	Lancashire Elec. £1	32/-	...	4 12 6
32/4½	28/9	4b	3a	Lond. Ass. Elec. £1	30/-	...	4 13 3
50/9	43/6	9b	3a	Metro. Electric £1	49/6	−6d	4 17 0
39/-	33/3	2½a	5½b	Midland Counties £1	38/6	...	4 4 0
33/10½	26/6	4½b	2½a	North-East. Elec. £1	32/6	−6d	4 7 6
49/-	44/6	6b	4a	North Metro. £1	48/9	...	4 2 0
38/9	34/-	2½a	5½b	Scottish Power £1	38/-	...	4 5 0
41/10½	37/6	5b	3a	Yorkshire Electric	41/6	...	3 17 0
				Gas			
25/-	21/6	2⅘a	2⅘b	Gas L. & C. £1	22/9	−9d	4 18 0
138	113½	4a	6b	Imp. Cont. Stk.	115½	−1	8 13 9
23/9	21/6	2⅞b	2½a	Newc.-on-Tyne £1	23/6	...	4 11 6
109¾	101¾	3b	2½a	S. Metropolitan Stk.	106½	...	5 3 3
				Motors and Cycle			
51/3	36/3	15c	12½c	Albion Motors Ord. £1	40/-	...	6 5 0
39/4½	31/-	†7½c	†2½a	Assoc. Equip. Ord. £1	35/-	...	4 5 9†
32/6	21/10½	50c	50c	Austin 5/-	24/7½	−4½d	10 5 0
23/3	18/3	Nil	Nil	Birm. Sml. Arms £1	20/6	−6d	Nil
24/0¾	18/-	83⅓b	33⅓a	Dennis 1/-	20/-	...	5 16 6
23/1½	16/3	6c	5c	Ford Motors £1	17/-	...	5 19 0
57/6	48/-	12½b	2½a	Lucas, J. (£1)	53/9	...	5 11 9
89/4½	71/3	20c	25c	Leyland Motors £1	80/-	−2/6	6 5 0
33/3	24/9	45c	45c	Morris Motors 5/- Od.	27/6	...	8 4 0
61/3	36/3	20b	5a	Ral. Cycle Hold. £1	36/3	−2/6	13 16 0
104/3	81/3	6a	16½b	Rolls-Royce £1	97/6	...	4 12 3
16/7½	9/9	25c	40c	Stand. Motor 5/-	13/-	−3d	7 14 0k
				Shipping			
7 3/16	3⅞	5a	15b	Clan Line Steam. £1	4½	...	4 9 0
4/6	2/6	Nil	Nil	Cunard £1	3/-	...	Nil
24/6	15/3	3c	5c	Furness, Withy £1	16/-	...	6 5 0
24/6	17/6	4c	2½a	P. & O. Def. £1	20/-	...	4 0 0
23/7½	16/9	4½c	5c	Royal Mail Lines £1	18/-	...	5 11 0
22/3	13/6	Nil c	Nil c	Union Castle Ord. £1	15/-	...	Nil
				Tea and Rubber			
18/6	9/6	2½c	5c	Allied Sumatra £1	15/9	...	6 7 0
30/-	18/1½	4a	5b	Anglo-Dutch £1	28/6	−6d	6 6 0
29/4½	18/3	5a	10b	Bah Lias £1	27/6	...	10 18 0
27/-	22/6	2a	6b	Jhanzie Tea £1	23/9	...	6 14 9
38/6	31/6	5a	7½b	Jorehaut Tea £1	35/-	...	7 2 9
37/6	29/6	2½a	10b	Jokai (Assam) £1	35/-	...	7 2 9
18/10½	10/-	5c	5c	Linggi Plant. £1	17/6	...	5 14 3
3/10	2/0¾	5a	7½b	London Asiatic 2/-	3/7½	...	6 19 0
30/10½	17/6	4a	6b	Rubber Trust £1	29/9	−6d	6 13 0
3/8¼	2/-	5a	10b	United Serdang 2/-	3/3	−1½d	9 4 0
				Oil			
113/1½	67/-	5a	20b	Anglo-Iranian £1	103/9	−1/10½	4 16 6
32/6	24/9	32½a	12½b	Apex (Trinidad) 5/-	28/6	−6d	7 18 0
45/-	25/-	Nil	Nil	Attock £1	40/-	−2/6	Nil
6 1/16	4	5a	25b	Burmah Oil £1	4 9/16	−3/32	4 7 9k
12/10½	3/7½	10d ps c	11d ps c	Mexican Eagle M.$4	4/4	...	...
£42	£33⅞	6a	11b	Royal Dutch fl.100	£37¾	−⅝	4 19 0e
5 1/16	3½	†7½a	†12½b	Shell Transport £1	4 7/16	−⅛	4 9 6†
5⅝	4 1/16	20b	10a	Trinidad Lease. £1	4⅞	−3/16	6 2 0
				Miscellaneous			
20/6	17/3	5c	5c	Aerated Bread £1	20/-	...	5 0 0
25/-	20/-	9c	8c	Allied News. £1	20/3	...	7 18 6
25/9	18/-	7c	7c	Amal. Metal £1	22/6	...	6 4 5
16/6	11/3	5a	3b	Amal. Press 10/-	13/6	−3d	5 19 0
15/-	11/-	10a	10b	Assoc. Brit. Pic. 5/-	12/6	...	8 0 0
17/9	10/3	26⅔c	25c	Assoc. News. Df. 5/-	11/-	...	11 7 0
88/1½	67/6	7½a	15b	Assoc. P. Cement £1	77/6	−1/3	5 16 0
72/6	54/7½	10b	5a	Barker (John) £1	56/3x	...	5 6 9
65/7½	41/3	60c	85c	Beechams Pills Df. 5/-	56/3	−1/3	7 11 0
49/9	37/6	m 29c	s 32⅓c	Boots Pure Drug 5/-	40/-	...	4 7 3
29/9	23/1½	7½c	10c	Borax Deferred £1	25/-	−7½d	8 0 0
17/9	11/9	9c	Nil c	Bow. Paper Mills £1	11/9	−1/-	Nil
57/10½	44/3	7½a	17½b	Bristol Aero. 10/-	52/-	...	4 16 0
53/1½	40/6	4a	8½b	Brit. Aluminium £1	48/9	−7½d	5 2 0
36/3	31/-	2¾a	5b	British Match £1	33/-	...	4 14 0
5 7/16	4 13/32	†20c	†21¼c	Brit.-Amer. Tob. £1	5 1/16	...	4 4 6†
84/4½	64/4½	7a	10b	British Oxygen £1	66/3	−1/3	5 3 0
62/-	46/3	17½b	7½a	Brockhouse (J.) £1	47/6	−1/10½	10 11 0
68¾	44	Nil c	4c	Cable & Wir. Ord.	45½	−2	8 15 9
7½	6	20b	15a	Carreras A Ord. £1	7 7/16	...	4 14 0
14/-	8/3	20c	25c	Crittall Mfg. Ord. 5/-	11/-	−9d	11 6 0
47/6	38/3	10c	12½c	De Havilland Air. £1	45/-	−2/6	5 11 0
33/-	25/3	9c	9c	Dunlop £1	26/9	...	6 14 0
38/6	32/10½	10b	5a	Eastwoods Ord. £1	33/9	−1/3	8 17 9
16/3	9/9	10c	10c	Elec. & Mus. Ind. 10/-	12/-	−6d	8 6 9
26/3	17/-	15a	20b	Ever Ready Co. 5/-	18/-	...	9 14 3
26/4½	17/-	10c	†12½c	Fairey Aviation 10/-	23/3	−1/3	5 7 6†
56/9	45/-	5a	7½b	Finlay (Jas.) & Co. £1	53/9	+1/3	4 13 0
6 21/32	5 5/16	7½a	20b	Gallaher Ltd. Ord. £1	6 5/16	+1/32	4 7 0
7/-	3/9	Nil c	Nil c	Gaumont-Brit. 10/-	4/6	...	Nil
20/6	10/9	8a	8b	Gen. Refract's 10/-	11/6	−6d	13 18 0
35/3	23/-	22½b	15a	Gestetner (D) (5/-)	27/6	...	6 7 0v
90/7½	68/9	5a	20b	Harrisons&Cros.Df.£1	88/9	...	(d)
76/6	60/7½	13½b	5a	Harrods £1	63/9x	...	5 14 0
30/-	19/10½	27½b	15a	Hawker Siddeley (5/-)	24/9	−1/3	8 6 0
28/3	21/-	8c	9c	Imp. Airways £1	27/6	...	6 11 0
35/3	27/6	3a	5½b	Imp. Chem. Ord. £1	30/6	−6d	5 10 6
13/7½	8/-	Nil c	5e	Imp. Smelting £1	10/-	...	10 0 0
7¾	6	†17½b	†7½a	Imp. Tobacco £1	6⅞	−⅛	3 12 6†
$53½	$38⅞	c$1·30	c$2·25	Inter. Nickel n.p.	$49¾	−1¾	4 0 5n
12/9	8/7½	5a	5b	International Tea 5/-	10/-	−3d	5 0 0
40/3	32/9	4a	6b	Lever & Unilever £1	38/-	−9d	5 5 0
60/-	43/9	22½c	20c	London Brick £1	53/1½x	−7½d	7 10 6
5 13/16	5	8⅓a	14⅙b	Lyons (J.) Ord. £1	5⅜	−⅛	4 4 0
60/7½	42/6	15a	27½b	Marks & Spen. 'A' 5/-	54/4½	−3/1½	3 18 0
4 11/16	3⅜	12½b	7½a	Murex £1 Ord.	3 13/16	...	5 5 0
37/-	32/0¾	2½a	9⅜b	Phillips (Godfrey) £1	33/1½	...	7 2 6
35/6	26/3	10b	7½a	Pinchin Johnson 10/-	28/9	+1/3	6 5 0
42/9	26/3	12½a	37½b	Prices Trust Ord. 5/-	36/3	−1/3	6 19 0
58/9	42/6	3⅛a	11⅞b	Radiation Ord. £1	51/3	...	5 17 0
5 15/32	4⅞	22½c	22½c	Reckitt & Sons Ord. £1	5⅜	...	4 4 0
14/3	9/4½	†8⅓b	5a	Sears (J.) Ord. 5/-	10/-x	+7½d	8 5 0
14/6	8/9	2½c	4c	Smthfld.&Arg.Mt.£1	9/9	−3d	8 4 0
60/6	51/6	2½a	12½b	Spillers Ord. £1	56/-	...	5 6 0
26/10½	21/-	Nil	Nil	Swed. Match. B.kr.25	25/-	−7½d	Nil
83/-	70/-	14b	4¼a	Tate and Lyle £1	76/10½	−7½d	4 16 3
48/3	36/6	5b	5a	Tilling, Thos. £1	45/-	...	4 8 9
68/4½	52/6	11b	5a	Tob. Secrts. Ord. £1	66/3	...	4 16 6
53/-	29/9	35c	25c	Triplex Safety G. 10/-	30/7½x	...	8 3 0
89/4½	74/4½	16¼b	10a	Tube Investments £1	78/9	−7½d	6 14 0
87/6	70/-	16¼b	3¾a	Turner & Newall £1	76/3	−1/3	5 5 0
57/4½	46/3	7½b	5a	United Dairies £1	53/9	...	4 13 0
27/7½	18/4½	15b	7½a	United Molasses 6/8	22/-	−6d	6 15 0
39/8¼	33/9	7½b	5a	W'ilpapr Mfrs.Def.£1	35/7½	...	7 0 0
39/3	32/6	3a	7b	Wiggins, Teape Ord. £1	35/9	...	5 12 0
70/-	60/6	15a	45b	Woolworth Ord. 5/-	63/-	−2/-	4 15 0
				Mines			
70/7½	52/6	95c	95c	Ashanti Goldfields 4/-	67/6	−1/3	5 12 6
12/10½	8/0¾	p6a	p4b	Burma Corp. Rs. 9	9/1½	−3d	9 10 3†
3/6	1/6	Nil c	Nil	Commnwlth. Mng. 5/-	2/3	...	Nil
81/3	62/6	32½c	6¼a	Cons. Glds. of S. Af. £1	75/-	...	5 6 8
17½	14¾	95b	95a	Crown Mines 10/-	17⅛	−⅛	5 12 6
13 5/16	6	30a	Nil b	De Beers (Def.) £2½	8¼	−⅝	9 0 0
69/4½	49/4½	20c	15c	Jo'burg. Cons. £1	51/3	...	7 16 3
48/3	30/10½	11¼b	11¼a	Randfontein £1	37/6	−7½d	12 0 0
12⅞	9⅛	37½b	25a	Rhokana Corp. £1	11⅝	−½	5 7 9
19⅞	12¾	Nil	Nil	Rio Tinto £5	13½	−¼	Nil
21/7½	13/7½	80c	10a	Roan Antelope Cpr. 5/-	17/3	−9d	?
11 15/16	9⅜	75a	75b	Sub Nigel 10/-	11½	...	6 10 6
9 13/32	7	2/6a	6/-b	Union Cp. 12/6 fy pd.	9 5/16	−1/16	4 12 6
9 25/32	5 13/16	Nil	Nil	W. Witwatersrand 10/-	6⅞	−⅜	Nil
19/1½	5/2¼	10c	Nil c	Wiluna Gold £1	13/-	−6d	Nil

NEW ISSUE PRICES

Issue	Issue price	August 31, 1938	Change since Aug.24	Issue	Issue price	August 31, 1938	Change since Aug.24
Afr. Expl. 4%	100	103¾–104¾	+½	Easterns5%db.	100	par–½ pm	+½
Do. 5½% pf.	21/-	2/3 pm	−3d	Ipswich 3¼%	98½	9/16–7/16 dis	−3/16
Am. Pr. 4% db.	99	3½–3 dis	−1	Luton 3¼%	98½	5/16–3/16 dis	−⅛
Bechm. 5% pf.	1	3d. dis	...	Odhms(Wat.) 5% db.	100	⅝–⅞ pm	−½
Bootle 3¼%	98½	7/16–5/16 dis	−⅛	Pretoria 3½%	99	1½–1¼ dis	−¼
Bnmth. 3¼%	98½	⅝–⅞ pm	−⅛	S.Mt.El.4%Pf.	20/6	1½d dis	−1½d
Bwtr 4½%db.	98	5½–4½ dis	−¼	Do. 3½% db.	100	par	+½
Brt. Ox. 5% pf	22/6	9d. pm	...	Stoke 3¼%	98½	1¼–1 dis	−3/16
Brtn (M)5%db	100	1¼–¾ dis	−1				
Cov.GP4%dbs	99	2–1 dis	+½				

UNIT TRUST PRICES

as supplied by managers and Unit Trusts Association
(Table does not include certain closed trusts)

Name and Group	August 31, 1938	Change since Aug.24	Name and Group	August 31, 1938	Change since Aug.24
Municipal & Gen.			**Keystone**		
For. Govt. Bond	13/6-14/6	−6d	Gold 2nd Ser.	18/9-19/9	−1½d
Limited Invest.	18/3-19/-	−3d	Gold 3rd Ser.	13/7½-14/7½	−1½d
Mid. & Southern	18/6-19/3	−3d	Keystone	15/9-16/9	−1½d
Scottish & Northn.	16/6-17/3x	...	Keystone 2nd	12/7½-13/7½	−1½d
Bank-Insurance			Keystone Flex.	14/--15/-	−3d
Bank & Insur.*	18/9-19/9	...	Key. Consol.	13/10½-14/10½	−1½d
Insurance*	20/3-21/3	−3d	**Allied**		
Bank*	17/3-18/3x	−3d	Amer. Indsts.	17/6-18/6	−6d
Invest. Trust*	13/6-14/3	−3d	Brit. Ind. 1st	17/--18/-	−3d
Scot. B.I.I.T.*	14/7½-15/6	...	Do. 2nd	14/6-15/6	−3d
Cornhill deb.*	21/--21/9	...	Do. 3rd	14/9-15/9	−3d
Cornhill def.*	13/3-14/3	−6d	Do. 4th	15/3-16/3	...
National			Elec. Inds.	16/--17/-	...
National C.	17/3-18/3x	−3d	Metals & Min.	13/6-14/6	−3d
National D.	16/--17/-	−6d	**Other Groups**		
Nat. Invest.	12/7½-13/7½x	−1½d	Brit. Emp. 1st Unit.	16/6-17/6x	−1½d
Amalgamated	20/--21/-	−3d	Brit. Gen. "C"	14/7½-15/7½	−1½d
Century	16/6-17/6	−3d	Rubber & Tin	1/1½-1/3	−1d
Gilt-edged	17/3-17/9	...	Brit. & Amer.	14/6-15/6	−3d
Scottish	16/6-17/6	−3d	Producers	7/6-8/-	−3d
Universal	17/6-18/6	−3d	Domestic	7/--7/6	...
Protected 1st	17/6-18/6	−9d	Do. Priority	9/3-9/9x	...
Do. 2nd	15/--16/-	−9d	1st Prov. "A"	19/9-20/9	...
Do. 3rd	10/9-11/9	−3d	Do. "B"	14/6-15/6	−3d
"15 Moorgate"			Do. Reserves	14/9-15/9x	...
Inv. Flexible	12/--13/-x	...	Selective "A"	15/4½-16/4½	−3d
Inv. Gas & El.	12/10½-13/10½	−1½d	Selective "B"	15/1½-16/1½	−1½d
Inv. General	15/10½-16/10½	−1½d	Brit. Trans.	12/--13/-x	+3d
Inv. 2nd Gen.	13/1½-14/1½x	−1½d	Bank, Ins. & Fin.	15/--16/-	−3d
Inv. Gold	17/1½-18/1½	−1½d	British Bank Shrs.	20/3-21/3	...
Hundred	17/--18/-	−1½d	Do. Insur. Shrs.	16/6-17/6	...
Provident	13/3-14/3	...	Brit. Dom. In.	15/6-16/6	...
Savings Unit	8/6-9/1½	−1½d	Four Square	19/3-20/3	−3d
Security First	13/4½-14/4½	...	Brewery	13/9-14/9	...

* Bid and offered prices are free of Commission and Stamp Duty. (a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (k) Yield on 20% basis. [(m) Including bonus of 5% free of tax. (n) Yield worked on a $2 basis. (p) Annas per share. Latest annual dividend equal to about 6·945% tax free. (s) 8⅓% paid free of income tax. † Free of Income Tax. (t) Yield worked on 35% basis. (y) Dividend before the 200% capital bonus 4s. per share. (d) 17½% cash dividend and 7½% in deferred ordinary stock. (t) Yield worked on 6% basis. (e) Allowing for rate of exchange.

(*Continued from page 465*)

August 29th, as a result of the international crisis. Some resistance was shown as the month ended, though prices declined further.

	Aug. 2, 1938	Aug. 31, 1938		Aug. 2, 1938	Aug. 31, 1938
2½% Dutch	87¼	87 5/16	A. K. U. ...	46 5/16	43 11/16
5½% Ger.*	24	22	Ford Motor	293	294
Philips Lp.	249½	241¾	Deli B. To.	229½	214
Neth. Ship.	119	115¼	Ryl. Dutch	344⅝	332⅞
Lever Bros. & Unilever	155⅞	138	Hand. Am.	470¼	458¼

* Without transfer certificate.

Canada

THE improvement in the Canadian stock markets lost its momentum in mid-July. Although there was no definite setback, considerable irregularity developed. There was something like a boom in the stocks of aircraft and equipment companies, and western grains, construction and "wet" stocks were in good demand, but newsprint stocks were weaker and the general level of the market remained more or less stationary. But in view of the holidays, the underlying tone was encouraging. Towards the end of the second week in August there was a marked recession affecting many stocks, and although it was succeeded by a firmer tendency, little expansion of business occurred. The latter part of the month was rather featureless, until a sharp break occurred on the 29th under the lead of Wall Street, but prices rallied a little the next session. The mining market has been active, and some of the leading gold stocks made substantial advances. For the week ending August 4th the weekly average index of common stocks was 106·7 as compared with 135·7 a year earlier. The bond market has been firm, with a small volume of trading, and western provincial bonds have improved on the good crop prospects. The Bureau's index for the price of long-term Dominion bonds for the week ending August 4th was 117·4 as compared with 117 for the previous week and 115·2 for the corresponding week of 1937.

	Aug. 2, 1938	Aug. 31, 1938		Aug. 2, 1938	Aug. 31, 1938
Bell Tel.	163	164½	Int. Petrol ...	26	25½
Can. Car	175¼	151½	Brazil Trac ...	12¾	10¾
Do. prefd.	29¾	28	Brit. Col. Power "A"	30⅛	29
Power Corp.	15	13¾	Do. "B" ...	4	3¼
Dome Mines	33¼	32¾	Can. Cement	11¼	9
Hollinger	14⅞	15⅛	Int. Nickel ...	50¼	48
McIntyre	45¼	47	Massey Harris	8¾	7¼
B. of Montr'l	212	213	Montreal Lt.	30	29⅞
Bk. of Nova Scotia	300	303	Quebec. Pow.	17¾	17
R. Bk. of Can.	180	187	Shawinigan Water	20⅛	20
C. Bk. Com.	174	174	Steel Co. of Canada	69	68⅛
Can. Pac.	7	6⅛			
Cock. Plow	12⅝	9½			

Capital Issues

CAPITAL ISSUE TOTALS

Week ending September 3	Nominal Capital £	Conversions £	New Money £
To the Public	Nil	...	Nil
To Shareholders	945,948	...	945,948
By S. E. Introduction	Nil	...	Nil
By Permission to Deal	Nil	...	Nil
Sav. Certs., week ending August 27	400,000	...	Nil

Year to date	Including Conversions £	Excluding Conversions £
1938 (New Basis)	235,320,471	215,429,508
1937 (New Basis)	*451,367,904*	*402,694,009*
1938 (Old Basis)	172,696,933	153,786,065
1937 (Old Basis)	*257,254,184*	*211,652,768*

Destination (Excluding Conversions)

Year to date	U.K. £	Brit. Emp. ex U.K. £	Foreign Countries £
1938 (New Basis)	165,401,069	47,178,262	2,850,177
1937 (New Basis)	*345,905,853*	*53,529,797*	*3,258,359*
1938 (Old Basis)	130,274,256	20,691,737	2,820,072
1937 (Old Basis)	*191,277,086*	*16,272,998*	*1,492,500*

Nature of New Borrowing (Excluding Conversions)

Year to date	Deb. £	Pref. £	Ord. £
1938 (New Basis)	137,450,732	15,082,126	62,896,650
1937 (New Basis)	*204,640,475*	*26,145,279*	*171,906,255*
1938 (Old Basis)	126,691,813	9,181,776	17,912,476
1937 (Old Basis)	*147,836,092*	*16,374,954*	*47,441,722*

NOTE.—"Old Basis" includes only public issues and issues to shareholders only; "New Basis" includes all new capital in which permission to deal has been granted.

BY STOCK EXCHANGE INTRODUCTION

Colthorp Board and Paper Mills.—Particulars of an issue of £200,000 5 per cent. cumulative redeemable £1 preference shares. Repayable at 22s. 6d. by drawings 1939–48, or in entirety thereafter, or at 22s. in 1967. Messrs Helbert Wagg and Company have guaranteed subscription at par, for £5,630, out of which they will pay brokers' fees.

ISSUES TO SHAREHOLDERS ONLY

African Theatres, Ltd.—Holders of founders' and of ordinary shares are offered (one preference for one held of either class) 500,000 6 per cent. cumulative £1 preference shares at £1 1s. Right to convert (until March, 1940) three preference into two £1 ordinary shares on payment of 20s. for every three preference converted. A holding company, with 78 per cent. interest in African Consolidated Theatres. Profits before depreciation: 1935, £142,326; 1936, £192,064; 1937, £213,548. Net assets, £949,030.

PRIVATE PLACING

Montague Burton Estates.—The directors have placed privately £63,000 4½ per cent. first mortgage debenture stock.

BONUS SHARES

Initial Services, Ltd.—It is proposed to capitalise £82,800 from general reserve by distributing bonus shares to ordinary holders (as at September 14th) in proportion of one for ten held.

SHORTER COMMENTS

Company Results of the Week.—Net profits of GOLDSBROUGH, MORT AND COMPANY are only £A5,000 lower at £A191,343, but the extra provision of £A38,000 for income tax necessitates a reduction in the dividend by 1 per cent. to 7 per cent. Results of heavy industrial companies, this week, have been satisfactory. The small surplus available for PEARSON AND KNOWLES COAL AND IRON COMPANY dividends has been reduced still further, although total profits are £8,000 higher at £45,715. The subsidiary company, PARTINGTON STEEL AND IRON COMPANY, whose revenue is derived from the Lancashire Steel Corporation, has doubled the net profits of the previous year, total revenue being £131,221, against £97,745. The total income of TROJAN (HOLDINGS) amounts to £21,348, and shows little change compared with the previous period, which, however, covered 15 months. Dividends from Trojan, Ltd., were equivalent to £21,125 gross. Good progress has again been made by COWANS, SHELDON AND COMPANY, whose net profits amount to £46,743, against £31,060; the 10 per cent. dividend is unchanged.

MISCELLANEOUS

Pinchin, Johnson and Company, Ltd.—Interim ordinary dividend is maintained at 7½ per cent. The company states that for the first four months of the year sales were well maintained, but since May 1st there has been a moderate decrease, due to reduced consumption by certain home industries.

Broken Hill South, Ltd.—Net profit for year to June 30, 1938, £402,501, a fall of £365,815. Profits from mining declined from £664,803 to £276,159, but income from investments rose by £22,829 to £126,342. Dividend, 80 against 70 per cent.

A. W. Second Stock Trust.—The objects for which the company was formed having now been realised, a resolution for a members' voluntary winding up will be put to an extraordinary general meeting on September 22nd. The Armstrong Whitworth Securities Company capital reduction having been confirmed by the Court, the Trust has received £1,350,000 cash.

Richard Thomas and Company.—Particulars have been filed of 4½ per cent. redeemable prior lien debenture stock to secure £5,500,000 authorised July 28, 1938. The present issue is £1,620,410. The stock is a first specific charge on properties in Carmarthen, Glamorgan, Monmouth, Lincoln, Warwick, Middlesex and London and a first charge on various shares.

Ransome and Marles Bearing Company.—Final ordinary dividend 11 per cent., making 20 per cent. for year to June 30, 1938, payable on £700,000. Dividend for previous year 20 per cent. on £500,000. Net profits £153,528, against £166,351.

Pearson and Knowles Coal and Iron Company.—For year to June 30, 1938, total profit is £45,715, against £37,710. Tax and expenses, £10,785 (£10,222). Income, debenture and loan interest (the former being paid at 4, against 2½ per cent.) takes £36,166 (£25,846). Forward, £2,443 (after a special credit of £1,782), against £1,837.

Partington Steel and Iron Company.—For year to June 30, 1938, income is £131,221, against £97,745. Expenses and fees, £31,263 (£20,785); debenture and loan interest, £51,509 (£56,037); set aside for loan reduction, £40,000 (£20,000). Carry forward, *Dr. £55,747*, against *Dr. £64,196*.

Wiggins, Teape and Company.—For two quarters ended June 30, 1938, estimated net profits of company and its subsidiaries were £211,326, against £212,123 for corresponding period of 1937. This is after depreciation and profits applicable to outside shareholdings. After debenture interest and preference dividend (both gross) balance is £129,838, against £130,249. (Interest and dividends are payable after tax; no provision has been made in statement for any excess tax, or for N.D.C.).

Odeon Theatres Limited.—Profits to June 25th, 1938, after providing for depreciation and Directors' fees, £368,178. After deducting interest £94,630, preference dividend £91,323, reserve for income tax and N.D.C. £60,000, £122,225 remans to be appropriated. Directors recommend 10 per cent. dividend less tax on ordinary shares (£61,625), transfer of £20,198 to reserve, and discount on debenture issue (£18,000) to be written off, leaving £22,402 to be carried forward.

OIL OUTPUTS

Anglo-Iranian Oil Company, Ltd.—Output in Iran for June, 1938, 754,000 tons. Output for period January 1, 1938, to June 30, 1938, was 5,267,000 tons.

British Controlled Oilfields, Ltd.—Total output week to August 20, 12,413 barrels. Total output for week to August 27th, 13,358 barrels.

Trinidad Petroleum Development Company, Ltd.—Output week to August 20, 59,505 barrels. Output for week to August 27th, 56,709 barrels.

The Venezuelan Oil Concessions, Ltd.—Total output week ended August 20, 1938, was 1,150,367 barrels. Total output week to August 27, 1938, 1,209,617 barrels.

Industry and Trade

Slump in Cotton and Wheat.—In contrast to the majority of primary products, cotton and wheat are now cheaper than at the beginning of June. On August 31st the price of cotton (American middling) was 4.87d. per lb., compared with 8.09d. at the end of March, 1937, while the price of wheat (Liverpool futures) declined from 9s. 10d. per cental to 5s. 2d. during this period. As we suggested in our last surveys of wheat and cotton in *The Economist* on September 18 and November 27, 1937, respectively, a prolonged downward movement of prices was to be expected in the absence of crop failures this year. The area under wheat has been steadily extended in recent years under the influence of rising prices, without calling forth a corresponding increase in output. And, since the probabilities were against the indefinite continuance of sub-normal yields, the extension of the area was bound, sooner or later, to lead to an increase in output and a fall in prices. Although the wheat crops of the southern hemisphere are still unknown, this season's world wheat crop is expected to exceed requirements by a substantial margin. The measures which are contemplated by the United States Government to raise the internal price of wheat are described in our American letter on page 450. Last year's surfeit of cotton was due, in the main, to the bumper crop harvested in the United States. And as this season's crop, though smaller, is again expected to exceed consumption, which has been falling, the downward trend of prices is scarcely surprising. In order to prevent a further decline in prices the American Government, under the Farm Act, has decided to take over and hold part of the crop by giving farmers the choice between selling their cotton on the market or surrendering it to Government agencies against a loan varying from 5.30 cents to 10.75 cents per lb., according to quality. The resultant decline in supplies available to the market may, indeed, stem the downward trend of prices. But this palliative does not solve the problem of over-production, which has been aggravated by the American Government's price-raising measures.

* * *

Steel Prices on the World Market.—In view of the fall in the demand for steel by importing countries, it has been suggested that the Continental Steel Cartel should reduce its export prices. Such a step, it has been urged, would stimulate purchases and counteract competition from the United States in a number of products. Except for a recent reduction in the prices of thick steel sheets, the Cartel has so far refrained from a downward revision of prices, on the ground that a revival of consumers' demand will take place as soon as stocks are exhausted. An indication of recent changes in the export prices of representative steel products is given below:—

STEEL PRICES F.O.B. ANTWERP
(In £ (gold) per ton.)

	Dec., 1935	Dec., 1936	June, 1937	Dec., 1937	Aug., 1938
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Semi-products—					
Blooms	2 0 0	2 13 0	4 0 0	5 0 0	5 0 0
Billets	2 7 0	3 0 0	4 7 6	5 7 6	5 7 6
Tube strips	3 15 0	4 8 0	5 15 0	6 15 0	6 15 0
Finished products—					
Commercial bars	3 3 0	3 18 9	5 0 0	6 0 0	5 5 0
Joists	3 1 6	3 18 0	4 17 6	5 7 6	4 17 6
Angles	3 2 6	3 19 6	4 18 0	5 8 0	4 18 0
Hot rolled hoops	4 0 0	4 15 0	6 10 0	6 10 0	6 0 0
Sheets 9·5 mm. and over	4 2 6*	4 17 6*	6 2 6	7 2 6	5 12 6
Corrugated sheets 9·5 mm. and over	4 7 6*	5 2 6*	6 9 0	7 9 0	5 19 0

* 6·35 mm. and over.

The increase in prices in 1937 was substantial, and, in part, explains the strike of consumers. The only recent alterations have been a reduction in prices of 10s. (gold) per ton for the last two items. Although exporters are strongly pressing for a general downward revision of prices, the Cartel hopes that it will be possible to maintain them at the current level until early October, when a general revival of demand is expected. In some cases, a slight increase in purchases has recently been perceptible as a result of new orders for steel work and the desire of consumers to replenish their stocks. The majority of consumers, however, still pursue a hand-to-mouth buying policy in the hope of an early reduction in prices.

* * *

Recession in Export Trades.—While few branches of industry have remained unaffected by the recession in business activity, the set-back has been most marked in the export trades. With the exception of the iron, steel, rayon, lace and carpet trades, the industries in which the proportion of insured persons unemployed has increased by more than 10 per cent. between July, 1937, and July, 1938, are all dependent on export markets for a substantial proportion of their output. A list of these industries, together with the proportion of insured persons unemployed last July and the increase since last year, is given below:—

	Per cent. Unemployed in July, 1938	Per cent. Increase since July, 1937
Steel melting, rollings, etc.	24·8	14·0
Tinplates	40·9	29·4
Cotton	27·7	17·8
Woollen and worsted	21·4	11·7
Linen	50·9	34·4
Rayon yarn	16·6	10·4
Lace	20·9	13·2
Carpets	19·3	14·6
All industries	13·3	3·5

A number of these industries have sunk back into severe depression, which is reflected in the fall in exports. Shipments of Welsh tinplates during the first thirty-four weeks of this year were only 161,527 tons, compared with 271,571 tons during the corresponding period last year. As we show in a note on the fall in tin consumption, the setback in the tinplate industry has been world-wide, and was caused, in a large measure, by the accumulation of excessive stocks last year and by this season's poor vegetable and fruit crops which reduced the demand for tin cans. Exports of cotton piece-goods fell from 1,157.7 million square yards in the first seven months of 1937 to 818.1 millions during January-July this year. During

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the same period, exports of woollen and worsted tissues declined from 73.4 million square yards to 53.4 millions, while shipments of linen piece goods fell from 54.8 to 30.7 million square yards. The cotton textile industry is at present operating at only about 50 per cent. of its capacity, and the position in the wool textile and linen trades is also much worse than a year ago. The setback in the carpet trade reflects the reduction in the construction of private dwelling houses and in expenditure on durable consumers' goods, which is also noticeable in the reduction in motor car sales. The majority of these industries would quickly benefit from a revival in world trade, but unfortunately there are as yet no indications of an early and sustained expansion in the international exchange of commodities.

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Retail Trade in July.—Our *Trade Supplement* came too early in the month to include the usual monthly review of retail trade. The figures published in *The Board of Trade Journal* this week show that the value of the average daily sales of the firms included in the return were 3.6 per cent. higher in July than in the corresponding month of last year. The increase was most marked in Scotland, helped perhaps by the Glasgow Exhibition, and in suburban London; Central and West End London was again the only district to show a decline in sales. Daily sales of food and perishables, accounting for approximately 52 per cent. of the total turnover recorded, were larger by 4.5 per cent., and increased in every district except Central and West End London. Sales of other merchandise showed an average increase of 2.8 per cent. compared with a year ago, though there was considerable variation among the different categories of merchandise.

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Gold Coast Cocoa.—The stocks of cocoa which accumulated in the Gold Coast during the farmers' "sales strike" were estimated in April of this year at about 220,000 tons. In order to prevent a rush of supplies to the markets after the end of the boycott, the Gold Coast Department of Agriculture introduced an Export Ordinance, under which monthly quotas for cocoa exports were to be fixed. For the four months, May-August, exports were allowed at the rate of 55,000 tons per month. With the shipment of 35,000 tons permitted in September, the accumulated stocks as well as the minor crop, will have been marketed by the end of this month. This fairly high rate of selling has not been without effect on the price of Accra cocoa; from a peak of 46s. per cwt. in March, 1937, it fell to 25s. per cwt. at the end of April, 1938, when the boycott was lifted. During the summer the price reached 22s. per cwt., but it has recovered somewhat in recent weeks. It is hoped that the report of the Commission which is now inquiring into the West African cocoa trade will recommend measures which will render the trade more stable and remove the misunderstanding between buyers and sellers which was one of the main causes of the recent selling strike of the cocoa growers.

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Fall in Tin Consumption.—Tin, which has a smaller part in the armaments race than some of the other metals, has not remained unaffected by the falling-off in world economic activity. World consumption during the first six months of this year, as given in the statistical bulletin of the International Tin Research and Development Council, was only 80,900 tons, against 100,400 tons in the second half and 98,200 in the first half of 1937. Some countries, such as Germany, Japan and Italy, however, have absorbed more tin this year than during the corresponding period in 1937, but the three leading consuming countries—the U.S.A., the United Kingdom and the U.S.S.R.—have sharply curtailed their intake. In the past, tin has been less dependent on fluctuations in industrial activity than the other base metals, because it is the only non-poisonous base metal and is, therefore, largely used in the production of food containers. Tin has thus benefited in the past from the increase in the demand for cheap tinned food during periods of declining prosperity. This year, however, it was mainly the decline in the activity of the world's tinplate industry which was responsible for the fall in tin consumption. The world's tinplate output fell from 2,628,000 tons in January-July, 1937, to 1,630,000 tons in the corresponding period this year. The replacement of the tin container by other products, such as cellophane, glass, aluminium, artificial resins, etc., has made progress in the past three years, though this influence should not be over-estimated. The fall in tinplate output is due, in the main, to the accumulation of heavy stocks last year and to this season's poor fruit and vegetable crops in Europe and North America. Stocks of tinplate have already been reduced, but as the demand for tinplates is largely dependent on the size of the fruit and vegetable crops, it is unlikely to show an early and rapid increase. Although tin consumption prospects appear more encouraging in other branches of activity, such as the motor-car industry, world consumption of the metal can scarcely be expected to show a spectacular increase in the next few months.

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Uncertain Trend of Wholesale Prices.—British wholesale prices have registered a fresh decline during the past fortnight, and this is brought into sharper relief by the firmer tendency of American prices. The decline in this country, however, is concentrated on the cereals and meat groups, where there has been a heavy fall in wheat and lesser decreases in maize and bacon. Non-ferrous metals and wool remain firm, while cotton and rubber are dearer. Thus British wholesale prices have mostly shown a fair degree of resistance in face of political uncertainty. Our indices are given below:—

SEPTEMBER 18, 1931=100

Date	*The Economist* Indices: British Complete Index (sterling)	*The Economist* Indices: Primary Products: British (sterling)	*The Economist* Indices: Primary Products: American (dollar)	Price of Gold (sterling)	U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
1936								
Dec. 30th	131·3	163·9	187·3	166·7	128·8	113·0	116·3†	95·4
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	144·3	181·9	199·7	167·4	137·3	121·8	126·2	97·5
Apr. 28th	142·0	169·9	183·5	165·4	135·6	120·5	128·7	97·0
June 2nd	142·7	170·2	178·9	165·6	134·3	119·8	133·2	97·5
June 30th	139·5	165·9	176·8	165·7	134·1		134·2	97·5
July 28th	140·2	167·1	171·8	164·5	133·8	130·8	137·1	97·9
Aug. 25th	137·9	164·4	165·3	164·2	133·0	133·3	137·1	98·1
Sept. 22nd	136·0	164·0	166·3	165·1	133·7	139·4	137·7	97·6
Oct. 20th	133·6	156·2	152·3	165·4	129·5	138·8	141·6	97·3
Dec. 1st	127·5	145·4	138·9	164·8	125·1	134·0	143·3	97·0
Dec. 29th	127·8	147·4	135·3	164·2	120·5	135·8	143·8	97·0
1938								
Jan. 5th	128·9	148·2	136·8	164·5	120·6	137·4	143·6	96·9
Jan. 19th	127·8	146·5	137·7	164·3	120·9	138·1	143·5	96·9
Feb. 2nd	126·6	144·4	135·4	164·5	119·8	137·9	142·9	97·0
Feb. 16th	125·0	141·7	136·8	164·5	119·5	138·1	142·4	96·9
Mar. 2nd	125·1	143·1	138·7	164·5	120·3	138·1	142·5	97·2
Mar. 16th	123·9	140·8	134·8	164·5	119·3	139·9	142·5	97·2
Mar. 30th	122·7	137·0	129·1	164·6	117·7	139·4	141·7	97·1
Apr. 12th	122·6	137·8	130·6	164·6	117·6	139·0	141·5	97·0
Apr. 27th	121·4	137·8	127·5	164·3	116·9	139·9	142·8	97·0
May 11th	121·3	137·0	126·1	164·6	117·1	145·3	143·0	96·9
May 25th	119·6	132·2	121·9	165·5	117·2	145·6	143·4	96·3
June 8th	119·1	131·5	121·6	165·4	117·0	145·8	144·2	96·8
June 22nd	119·3	133·2	124·8	165·8	117·6	147·3	143·8	96·9
July 6th	120·8	135·7	129·7	165·9	117·7	148·7	143·5	97·0
July 20th	119·5	137·4	128·6	166·5	118·2	147·8	142·7	97·1
Aug. 3rd	119·2	138·0	127·1	167·2	117·4	141·6	142·4	97·5
Aug. 17th	118·3	136·1	124·7	167·6	115·9	115·5	142·8	97·5
Aug. 31st	116·5	133·5	125·0	168·6	116·6*	145·8*	...	97·4*

* These figures relate to Aug. 24th. † Monthly average.

The Economist INDEX
(1927 = 100)

	Sept. 18, 1931	Aug. 25, 1937	Aug. 17, 1938	Aug. 31, 1938
Cereals and meat...	64·5	89·0	82·4	76·7
Other foods	62·2	66·7	57·5	57·5
Textiles	43·7	68·7	53·2	53·3
Minerals	67·4	108·1	91·6	91·8
Miscellaneous	65·8	85·6	74·7	74·5
Complete index	60·4	83·3	71·4	70·4
1913 = 100	83·1	114·7	98·3	96·8
1924 = 100	52·2	72·0	61·7	60·8

Compared with a year ago, *The Economist's* complete British index number has fallen by 15.6 per cent., and that for primary products by 18.8 per cent. In the United States, the general index number has fallen by 12.3 per cent., but that for primary products by 24.2 per cent.

INDUSTRIAL REPORTS

THIS is the time of the year when the flow of orders to industry usually shows a seasonal increase. So far, there are no indications that hopes of a marked improvement in business in the autumn are likely to be realised. This week's reports on coal and steel are disappointing. The demand for coal remains poor; according to our Cardiff coal correspondent, new business shows no expansion and collieries are dependent almost entirely upon deliveries under previous contracts. Inquiry for iron and steel has shown some increase, but the volume of new business remains disappointing and few consumers appear to be willing to place orders for a long period ahead. The position of the cotton textile industry remains equally disappointing and the demand for wool textiles has not shown much improvement.

Coal

Sheffield.—The most active feature of the market is household coal, the demand for which has risen in anticipation of higher prices for the winter. Owing to the reduction in output, supplies of coal of best quality are not overabundant. Industrial steam coals move slowly, and there is a good deal of short-time working at pits. Coke supplies are substantial, with no improvement in demand. Prices generally are unchanged.

Export trade is dull, and new business is difficult to arrange. Bunker requirements are small, and very limited interest is shown in coke. The Egyptian State Railways and the Swedish State Reserves Board are in the market for heavy supplies of coal, but competition for orders will be keen.

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Newcastle-on-Tyne. The coal markets in this district are quiet and, apart from the usual Scandinavian inquiries, there is no new business. There is considerable short-time working, but prices are not being reduced. Northumberland steam collieries are better placed with trade from the home market, but collieries producing coking coal in Durham are having a very difficult period owing to the recession in the iron and steel industry. Patent oven coke is shipped in steady quantities under Scandinavian contracts, but home trade is quiet and makers are still being compelled to restrict production.

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Glasgow.—The market has failed to maintain its early post-holiday promise, business in both the home and inland branches being quiet. On the whole, prices are unchanged, but where regulations permit the trend is easier, an unusual development during this season. Stocks at importing depots abroad are now reported to be more normal, but while this may improve the outlook, any expansion of business seems to be held up by business and political uncertainties and by competition from Polish and German fuel.

Home industrial demand is only moderate, and even house coal is moving slowly, despite the likelihood of a rise in prices in the near future. Practically all classes of round coal can be had without difficulty, and nuts in most districts are also available for new prompt business.

Cardiff.—Business on the Cardiff coal market has shown little change during the past week. There have been inquiries for the renewal of contracts for supply during the last quarter of the year and extending over varying periods in 1939, but there is no apparent expansion in the current demand in spite of normally favourable seasonal influences, and collieries are therefore dependent almost entirely on their contract commitments. The period for the renewal of contracts for house coals covering next year has been extended to the end of September, but there has been no official intimation of any change in the colliery pithead prices for these and export coals.

Exports last week totalled 422,600 tons, compared with 361,600 tons the previous week and 388,770 tons in the corresponding week last year. It is understood that the French Government is taking effective action against the transfer of British licences for the importation of Continental coals, but the other important issues raised in Paris at the July joint conference are still, apparently, the subject of negotiation.

Iron and Steel

London.—The weekly report of the London Iron and Steel Exchange indicates that inquiry is expanding as the holiday season draws to a close. The volume of business transacted, however, remains disappointing and the works in all sections of the industry have materially reduced the reserve of orders upon their books.

In the pig-iron department buying is hindered by the existence of stocks in the hands of consumers, although these have been reduced considerably during recent months. The slight improvement in the demand has been maintained, but consumers appear reluctant to buy beyond their immediate needs.

The situation in the semi-finished steel department has improved somewhat with the liquidation of a good proportion of the heavy stocks which weighed upon the market, and there has been an expansion in the demand for British materials. At the present rate of consumption, however, it will be late in the year before the accumulations in the hands of users are absorbed.

New business in the finished steel market is irregular, but apparently the decline in the volume of business has been checked and hopes are entertained of a revival in the demand in the early autumn. The heavy steel works have still large tonnages to deliver against contracts, but fresh orders are badly needed. In the lighter branches of the industry, business has improved, but plants are operating below capacity. Export demand has been restricted and overseas buyers continue to limit their purchases to small quantities.

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Sheffield.—Business in the iron and steel market continues at the low level of the last few weeks, and so far there seems little prospect of early improvement. With users well stocked with forge and foundry iron, and more than sufficiently covered by contract, there is no disposition to add to commitments. Such buying as there is relates mainly to basic iron, for which there is a moderately steady demand. Hematite sales are on a small scale, and forward business very limited. There is no change in the position of finished iron, and the mills are working spasmodically.

There is not much business in basic steel billets, and the demand for acid qualities has slowed down. The call for stainless steel sheets remains steady, and steel bar requirements are on a fairly satisfactory scale.

The market for iron and steel scrap is largely in a state of suspense pending the decision concerning the extension of the period of control, which was fixed to the end of September.

The output of steel ingots and castings in Sheffield fell by 39,700 tons to 94,100 tons between July, 1937, and the corresponding month of this year. It has to be borne in mind, however, that "holidays with pay" operated for the first time last July, affecting about 30,000 workers engaged in the Sheffield steel and allied industries. During the first seven months of this year output was 41,500 tons lower than during the same period of 1937.

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Middlesbrough.—There is very little change to report on the local iron and steel market. Some small transactions are taking place, but buyers are only covering their early requirements and are not prepared to purchase for forward delivery.

East Coast hematite is being delivered against existing contracts, but the quantities are restricted. Export business is very slow. Shipments of pig iron from the Tees during August were about double those of the previous month, but were still small. Another furnace which was producing hematite pig iron has been put out of operation in the North-East area, leaving the number now producing this quality at six.

Deliveries of semi-finished steel are much below what is required to keep producers fully occupied. The heavy sections of the steel trade continue busy on orders, but there is a lack of demand for steel sheets, especially for export.

There has been no improvement in the demand for heavy steel scrap, and deliveries are held up for the time being pending an announcement regarding prices for the last quarter. Whilst the demand for blast-furnace coke is dull, producers of coke are doing business for export, which is relieving their position. Foreign ore imports continue to fall, the quantity imported during August being only about 80,000 tons, compared with a monthly average of about 200,000 tons during the latter half of last year.

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Glasgow.—While steelmakers have still a good tonnage of uncompleted orders on books, the amount of new business placed is somewhat disappointing. Inquiries, however, are numerous and makers seem confident that more business will be forthcoming at an early date. The demand for semis is slightly better, but stocks at the works of many consumers are still above

(*Continued on page* 474)

BRITISH WHOLESALE PRICES

CEREALS AND MEAT

	Aug. 24, 1938	Aug. 31, 1938
GRAIN, etc.—	s. d.	s. d.
Wheat—		
No. 2, N. Man. 496 lb.	34 6	33 3
Eng. Gaz. av., per cwt.	6 8	5 11
Liv. Oct., per cental	5 3	5 2⅞
Flour, per 280 lb.—		
Straights, d/d London	27 0	27 0
Manitoba, ex store	27 0 / 28 6	26 6 / 28 0
Barley, Eng. Gaz. av. per cwt.	10 9	10 5
Oats, „ „ „	7 6	7 1
Maize, La Plata, landed, 480 lb.	28 6	27 9
Rice, No. 2 Burma, per cwt.	9 1½	9 0
MEAT—		
Beef, per 8 lb.—		
English long sides	4 6 / 5 4	4 4 / 5 0
Argentine chilled hinds	4 4 / 4 7	4 5 / 4 8
Mutton, per 8 lb.—		
English wethers	4 8 / 5 0	4 4 / 5 0
N.Z. frozen wethers	3 0 / 3 8	3 0 / 3 8
Lamb, per 8 lb.—		
N.Z. frozen	4 8 / 5 4	4 10 / 5 0
Pork, English, per 8 lb.	5 10 / 6 4	6 0 / 6 8
BACON (per cwt.)—		
English	99 0	99 0
Danish	99 0	99 0
Dutch	95 0	95 0
Irish	92 0 / 99 0	90 0 / 99 0
HAMS (per cwt.)—		
Canadian	102 0 / 104 0	102 0 / 104 0
United States	92 0 / 94 0	92 0 / 96 0

OTHER FOODS

BUTTER (per cwt.)—		
Australian	116 0	118 0
New Zealand	120 0	121 0
Danish	135 0	136 0 / 137 0
CHEESE (per cwt.)—		
Canadian	78 0 / 80 0	78 0 / 80 0
New Zealand	72 0 / 72 6	72 6 / 73 0
English Cheddars	84 0 / 86 0	86 0 / 85 0
Dutch	50 6 / 56 0	51 0 / 56 0
COCOA (per cwt.)—		
Accra, g.f.	24 6 / 25 3	24 3 / 24 6
Trinidad	36 0 / 44 0	36 0 / 44 0
Grenada	34 0 / 36 0	34 0 / 36 0
COFFEE (per cwt.)—		
Santos supr. c. & f.	32 0	32 0
Costa Rica, medium to good	45 0 / 62 0	42 0 / 62 0
Kenya, medium	48 0 / 70 0	50 0 / 70 0
EGGS (per 120)—		
English (15–15½ lb.)	18 0 / 18 6	18 6 / 19 0
Danish (15½ lb.)	13 3 / 13 9	13 9 / 14 0
FRUIT—		
Oranges, S. African boxes	9 0 / 13 6	9 9 / 13 0
„ Brazilian Peras .. boxes	10 0 / 11 6	10 0 / 12 3
Lemons, Naples ..... boxes	20 0 / 33 0	21 0 / 33 0
„ Sicilian ..... boxes	16 6 / 23 6	17 6 / 25 0
Apples, Amer. (var.).....barrels	...	...
„ Californian Gravenstein Boxes	13 9 / 14 9	13 6 / 14 9
Grapes, Almeria .....barrels	...	...
Grapefruit, S. African.....	7 6 / 13 6	8 0 / 14 0
LARD (per cwt.)—		
Irish, finest bladders	56 0 / 62 0	56 0 / 62 0
U.S.	46 6 / 49 0	46 0 / 49 0
PEPPER, per lb.—		
Black Lampong (in Bond)	0 2¾	0 2⅝
„ „ (Duty paid)	0 3¼	0 3⅛
White Muntock (in Bond)	0 3⅞ / 0 4	0 3¾ / 0 3⅞
„ „ (Duty paid)	0 4½ / 0 4⅝	0 4⅝ / 0 4½
POTATOES (per cwt.)—		
English King Edward	5 6 / 6 6	5 6 / 6 0
SUGAR (per cwt.)—		
Centrifugals, 96°, prpt. shipm. c.i.f. U.K./Cont.	5 4½	5 5¼
Refined London—		
Yellow Crystals	18 9	18 9
Cubes	23 0 / 23 6	23 0 / 23 6

* Weeks ended Aug. 18th and 25th.

	Aug. 24, 1938	Aug. 31, 1938
SUGAR (per cwt.)—cont.	s. d.	s. d.
Crushed	21 3	21 3
Granulated	19 1½ / 20 0	19 1½ / 20 0
Home Grown	19 0 / 19 3	19 0 / 19 3
TEA* (Auction Average) (per lb.)—	d.	d.
N. India	13·36	16·64
S. India	12·82	12·91
Ceylon	14·79	14·79
Java	12·00	12·85
Sumatra	10·60	11·74
Africa	11·55	11·08
Total	14·72	15·33
TOBACCO (per lb.)—	s. d.	s. d.
Virginia stemmed and unstemmed, common to fine	0 8 / 2 6	0 8 / 2 6
Rhodesian stemmed and unstemmed	0 9 / 1 10	0 9 / 1 10
Nyasaland stemmed and unstemmed	0 7 / 1 4	0 7 / 1 4
East Indian— Stemmed	0 6 / 2 0	0 6 / 2 0
East Indian— Unstemmed	0 5 / 1 6	0 5 / 1 6

TEXTILES

COTTON (per lb.)—	d.	d.
Raw, Mid-American	4·73	4·87
„ Sakellaridis, F.G.F.	7·71	7·77
„ Giza, F.G.F.	7·36	7·42
Yarns, 32's Twist	9¼	9⅜
„ 40's Weft	10⅛	10¼
„ 60's Twist (Egyptian)	17¼	17¼
Cloth, 32 in. Printers, 116 yds., 16×16, 32's & 50's	s. d. 16 7	s. d. 16 7
„ 36 in. Shirtings, 75 yds., 19×19, 32's & 40's	23 0	23 0
„ 38 in. ditto, 38 yds., 18×16, 10 lb.	9 9	9 9
„ 39 in. ditto, 37½ yds., 16×15, 8¼ lb.	8 9	8 9
FLAX (per ton)—	£ s. d.	£ s. d.
Livonian ZK	66 0 / 66 10	66 0 / 66 10
Pernau HD	67 0	67 0
Slanetz Medium, 1st sort	90 0	90 0
HEMP (per ton)—		
Italian FC	70 0	70 0
Manilla, Sept.-Nov. "J2"	21 0	21 0
JUTE (per ton)—		
Native 1st mks., c.i.f. H.A.R.B., Aug.-Sept.	19 17 6	19 2 6
Daisee 2 3 c.i.f. Dundee, Oct.-Nov.	18 17 6	18 15 0
SISAL, (per ton)—	£ s.	£ s.
African, Sept.-Nov.	15 0 / 17 0	15 0 / 17 0
SILK (per lb.)—	s. d.	s. d.
Canton	7 3	7 3
Japan	7 3 / 8 0	7 3 / 8 0
Italian, raw, fr. Milan	7 3	7 3
WOOL (per lb.)—	d.	d.
English, Southdown, greasy	12½	12½
„ Lincoln hog, washed	11	11
Queensland, scd. super combg.	24	24
N.S.W. greasy, super combg.	14	13
N.Z., greasy, half-bred 50–56	11	11
„ Crossbred 40–44	10	10
Tops—		
Merinos 70's average	27½	27½
„ 64's „	26	26
Crossbred 48's	16	16
„ 46's	15½	15½

MINERALS

COAL (per ton)—	s. d.	s. d.
Welsh, best Admiralty	19 6 / 22 6	19 6 / 22 6
Durham, best gas, f.o.b. Tyne	18 9 / 19 0	18 9 / 19 0
Sheffield, best house, at pits	22 0 / 24 0	22 0 / 24 0
IRON AND STEEL (per ton)—		
Pig Cleveland No. 3, d/d.	109 0	109 0
Bars, Middlesbrough	265 0	265 0
Steel rails, heavy	202 6	202 6
Tinplates .....per box	21 6	21 6
NON-FERROUS METALS (per ton)—		
Copper—		
Standard cash	40 7 6	40 6 3
Three months	40 8 9 / 40 12 6 / 40 13 9	40 7 6 / 40 10 0 / 40 11 3
Tin—		
Standard cash	192 10 0	192 15 0
Three months	193 0 0 / 193 10 0 / 193 15 0	193 0 0 / 193 15 0 / 194 0 0
Lead, soft foreign—		
Cash	14 7 6 / 14 10 0	14 5 0 / 14 7 6
English, pig	16 10 0	16 5 0
Spelter, G.O.B.—		
Spot	13 1 3 / 13 2 6	13 8 9 / 13 1 3
Aluminium, ingots and bars	94 0 0	94 0 0
„ rolling billets	102 0 0	102 0 0
Nickel, home and export	180 0 0 / 185 0 0	180 0 0 / 185 0 0
Antimony, Chinese	50 0 0	50 0 0
Wolfram, Chinese .....per unit	s. d. 57 0 / 59 0	s. d. 57 0 / 59 0
Platinum, refined .....per oz.	£ s. d. 8 0 0	£ s. d. 8 0 0
Quicksilver .....per 76 lb.	£ s. d. 13 18 0 / 13 18 6	£ s. d. 13 18 0 / 13 18 6

	Aug. 24, 1938	Aug. 31, 1938
GOLD, per fine ounce	s. d. 142 5¾	s. d. 142 9¼
SILVER (per ounce)—		
Cash	1 7¼	1 7¼

MISCELLANEOUS

CEMENT, best Eng. Portland, d/d site, London area, in paper bags 20 to ton (free, non-returnable)—		
4-ton loads and upwards	42s. per ton	
CHEMICALS—	s. d.	s. d.
Acid, citric, per lb., less 5%	1 0 / 1 0¼	1 0 / 1 0¼
„ Nitric	0 2 / 0 3	0 2 / 0 3
„ Oxalic, net	0 5 / 0 6	0 5 / 0 6
„ Tartaric, English, less 5%	1 1 / 1 1¼	1 1 / 1 1¼
Alcohol, Plain Ethyl	12 0	12 0
Ammonia, carb. ..... ton	20 0 0 / 21 0 0	20 0 0 / 21 0 0
„ Sulphate	7/14/0	7/3/6
Arsenic, lump .....per ton	35 0 0	35 0 0
	s. d.	s. d.
Borax, gran. ..... per cwt.	13 0	13 6
„ powder	15 0	15 0
Nitrate of soda ..... per cwt.	8 0	8 0
Potash, Chlorate, net	0 4 / 0 4½	0 4 / 0 4½
„ Sulphate ..... per cwt.	10 0	10 0
Soda Bicarb. ..... per cwt.	10 0 / 11 0	10 0 / 11 0
Crystals ..... per cwt.	5 0 / 5 3	5 0 / 5 3
Sulphate of Copper..... per ton	18/10/0	18/5/0
COPRA (per ton)—		
S.D. Straits, c.i.f.	10/18/9	10/16/3
HIDES (per lb.)—	s. d.	s. d.
Wet salted, Australian	0 4 / 0 4⅞	0 4 / 0 4⅞
West Indian	0 3 / 0 3¼	0 3 / 0 3¼
Cape	0 4⅝ / 0 5	0 4⅝ / 0 5
Dry and Drysalted Cape	0 6½ / 0 7½	0 6½ / 0 7½
Market Hides, Manchester— Best heavy ox and heifer	0 4⅛ / 0 5⅛	0 4⅛ / 0 5⅛
Best cow	0 4⅛ / 0 4½	0 4⅛ / 0 4⅜
Best calf	0 5 / 0 6⅜	0 5 / 0 6⅝
INDIGO (per lb.)—		
Bengal, gd. red.-vio. to fine	5 0 / 6 0	5 0 / 6 0
LEATHER (per lb.)—		
Sole Bends, 8/14 lb.	1 0 / 1 10	1 0 / 1 10
Bark Tanned Sole	2 0 / 2 10	2 0 / 2 10
Shoulders from DS Hides	0 6 / 0 8	0 6 / 0 8
„ Eng. or WS do.	0 7½ / 1 3	0 7½ / 1 3
Bellies from DS do.	0 4¼ / 0 5¾	0 4⅝ / 0 5¾
„ Eng. or WS do.	0 6 / 0 8	0 6 / 0 8
Dressing Hides	1 0 / 1 8	1 0 / 1 8
Ro. Eng. Calf, 20/35 lb. per doz.	3 6 / 4 6	3 6 / 4 6
PETROLEUM PRODUCTS (per gall.)—		
Motor Spirit No. 1, London	1 6	1 6
Petroleum, Amer. rfd. brl. Lond.	0 10	0 10
Fuel oil, in bulk, for contracts ex. instal. Thames—		
Furnace	0 3¾†	0 3¾†
Diesel	0 4½†	0 4½†
ROSIN (per ton)—		
American	13/15/0 / 18/0/0	13/15/0 / 18/0/0
RUBBER (per lb.)—	s. d.	s. d.
St. ribbed smoked sheet	0 8⅛16	0 8
Fine hard Para	0 7¾	0 7¾
SHELLAC (per cwt.)—		
TN Orange	39 0 / 42 0	38 6 / 41 6
TALLOW (per cwt.)—		
London town	17 9	17 9
TIMBER—		
Swedish u/s 3×8 ..... per std.	21/10/0	21/10/0
„ 2½×7 ... „	21/0/0	21/0/0
„ 2×4 ..... „	18/10/0	18/10/0
Canadian Spruce, Dis. „	22/10/0	22/10/0
Pitchpine .....per load	13/10/0	13/10/0
Rio Deals ..... per std.	35/0/0	35/0/0
Teak .....per load	25/0/0	25/0/0
Honduras Mahogany logs c. ft.	0/12/0	0/12/0
English Oak Planks ... „	0/6/0	0/6/0
English Ash Planks ... „	0/7/0	0/7/0
VEGETABLE OILS (per ton net)—		
Linseed, naked	21/15/0	21/12/6
Rape, refined	33/0/0	32/0/0
Cotton-seed, crude	19/0/0	19/0/0
Coconut, crude	15/12/6	15/0/0
Palm	14/0/0	13/15/0
Oil Cakes, Linseed, Eng.	9/2/6	9/2/6
Oil Seeds, Linseed—		
La Plata, Aug.	11 0/0	11/0/0
Calcutta	12/3/9	12/2/6
	s. d.	s. d.
Turpentine ..... per cwt.	32 9	32 9

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

COMMODITY STATISTICS

Coal

COAL OUTPUT ('000 tons)

District	Week ended Aug. 13, 1938	Week ended Aug. 20, 1938	Jan.-July 1937	Jan.-July 1938
Northumberld.	278·3	272·9	8,265·1	7,878·4
Durham	604·2	574·6	19,166·3	19,252·1
Yorkshire	781·1	785·5	26,419·7	25,133·8
Lancs, Cheshire and N. Wales	319·3	324·7	10,394·6	10,296·9
Derby, Notts & Leicester	581·6	569·1	19,728·1	19,524·0
Staffs, Worcs, Salop & Warwick	344·5	351·0	11,997·2	11,962·1
South Wales & Monmouth	676·6	719·6	22,157·2	22,040·8
Other English districts*	114·5	113·8	3,189·4	3,227·7
Scotland	564·8	585·9	18,498·8	17,672·9
Total	4,264·9	4,297·1	139817·4	138109·7

* Including Cumberland, Gloucester, Somerset, and Kent.

Cotton

RAW COTTON delivered to Spinners ('000 bales)

Variety	Week ended Aug. 19, 1938	Week ended Aug. 26, 1938	Total Deliveries Aug. 1, 1937–Aug. 27, 1937	Total Deliveries Aug. 1, 1938–Aug. 26, 1938
American	22·7	14·8	80	72
Brazilian	3·5	3·5	29	13
Peruvian, etc.	2·1	1·4	9	6
Egyptian	3·3	3·1	18	17
Sudan Sakel	2·7	3·3	14	16
East Indian	18·2	10·0	30	59
Other countries	1·6	1·5	17	9
Total	54·1	37·6	197	192

Metals

SALES ON LONDON METAL EXCHANGE

	Week ending Aug. 24, 1938	Week ending Aug. 31, 1938	From Jan. 1 to Aug. 31, 1938
Copper	Tons 6,250	Tons 5,950	Tons 312,475
Tin	1,235	1,170	57,460
Lead	6,000	5,550	231,700
Spelter	3,700	2,850	196,325

U.K. STOCKS

	Aug. 20, 1938	Aug. 27, 1938
Copper (Br. official w'houses):	Tons	Tons
Refined	6,299	6,270
Rough	30,951	30,799
Tin (London and Liverpool)	7,699	7,743

METALS—(cont.)

TINPLATE INDUSTRY

	Week ended Aug. 21, 1937	Week ended Aug. 13, 1938	Week ended Aug. 20, 1938
Production—per cent. of capacity	77·57	36·76	48·57
	Week ended Aug. 26, 1937	Week ended Aug. 18, 1938	Week ended Aug. 25, 1938
Shipments	Tons 5,719	Tons 6,182	Tons 3,193
Stocks (warehouse and in vans)	5,577	1,950	3,021
	Thirty-four Weeks ended Aug. 26, 1937		Thirty-four Weeks ended Aug. 25, 1938
Shipments	Tons 271,571		Tons 161,527

Foods

WORLD SHIPMENTS OF WHEAT AND FLOUR ('000 quarters)

	Week ended Aug. 20, 1938	Week ended Aug. 27, 1938	Season to Aug. 28, 1937	Season to Aug. 27, 1938
From—				
N. America	547	470	1,499	2,077
Argentina and Uruguay	75	196	449	540
Australia	263	322	705	1,174
Russia	328	444	91	1,559
Danube and dist.	64	101	559	294
India	80	28	202	312
Other Countries	...	...	131	...
Total	1,357	1,561	3,636	5,956
To—				
U.K.	277	185	901	1,217
"Orders"	468	513	655	1,927
France	49	16	12	101
Belgium	101	113	397	492
Holland	56	143	132	456
Italy	2	28	80	38
Greece	55	17	99	122
Scandinavia	...	35	138	60
Austria, etc.	40	45	75	184
Other European Countries	109	120	223	324
Ex-European Countries	200	346	924	1,035
Total	1,357	1,561	3,636	5,956

WORLD SHIPMENTS OF MAIZE AND MAIZE MEAL ('000 quarters)

From	Week ended Aug. 20, 1938	Week ended Aug. 27, 1938	From Apr. 1 to Aug. 28, 1937	From Apr. 1 to Aug. 27, 1938
Argentina	219	376	18,405	4,460
Atlantic America	352	524	4	9,514
Danube Region	18	32	1,988	2,062
S. & E. Africa	8	104	1,398	401
Indo-China, etc.	58	56	161	724
Total	655	1,092	21,956	17,161

OTHER FOODS

	Week ended Aug. 20, 1938	Week ended Aug. 27, 1938
BACON:		
Arrivals in London (bales)		
Danish	14,637	14,229
Canadian	4,325	4,826
Dutch	2,578	2,452
Lithuanian	1,435	1,414
Polish	2,735	3,108
COCOA:		
Movements in Lond. (bags):		
Landed	14,473	19,369
D/d for home consumption	15,102	6,128
Exports	445	413
Stocks, end of week	159,604	172,432

OTHER FOODS—(cont.)

	Week ended Aug. 20, 1938	Week ended Aug. 27, 1938
COFFEE:		
Movements in Lond. (cwt.)		
Brazilian—Landed	49	...
„ D/d for home consn.	100	32
„ Exports	...	...
„ Stocks, end of week	2,430	2,398
Central and S. American:		
Landed	327	1,022
D/d for home consumption	1,713	1,966
Exports	1,677	3,291
Stocks, end of week	123,699	119,464
Other kinds—Landed	337	42
„ D/d for home consn.	3,380	2,729
„ Exports	683	1,183
„ Stocks end of week	82,023	78,153
MEAT:		
Supplies at Smithfield (tons):		
Total	8,325	8,252
Beef and veal	4,677	4,400
Mutton and lamb	2,552	2,634
Pork and bacon	612	685
Poultry, etc.	484	533
SUGAR:		
Movements, London and Liverpool (tons):		
Imports	17,848	11,034
Deliveries	14,999	15,106
Stocks, end of week	235,678	231,606
TEA:*		
Sales on Garden A/c. (pkgs.):		
N. India	35,771	40,064
S. India	10,264	9,955
Ceylon	28,205	27,201
Java	2,549	1,947
Sumatra	1,193	223
Africa	1,626	2,537
Total	79,608	81,927

* Weeks ended Aug. 18th and 25th.

Miscellaneous Commodities

MOVEMENTS OF RUBBER IN LONDON AND LIVERPOOL

	Week ended Aug. 20, 1938	Week ended Aug. 27, 1938
Landed ..... tons	3,262	1,394
Delivered ..... tons	1,351	1,381
Stocks, end of week ..... tons	99,367	99,380

WORLD SHIPMENTS OF LINSEED ('000 tons)

	Week ended Aug. 20, 1938	Week ended Aug. 27, 1938	From Jan. 1 to Aug. 28, 1937	From Jan. 1 to Aug. 27, 1938
Argentine to—				
U.K. and Orders	0·3	1·8	364·4	196·7
Continent	8·1	10·2	396·7	443·7
U.S.A. and Canada	5·6	...	574·7	224·7
Australia, Brazil, etc.	0·4	0·8	18·7	14·4
Calcutta to—				
U.K. and Orders	0·6	2·0	88·3	72·4
Continent	...	...	0·2	0·9
Bombay to—				
U.K. and Orders	4·6	7·2	29·9	111·8
Continent	...	...	9·4	3·8
Madras to U.K.	...	...	...	...
India to—				
Australia, etc.	...	...	10·9	10·4
U.S.A.	...	...	...	...
Sundries	...	...	0·2	...
Total	19·6	22·0	1493·4	1078·8

AMERICAN WHOLESALE PRICES

	Aug. 24, 1938 Cents	Aug. 31, 1938 Cents
GRAINS (per bushel)—		
Wheat, Chicago, Sept.	62	63
Winnipeg, Oct.	67⅞	62¼
Maize, Chicago, Sept.	51	53
Oats, Chicago, Sept.	23⅝	23¾
Rye, Chicago, Sept.	40⅞	41⅝
Barley, Winnipeg, Oct.	38	36⅜
METALS (per lb.)—		
Copper, N.Y., Domestic spot	9·72½	9·87½
Producers' export	10·05	10·20
METALS (per lb.)—*cont.*		
Tin, N.Y., Straits spot	43·60	43·35
Lead, N.Y., spot	4·90	4·90
Spelter, East St. Louis, spot	4·75	4·75
MISCELLANEOUS (per lb.)—		
Cocoa, N.Y., Accra, Sept.	5·16	5·11
Coffee, N.Y., cash—		
Rio, No. 7	5⅛	5⅜
Santos, No. 4	7⅞	8
Cotton, N.Y., Am. mid., spot	8·32	8·42
MISCELLANEOUS (per lb.)—*cont.*		
Cotton, Am. Mid., Sept.	8·13	8·25
Lard, Chicago, Sept.	7·90	7·82½
Petroleum, Mid-cont. crude 33 deg. to 33·90, at well, per barrel	116	116
Rubber, N.Y., smkd. sheet spot	16½	16⅞
Do. do. Sept.	16½	16⅞
Sugar, N.Y., Cuban Cent., 96 deg., spot	2·80	2·90

(*Continued from page* 471)

normal, and it is believed that it will be a few months before this excess is worked off. The demand for both black and galvanised sheets is well maintained and re-rollers and sheet galvanisers are keeping a large proportion of their plant regularly employed. Jobbing galvanisers in this district are very busy.

★

Cardiff.—Since the stop week early in August and the consequent reduction in stocks, production has been improving slowly in the tinplate industry, and in the week ending August 20th output was at the rate of 48.57 per cent. of capacity compared with 36.76 per cent. in the previous week, and 77.57 per cent. in the corresponding period last year. Inquiries both for the inland and export trade are inactive. Although the world production of tinplates so far this year shows a reduction of about 40 per cent. from 1929, indications of an early recovery in the export trade are lacking. At Swansea last week shipments dropped to 3,193 tons, compared with 6,182 tons the previous week, and 5,719 tons in the corresponding week last year, and stocks are again accumulating in vans and in the dock warehouses. Prices are unchanged. The heavier branches of the iron and steel industry in South Wales are also less busy than they have been for the last two years.

Textiles

Cotton (Manchester).—The past week has brought no relief to spinners and manufacturers, and only a limited business has been done in all sections. Merchants are restricting their commitments as much as possible owing to the uncertain political situation. There has been a slight improvement in raw cotton prices, due to straddle buying in Liverpool and reports that the crop in America is being adversely affected by the boll weevil. An event of interest has been the publication by the United States Government of the terms of its loans to cotton farmers. Weather in the United States cotton belt has been favourable and there are very few indications of increased world consumption.

The yarn market was slack. All the mills in the Oldham district have extended the usual holiday stoppage. Trade in American counts has consisted of trifling lots to meet urgent needs and a poor turnover has been reported in Egyptian numbers. The basis for a price convention for ring spinners using Egyptian cotton has been decided.

Export demand for piece-goods has continued disappointing. Although manufacturers have been prepared to cut prices to secure orders, much difficulty has been experienced in bridging the difference between the prices offered and demanded. The rather better demand for home trade fabrics has been maintained.

★

Wool (Bradford).—The event of the week has been the opening of the new Australian selling season, the first sale being held in Sydney last Monday. A further auction took place at Adelaide on Thursday, and altogether the results are satisfactory. Since the opening of the new sales, Bradford representatives of buying brokers in Sydney have been seeking orders to operate on a basis of 21d. per lb., clean, Bradford, for 64's warp wool. Under present spinning and manufacturing conditions in the West Riding, prices are probably in line with what can be made for either tops, yarns or piece-goods, and it will require the full buying power of all sections of the trade, both home and Continental, as well as of Japan and America, to maintain last season's closing prices. A considerable volume of machinery is still standing idle or on short time, and there are no signs of a definite increase in consumption. Prices for partly and fully manufactured products remain steady.

THE COMMODITY MARKETS

MARKETS generally have been subdued by the political tension during the last week, which tended to depress both the volume of business and the prices at which it was done. Wheat prices declined further, owing to large offerings from Russia and uncertainty over the Government's wheat policy in the United States. Rubber, copper and lead were also marked down during the week, but prices of raw cotton and of other metals closed the week a little higher. Moody's index of daily commodity prices in the United States varied little during the week. On Wednesday it stood at 143.7 (December 31, 1931 = 100), compared with 143.1 a week ago.

Metals

Copper.—Copper fluctuated within narrow limits this week and closed at £40 6s. 3d. per ton, a net loss of only 1s. 3d. on the week. Supplies have been within normal limits in the last few days and at no time was there a selling pressure. On the other hand, the demand remained small and buyers showed little initiative.

★

Tin.—After falling sharply to £190 10s. in the early part of the week, the cash price for tin rallied to £192 15s. per ton and thus closed this difficult week with a net gain of 5s. Some speculative liquidations were noticeable at times, but the strength of the market has increased the confidence of many observers. There has been an increase in the activity of the Welsh tinplate industry, but tinplate sales both here and in the United States have remained disappointingly small. The greater activity of the automobile industry in the United States, however, is not likely to be reflected immediately in the current demand for tin, as most of the American consumers are fairly well covered with tin acquired at prices much lower than the present level.

★

Lead and Spelter.—Lead closed 2s. 6d. down at £14 5s. per ton, while spelter showed a net gain of 7s. 6d. to close at £13 8s. 9d. per ton. The demand for both metals and in particular that for spelter remained very small this week, but at the same time offerings were limited in view of the forthcoming international discussions.

Grains

THE wheat market has been dull, and prices are generally lower on the week by 4d. to 1s. 3d. per quarter. Large Russian shipments and uncertainty over the proposals of the United States Government to export wheat have dominated the market. Negotiations between American and Canadian officials on export policy are reported to be still proceeding. Little business was done in maize, and prices, where changed, were rather lower; the announcement that loans on old crop maize in the United States have been increased to 57 cents per bushel may help to prevent sales pressure after the harvest, if, as is generally assumed, the revised rate will also apply to the new crop. Barley prices have been steady and Russian shipments continue to dominate the market; at present prices, neither the United States nor Canada seem prepared to sell.

Other Foods

Provisions.—There was good demand during the week for chilled beef, frozen mutton and lamb and fresh pork; other fresh killed meat sold slowly. The bacon market was firm and butter prices rose by 1s. to 2s. per cwt. during the week; cheese and egg prices were also a little higher.

★

Colonial Produce.—At the tea auctions there was a brisk demand and higher prices were obtained. Other markets have been dull, and prices unchanged.

★

Fruit and Vegetables.—After a quiet week-end, demand improved and in all departments business was brisk in the middle of the week. Plums, apples, pears and oranges were higher in price, while prices of English potatoes were hardly changed over the week.

Miscellaneous Commodities

Oils and Oilseeds.—The trade in these products is dominated by the dull grain market and the unsettled political outlook. Little business has been transacted in the past week and prices, where changed, tended to be lower.

★

Rubber.—The political tension over the week-end brought rubber prices down on Monday, and though some recovery was made later, the spot price for standard sheet closed on Wednesday at 8d. per lb., a decline of ⅛d. compared with last week. There are better reports on automobile activity in the United States, but political uncertainties in Europe weigh heavily on the market.

CURRENT STATISTICS

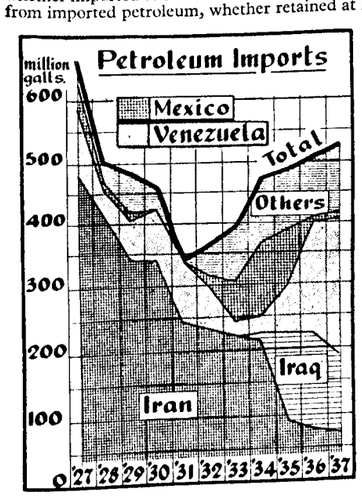
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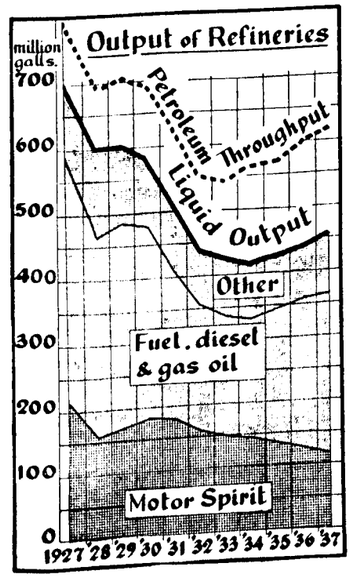
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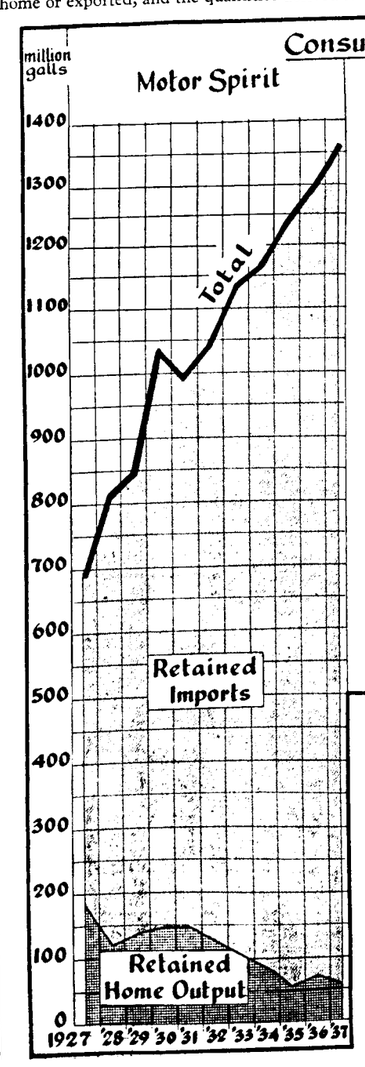
All tables appear regularly except those whose titles are printed in italics, which are special to this issue.

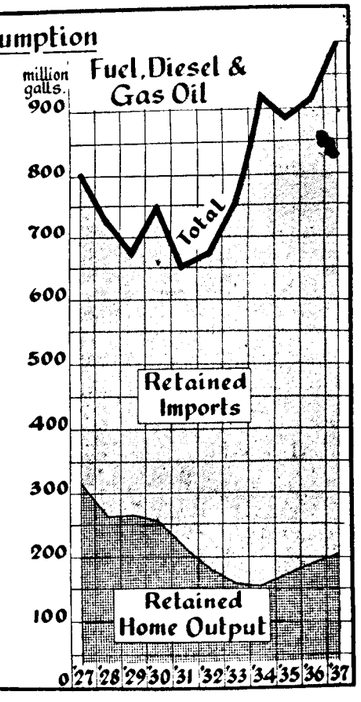
Britain's Oil Supplies

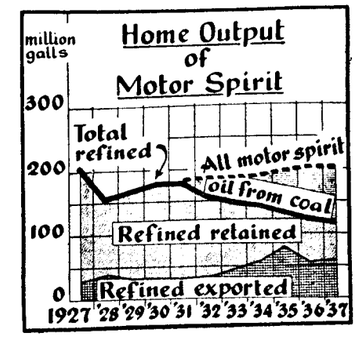
In the following charts we survey the sources of the United Kingdom's oil supplies. First of all, we show on the left-hand side how much crude petroleum is imported and where it comes from. Then we show the quantities of petroleum consumed by the refineries and the resulting liquid output. The difference between the throughput of petroleum and the liquid output is accounted for by waste and solid products. In the centre and in the upper part of the right-hand side we show the consumption of motor spirit and of fuel, diesel and gas oil, whether imported or refined from crude petroleum at home. Finally, we analyse home production of motor spirit showing the quantities refined from imported petroleum, whether retained at home or exported, and the quantities derived from coal.











Finance

GOVERNMENT RETURNS

For the week ended August 27, 1938, total ordinary revenue was £10,327,000, against ordinary expenditure of £11,884,000. Thus, excluding sinking fund allocations, the deficit accrued since April 1st last is £127,529,000, against a deficit of £78,077,000 a year ago.

ORDINARY AND SELF-BALANCING REVENUE AND EXPENDITURE

Revenue	Receipts into the Exchequer (£ thousands) Estimate, 1938-39	April 1, 1937, to Aug. 28, 1937	April 1, 1938, to Aug. 27, 1938	Week ended Aug. 28 1937	Week ended Aug. 27 1938
ORDINARY REVENUE					
Inc. Tax ...	‡341150	45,281	45,188	1,686	1,886
Sur-tax.....	62,000	6,240	7,670	100	160
Estate, etc., Duties.....	88,000	37,220	31,880	1,810	910
Stamps.....	24,000	7,630	8,290	720	1,260
N.D.C.....	20,000	...	5,000	...	430
Other In. Rev. Duties	1,250	140	480	...	40
Total I. Rev.	536,400	96,511	98,508	4,316	4,686
Customs ...	227,950	90,169	89,573	4,791	4,811
Excise	116,150	45,473	45,154	773	654
Total Cust. and Excise	344,100	135,642	134,727	5,564	5,465
Motor Duties.....	36,000	8,362	8,219	...	...
P.O. (Net Receipt) ...	8,670	7,170	6,490	*Dr1200*	50
P.O. Fund	2,400	...	...	...	...
Crown Lds.	1,330	590	620	90	100
Rec. from Sun. Loans	5,250	3,337	3,845	...	6
Misc. Rec.	10,500	3,103	2,318	40	20
Total Ordinary Revenue	944,650	254,715	254,727	8,810	10,327
SELF-BAL. REVENUE					
Post Office and Broadcasting* ...	80,442	27,880	28,610	2,550	1,350
Total ...	1025092	282,595	283,337	11,360	11,677

Expenditure	Issues out of the Exchequer to meet payments (£ thousands) Estimate, 1938-39	April 1, 1937, to Aug. 28, 1937	April 1, 1938, to Aug. 27, 1938	Week ended Aug. 28 1937	Week ended Aug. 27 1938
ORDINARY EXPEND.					
Int. & Man. of Nat. Dt.	230,000	96,741	96,749	214	207
Payments to N. Ireland	8,900	2,813	3,020	365	453
Other Cons. Fund Serv.	5,239	1,510	1,254	23	...
Total.....	244,139	101,064	101,024	602	660
Supply Serv.	†702409	231,727	281,232	9,877	11,224
Total Ordy. Expend....	§946548	332,791	382,256	10,479	11,884
SELF-BAL. EXPEND.					
P.O. and Broadcasting Votes	80,442	27,880	28,610	2,550	1,350
Total.....	1026990	360,671	410,866	13,029	13,234

* Revenue required to meet expenditure.
† Excluding Post Office and Broadcasting and £112,900,000 under Defence Loans Act.
‡ After concessions of £100,000 made during passage of Finance Act.
§ After adding Navy and Air Supplementary Estimates, Consol. Fund increase under Eire Act and reduction by revised Civil Estimate (net increase, £2,150,000).

After reducing Exchequer balances by £385,581 to £2,467,393, the other operations for the week (as shown below, but excluding £240,000 issued to sinking funds), raised the gross National Debt by £1,411,000 to about £8,271 millions.

WEEK'S CHANGES IN DEBT

(£ thousands)

Net Increases in Debt		Net Repayments, etc.	
3% Nat. Defence Loan	122	Treasury Bills	2,201
Public Dept. Adv....	3,820	Nat. Savings Certs.	50
		P.O. & Tel. (Mon.) Acts	250
		N. Atl. Shipping ...	30
	3,942		2,531

AGGREGATE ISSUES AND RECEIPTS

The aggregate issues and receipts from April 1, 1938, to August 27, 1938, are shown below :—

(£ thousands)

Ordinary Exp. ...	382,256	Ordinary Rev. ...	254,727
Increase in balances	103	Eire receipts* ...	5,000
		Gross borr.	125,343
		Less Sinkg. Fds.	2,711
		Net borrowing ...	122,632
	382,359		382,359

* Receipts under Sec. 2 (3) of Eire (Confirmation of Agreement) Act, 1938.

FLOATING DEBT

(£ millions)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt	Floating Assets
1937						
Aug. 28	573·0	282 9	31·1		887·0	314·0
Dec. 31	889·7*		39·4	55·7	984·9	...*
1938						
Mar. 31	828·7*		13·1	...	841·8	...*
May 28	570·0	281·4	40·8	...	892·2	322·2
June 4	575·0	308·7	43·9	2·0	929·6	352·6
„ 11	580·0	310·7	41·6	...	932·3	352·3
„ 18	585·0	303·4	40·1	...	928·5	343·5
„ 25	583·0	305·7	44·7	...	933·4	350·4
„ 30	851·0*		42·4	41·5	934·9	...*
July 9	573·0	298·3	43·1	...	914·5	341·4
„ 16	568·0	302·3	40·7	...	911·1	343·0
„ 23	568·0	304·1	37·2	...	909·4	341·3
„ 30	565·0	309·1	46·6	...	920·7	355·7
Aug. 6	560·0	320·1	44·2	...	924·3	364·3
„ 13	555·0	298·4	44·1	...	902·5	342·5
„ 20	555·0	296·2	41·9	...	893·1	338·1
„ 27	555·0	294·0	45·7	...	894·7	339·7

* Owing to inequalities between Treasury bill payments and maturities at the end of the quarter, it is impossible to separate tender and tap issues or to calculate floating assets.

TREASURY BILLS

(£ millions)

Date of Tender	Amount Offered	Amount Applied for	Amount Allotted	Average Rate %	Per Cent. Allotted at minimum Rate
1937					
Aug. 27	45·0	80·0	45·0	10 3·02	62
Dec. 31	50·0	80·5	50·0	10 11·59	47
1938					
May 20	35·0	74·3	35·0	10 1·11	35
„ 27	45·0	69·0	45·0	10 9·37	57
June 3	50·0	83·1	50·0	12 1·04	51
„ 10	50·0	86·0	50·0	12 9·19	58
„ 17	50·0	80·5	48·0	11 5·68	69
„ 24	45·0	66·7	45·0	10 9·18	57
July 1	45·0	84·8	45·0	10 5·33	40
„ 8	45·0	85·2	45·0	10 5·43	40
„ 15	45·0	90·7	45·0	10 5·21	37
„ 22	45·0	88·3	42·0	10 5·03	32
„ 29	40·0	82·4	40·0	10 1·90	58
Aug. 5	35·0	78·6	35·0	10 1·80	40
„ 12	30·0	76·8	30·0	10 1·50	30
„ 19	35·0	82·2	35·0	10 1·51	32
„ 26	40·0	87·6	40·0	10 1·53	36

Bills are paid for during following week, on any working day at applicant's option. When normal length is 92 days, bills paid for Saturday are 91-day bills and there are no Monday maturities. When normal length is 90 days, bills paid for on Monday are 89-day bills. Bills paid for in February are 89-day bills, except those paid for each Tuesday, which are 88-day bills.

On August 26th, applications at £99 17s. 5d. per cent. for bills to be paid for on Monday or Tuesday of the following week were accepted as to about 36 per cent. of the amount applied for. Applications at higher prices were accepted in full. Applications for bills to be paid for on Wednesday, Thursday, Friday or Saturday at £99 17s. 6d. per cent. and above were allotted in full. £45·0 millions of Treasury bills are being offered on September 2nd.

NATIONAL SAVINGS CERTIFICATES

Sales in	Number	Purchase Price
32 weeks to :—		
Aug. 14, 1937†	20,419,795	15,314,846
Aug. 13, 1938	20,582,630	15,436,978
Week to :—		
Aug. 14, 1937	519,781	389,836
Aug. 6, 1938‡	486,145	364,609
Aug. 13, 1938*	519,909	389,932

* Net Exchequer receipts, week ended August 13, 1938, *Dr. £150,000*
† After adjustments to June 19th. ‡ 5 days only.

BANK OF ENGLAND RETURNS

AUGUST 31, 1938

ISSUE DEPARTMENT

	£		£
Notes Issued :		Govt. Debt.	11,015,10
In Circuln.	480,432,947	Other Govt. Securities...	188,784,78
In Bnkg. Department..	45,980,398	Other Secs.	188,14
		Silver coin...	11,97
		Amt. of Fid. Issue	200,000,00
		Gold Coin & Bullion ...	326,413,34
	526,413,345		526,413,34

BANKING DEPARTMENT

	£		£
Props.' capital	14,553,000	Govt. Secs...	102,061,16
Rest	3,654,233	Other Secs.	
Public Deps.*	27,758,141	*Disc., etc...*	*5,369,68*
Other Deps. :		*Securities...*	*22,326,55*
Bankers ...	*94,743,569*		27,696,23
Other ...	*36,376,083*	Notes.....	45,980,39
	131,119,652	Gold & Silv. Coin	1,317,23
	177,085,026		177,085,02

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

THE WEEK'S CHANGES

(£ thousands)

Both Departments	Amt. Aug. 31, 1938	Compared with Last Week	Compared with Last Year
COMBINED LIABILITIES			
Note circulation	480,433	+ 1,731	- 9,87
Deposits : Public	27,758	+ 3,798	+ 11,64
Bankers'.....	94,744	+ 6,816	- 9,42
Others.....	36,376	+ 2,803	- 15
Total outside liabilities	639,311	+ 1,019	- 5,81
Capital and rest	18,207	+ 31	- 2
COMBINED ASSETS			
Govt. debt and securities	301,861	+ 668	- 6,70
Discounts and advances	5,370	- 898	+
Other securities	22,515	+ 1,166	+ 1,05
Silver coin in issue dept.	12	+ 1	-
Gold coin and bullion....	327,761	+ 113	- 20
RESERVES			
Res. of notes & coin in banking department...	47,328	- 1,621	+ 9,67
Proportion of reserve to outside liabilities—			
(*a*) Bnkg. dept. only ("proportion")	29·7%	- 0·9%	+ 5·4%
(*b*) Gold stocks to deposits and notes ("reserve ratio")	51·2%	- 0·1%	+ 0·4%

COMPARATIVE ANALYSIS

(£ millions)

	1937	1938			
	Sept. 1	Aug. 10	Aug. 17	Aug. 24	Aug. 31*
Issue Dept.:					
Notes in circ.	490·3	490·0	482·6	478·7	480·4
Notes in banking dept.....	36·1	36·4	43·8	47·7	46·0
Govt. debt and securities ...	199·3	199·5	199·5	199·2	199·0
Other secs. ...	0·7	0·5	0·5	0·7	0·2
Gold	326·4	326·4	326·4	326·4	326·4
Deposits:					
Public	14·1	19·3	20·1	24·0	27·8
Bankers'.....	104·2	106·1	105·7	101·6	94·7
Others	36·5	34·5	34·1	34·1	36·4
Total	154·8	159·9	159·9	159·6	158·9
Bkg. Dept. Secs.:					
Government ..	109·3	109·7	104·6	101·9	102·1
Discounts, etc.	5·4	9·2	6·5	6·3	5·4
Other	20·9	21·5	22·0	20·6	22·3
Total	135·4	140·5	133·1	128·8	129·8
Banking dept. reserve.....	37·7	37·6	45·0	48·9	47·3
"Proportion"	24·3%	23·4%	28·1%	30·6%	29·7%
Reserve ratio†	50·8%	57·8%	51·0%	51·3%	51·2%

† Gold stocks in both departments to deposits and notes in circulation. * At this date, Government debt was £11,015,100 ; silver coin in Issue Department, £15,975 ; capital, £14,553,000 ; rest, £3,654,233.

OVERSEAS BANK RETURNS

NOTE.—A return of the Bank of Spain appeared in *The Economist* of May 28th last. The latest return of the Bank of International Settlements and of Denmark appeared in *The Economist* of August 13th ; Iran and Poland, of August 20th; Federal Reserve Reporting Members, Argentina, Australia, Canada, Danzig, Egypt, Greece, India, Latvia, Lithuania and New Zealand, of August 27th.

U.S. FEDERAL RESERVE BANKS

Million $'s

12 U.S.F.R. Banks	Sept. 2, 1937	Aug. 4, 1938	Aug. 25, 1938	Sept. 1, 1938
RESOURCES				
Gold certifs. on hand and due from Treas.	8,831	10,633	10,632	10,632
Total reserves	9,135	11,039	11,038	11,026
Total cash reserves ...	294	397	397	386
Total bills discounted	24	6	7	7
Bills bt. in open mkt.	3	1	1	1
Total bills on hand ...	27	7	7	8
Industrial advances ...	21	16	16	16
Total U.S. Govt. secs.	2,526	2,564	2,564	2,564
Total bills and secs. ...	2,574	2,587	2,587	2,588
Total resources	12,453	14,291	14,248	14,261
LIABILITIES				
F.R. notes in actual circulation	4,261	4,139	4,145	4,169
Aggregate of excess mr. bank res. over reqts.	750	2,920	2,980	2,940
Deposits — Member-bank reserve account	6,731	8,074	8,156	8,179
Govt. deposits	156	775	771	720
Total deposits	7,224	9,241	9,242	9,212
Cap. paid in and surplus	306	309	309	309
Total liabilities	12,453	14,291	14,248	14,261
Ratio of total res. to deposit and F.R. note liabs. combined	79·5%	82·5%	82·5%	82·4%
U.S.F.R. BANKS AND TREASURY COMBINED RESOURCES				
Monetary gold stock...	12,567	13,025	13,079	13,135
Treasury and Nat. Bk. currency	2,585	2,721	2,727	2,730
LIABILITIES				
Money in circulation...	6,532	6,465	6,470	6,503
Treasury cash and deposits with F.R. Bks.	3,875	3,132	3,188	3,200

NEW YORK FEDERAL RESERVE BANK.—Million $'s

	Sept. 2, 1937	Aug. 4, 1938	Aug. 25, 1938	Sept. 1, 1938
Total gold reserves ...	3369·9	4647·5	4666·2	4658·4
Total bills discounted	14·7	1·1	1·8	2·1
Bills bt. in open mkt.	1·1	0·2	0·2	0·2
Total U.S. Govt. secs.	725·0	780·1	780·1	780·1
Total bills and securts.	746·2	785·1	785·8	786·2
Deposits — Member-bank reserve account	2900·9	3835·4	3907·5	3936·2
Total res. to dep. and Fed. Res. note liabilities combined ...	83·6%	86·9%	87·0%	87·0%

BANK OF FRANCE.—Million francs

	Aug. 26, 1937	July 28, 1938	Aug. 18, 1938	Aug. 25, 1938
ASSETS				
Gold	55,718	55,808	55,808	55,808
Advances on gold coin	1,099	...	...	...
Bills : Commercial ...	9,505	7,499	7,028	8,786
Bought abroad ...	881	744	726	726
Advances on securities	3,763	3,545	3,606	3,545
Thirty-day advances ...	476	623	718	331
Loans to State without interest : (*a*) general	3,200	3,200	3,200	3,200
(*b*) provisional	25,218	†40134	†40134	†40134
Negotiable bonds, Sinking Fund Dept.	5,637	5,574	5,570	5,570
Other assets	4,132	3,939	4,084	4,188
LIABILITIES				
Notes in circulation ...	88,255	101117	99,340	99,065
Deposits : Public	2,251	3,135	2,900	2,891
Private ...	15,791	14,041	15,942	17,602
Other liabilities	2,825	2,774	2,693	2,731
Gold reserve to sight liabilities	52·4%	47·1%	47·2%	46·7%

† Of which fcs. 18,050 millions under Conventions whose permissible limit is fcs. 30,000 millions.

REICHSBANK

Million Reichsmarks

	Aug. 23, 1937	July 23, 1938	Aug. 15, 1938	Aug. 23, 1938
ASSETS				
Gold	69·3	70·8	70·8	70·8
Of which depstd. abroad	19·7	20·3	10·6	10·6
Res. in foreign currencs.	6·2	5·4	5·7	5·9
Bills of exchange and cheques	4696·0	5526·7	5826·3	5790·2
Silver and other coin...	222·0	215·7	176·7	207·1
Advances	33·7	34·5	33·3	27·9
Investments	403·4	846·8	847·3	847·5
Other assets	733·6	1147·7	1158·2	1140·4
LIABILITIES				
Reserves	493·0	514·4	514·4	514·4
Notes in circulation ...	4590·2	5973·0	6290·5	6143·3
Other daily maturing obligations	682·9	932·1	863·0	977·3
Other liabilities	248·4	278·1	300·3	304·8
Cover of note circulatn.	1·65%	1·27%	1·21%	1·25%

BANK OF JAVA.—Million florins

	Aug. 28, 1937	July 30, 1938	Aug. 20, 1938	Aug. 27, 1938
ASSETS				
Gold and silver	132·51	137·63	137·48	138·10
Discounts, advances & other investments ...	80·38	73·93	74·36	73·31
Foreign bills	4·74	2·76	3·96	3·24
Other assets	67·67	58·18	52·25	53·95
LIABILITIES				
Notes in circulation ...	198·70	188·68	188·27	187·23
Deposits and bills	73·19	71·14	66·93	68·40

SOUTH AFRICAN RESERVE BANK

Million £'s

	Aug. 27, 1937	July 29, 1938	Aug. 19, 1938	Aug. 26, 1938
ASSETS				
Gold coin and bullion	22·94	23·05	24·22	24·55
Bills discounted :				
Home	0·03	0·03	0·03	0·03
Foreign	5·49	6·48	7·20	7·28
Investments	1·73	1·72	1·72	1·72
Other assets	10·77	11·33	11·27	11·55
LIABILITIES				
Notes in circulation ...	16·06	18·10	15·86	16·46
Deposits : Government	1·87	1·74	2·31	2·06
Bankers'	18·97	18·74	22·61	23·93
Cash reserves to liabilities to public	57·6%	55·8%	55·3%	54·9%

NATIONAL BANK OF BELGIUM

Million belgas

	July 28, 1938	Aug. 11, 1938	Aug. 18, 1938	Aug. 25, 1938
ASSETS				
Gold	2,954	3,046	3,066	3,047
Silver and other coin...	47	44	46	47
Foreign exchange, etc.	817	917	917	927
Bills and securities.....	721	634	608	604
Advances	52	50	48	43
LIABILITIES				
Notes in circulation ...	4,205	4,245	4,226	4,223
Deposits : Govt.	16	18	8	15
Other	284	341	364	344

NATIONAL BANK OF BULGARIA

Million levas

	Aug. 15, 1937	July 15, 1938	Aug. 7, 1938	Aug. 15, 1938
ASSETS				
Gold holdings	1,805	1,994	1,994	1,994
Balances abroad and foreign currencies ...	334	834	796	770
Discounts and advances	1,197	934	951	950
Advances to Treasury	3,523	3,468	3,468	3,468
LIABILITIES				
Reserves	1,211	1,200	1,195	1,194
Notes in circulation ...	2,607	2,421	2,687	2,783
Sight liabs. and deposits	3,084	3,834	3,579	3,376

NATIONAL BANK OF CZECHOSLOVAKIA.—Million Cz. kr.

	Aug. 23, 1937	July 23, 1938	Aug. 15, 1938	Aug. 23, 1938
ASSETS				
Gold	2,574	2,653	2,653	2,653
Balance abroad and foreign currencies ...	357	260	217	212
Discounts and advances	2,077	3,301	3,453	3,500
State notes debt.....	2,014	2,006	2,005	2,005
LIABILITIES				
Bank notes in circulatn.	5,623	7,069	7,467	7,387
Deposits	632	806	419	503

NATIONAL BANK OF HUNGARY

Million pengo

	Aug. 23, 1937	July 23, 1938	Aug. 15, 1938	Aug. 23, 1938
ASSETS				
Metal reserve :				
Gold coin and bullion	84·1	84·1	84·1	84·1
Foreign exchange ...	57·4	72·6	75·0	75·5
Res. of token money ...	6·5	8·4	6·1	6·3
Inl. bills, wts., & secs.	379·4	385·8	373·6	378·7
Advances to Treasury	111·5	148·2	150·1	150·1
LIABILITIES				
Notes in circulation ...	393·1	509·3	547·8	532·5
Current accounts, deposits, etc.	219·1	254·7	201·7	230·3
Cash certificates.....	92·9	69·7	69·7	69·7

BANK OF JAPAN.—Million yen

	Aug. 14, 1937	July 16, 1938	Aug. 6, 1938	Aug. 13, 1938
ASSETS				
Coin & bullion : Gold	459·6	801·3	501·3	501·3
Other	51·3	47·3	46·3	45·1
Spec. fd. for for. exch.	...	...	300·0	300·0
Discounts and advances	954·4	484·9	543·8	521·2
Government bonds ...	802·1	1167·8	1140·6	1039·6
Agencies' accounts ...	104·2	120·0	127·7	134·8
LIABILITIES				
Notes issued	1469·8	1824·6	1964·6	1886·1
Deposits : Government	357·6	385·1	336·4	295·7
Other	63·3	130·1	70·0	93·0

NATIONAL BANK OF JUGOSLAVIA

Million dinar

	Aug. 22, 1937	July 22, 1938	Aug. 15, 1938	Aug. 22, 1938
ASSETS				
Cash reserve :				
Gold at home and abroad.....	1,692	1,837	1,839	1,843
Other foreign exchange	689	355	375	366
Discounts and advances	2,252	2,241	2,242	2,242
Government advances				
LIABILITIES				
Notes in circulation ...	5,666	5,891	6,099	6,059
Sight liabilities	2,296	2,478	2,301	2,410

BANK OF PORTUGAL

Million escudos

	July 20, 1937	June 22, 1938	July 13, 1938	July 20, 1938
ASSETS				
Gold	915·6	917·5	917·6	917·6
Balances abroad.....	593·2	565·7	581·2	571·9
Discounts	304·7	353·9	377·4	374·8
Securities	124·4	120·6	120·6	120·5
Government loans.....	1042·9	1040·3	1039·6	1039·6
LIABILITIES				
Notes in circulation ...	2033·4	1989·6	2031·2	2004·1
Deposits : Government	387·5	513·5	499·0	476·8
Bankers' ...	709·6	633·3	648·2	660·8
Other ...	73·3	71·7	32·6	55·7
Foreign commitments	44·7	80·2	103·2	102·0

BANK OF ESTONIA

Million Estonian krones

	Aug. 15, 1937	July 7, 1938	Aug. 7, 1938	Aug. 15, 1938
ASSETS				
Gold coin & gold bullion	34·20	34·25	34·26	34·27
Net foreign exchange	17·14	15·21	15·89	15·73
Home bills discounted	12·10	9·51	9·18	8·82
Loans and advances ...	8·90	9·69	10·24	10·43
LIABILITIES				
Notes in circulation ...	42·77	45·30	45·91	45·83
Sight dep. and current accounts, of which...	36·70	31·82	33·21	33·00
(*a*) Government...	27·82	16·60	15·43	15·76
(*b*) Bankers	6·39	12·88	15·60	14·97
Reserve to current liabilities	64·6%	64·1%	63·4%	63·4%

BANK OF FINLAND

Million F. marks

	Aug. 23, 1937	July 23, 1938	Aug. 15, 1938	Aug. 23, 1938
ASSETS				
Gold reserve	602·8	620·6	620·6	620·6
Gold abroad not in gold reserve	37·0	...	...	...
Foreign correspondents	2114·8	1942·9	2011·1	2042·1
Foreign bills, etc.	90·9	93·3	85·5	86·1
Inl. bills and home loans	1003·6	1543·0	1513·4	1519·2
Finnish & foreign bonds	531·3	406·1	403·1	402·5
LIABILITIES				
Notes in circulation ...	1811·5	1988·8	2008·0	1963·7
Sight deposits : Govt.	366·8	76·4	76·6	72·7
Other	1008·8	1251·5	1281·0	1366·4
Ordinary cover to sight liabilities	78·5%	73·2%	73·8%	74·4%

NATIONAL BANK OF ROUMANIA

Million lei

	June 19, 1937	June 4, 1938	June 11, 1938	June 18, 1938
ASSETS				
Gold and gold exchange	15,863	16,807	16,807	16,859
Clearing and other for. exchange.....	5,147	2,024	1,976	1,690
Commercial bills	6,030	6,603	6,708	6,872
Agric. & urban advncs.	2,069	1,951	1,952	1,949
Treasury bills issued agnst. losses on credits	6,360	4,877	4,880	4,880
State debt and adv. to Treasury.....	4,624	5,607	5,607	5,607
Secs. and participatns.	693	1,519	1,530	1,538
LIABILITIES				
Notes in circulation ...	26,021	29,987	30,063	29,810
Other sight liabilities...	13,343	11,939	11,915	12,652
Long-term liabilities...	3,423	3,376	3,442	3,154

NETHERLANDS BANK

Million florins

	Aug. 30, 1937	Aug. 1, 1938	Aug. 22, 1938	Aug. 29, 1938
ASSETS				
Gold	1265·9	1480·8	1480·5	1501·5
Silver	18·8	19·8	22·0	...
Home bills, etc.	12·9	8·3	9·7	9·7
Foreign bills	2·5	5·0	5·0	5·0
Loans and advances in current account...	179·8	324·8	294·5	295·9
LIABILITIES				
Notes in circulation ...	853·1	949·4	914·6	939·2
Deposits : (*a*) Govt. ...	78·3	170·5	187·9	890·5
(*b*) Other ...	571·1	737·0	727·2	

BANK OF NORWAY

Million kroner

	Aug. 23, 1937	July 1938	Aug. 15, 1938	Aug. 22, 1938
ASSETS				
Coin and bullion (gold reserve)	118·8	133·9	134·0	134·0
Bal. abroad & for. bills	132·5	189·5	189·3	189·0
Funds provisionally in gold, not in gold res.	70·3	84·7	87·7	87·7
Norwegian and foreign Govt. securities	84·3	120·6	118·7	118·1
Discounts and loans ...	151·7	108·4	107·4	105·5
LIABILITIES				
Notes in circulation ...	416·8	451·8	450·9	449·6
Deposits at sight	91·7	140·3	140·3	139·8

BANK OF SWEDEN.—Million kronor

	Aug. 23, 1937	July 23, 1938	Aug. 15, 1938	Aug. 23, 1938
ASSETS				
Gold reserve	466·9	526·1	527·2	527·5
Govt. secs. : Swedish	2·0	51·0	56·0	61·0
Foreign	47·1	41·5	41·9	41·9
Gold abroad not in gold reserve	68·7	89·9	89·7	89·6
Balances with foreign banks	221·3	238·8	245·2	240·9
Bills payable in Sweden	11·9	12·3	11·7	11·8
Bills payable abroad ...	682·2	528·0	512·0	512·4
Advances	24·6	22·6	22·2	22·5
LIABILITIES				
Notes in circulation ...	810·7	874·1	906·6	884·4
Deposits : Government	134·0	298·4	289·7	271·1
Com. banks	748·4	556·5	528·7	569·1
Other	9·9	3·1	3·0	2·9

SWISS NATIONAL BANK

Million francs

	Aug. 23, 1937	July 23, 1938	Aug. 15, 1938	Aug. 23, 1938
ASSETS				
Gold	2547·8	2786·0	2826·0	2844·7
Foreign exchange	212·0	382·1	382·7	382·6
Discounts, etc.	7·0	5·0	5·1	5·0
Advances	27·6	20·8	20·0	19·6
Securities	15·9	95·0	94·7	94·7
LIABILITIES				
Notes in circulation ...	1353·3	1494·9	1498·6	1492·3
Deposits	1426·8	1768·1	1807·5	1831·5

N.B.—Exchange Equalisation Fund and assets included in returns December 31, 1936, onwards at 538,583,653 frs.

CLEARING BANKS

LONDON

(£ thousands)

	Month of August			Week ended Wednesday		Aggregate from January 1 to	
	1937	1938	Change †	Sept. 1, 1937	Aug. 31, 1938	Sept. 1, 1937	Aug. 31, 1938
Number of wkg. days:	25	26	%	6	6	203	204
Town	2,706,649	2,734,864	− 2·8	649,419	568,696	25,239,548	22,545,007
Metropolitan	161,802	157,725	− 6·3	34,953	30,998	1,466,463	1,402,156
Country	295,490	285,833	− 7·0	61,194	55,642	2,547,089	2,469,731
Total	3,163,941	3,178,422	− 3·4	745,566	655,336	29,253,100	26,416,894

† Based on average working day.

PROVINCIAL

(£ thousands)

	Month of July			Week ended Saturday		Aggregate January 1 to	
	1937	1938	Change †	Aug. 28, 1937	Aug. 27, 1938	Aug. 28, 1937	Aug. 27, 1938
No. of working days:—	27	26	%	6	6	201	202
BIRMINGHAM	13,271	12,210	− 4·5	1,914	1,498	90,711	81,293
BRADFORD	4,613	3,380	− 23·9	1,242	821	36,412	27,155
BRISTOL	5,810	5,570	− 0·4	1,141	1,144	43,856	43,055
HULL	4,128	3,701	− 6·8	813	699	31,404	28,829
LEEDS	4,771	4,468	− 2·7	680	633	34,989	33,120
LEICESTER	3,650	3,494	− 0·6	579	485	25,875	23,906
LIVERPOOL	31,322	23,865	− 20·9	6,006	4,059	242,469	179,447
MANCHESTER	49,154	39,618	− 16·3	8,784	6,963	378,983	316,987
NEWCASTLE	6,878	6,333	− 4·4	1,574	1,154	50,407	51,760
NOTTINGHAM	2,502	2,327	− 3·4	372	310	17,904	17,071
SHEFFIELD	5,151	4,779	− 3·7	751	671	37,689	37,341
Total; 11 Towns	131,250	109,745	− 12·9	23,836	18,437	990,699	839,962
DUBLIN	...	...	...	4,316	5,603	198,702‡	215,900‡

† Based on average working day. ‡ 35 calendar weeks.

MONEY RATES

LONDON

	Aug. 25, 1938	Aug. 26, 1938	Aug. 27, 1938	Aug. 29, 1938	Aug. 30, 1938	Aug. 31, 1938	Sept. 1, 1938
Bank rate (changed from 2½% June 30, 1932)	% 2	% 2	% 2	% 2	% 2	% 2	% 2
Market rates of discount:							
60 days' bnkrs.' drafts	17/32	17/32	17/32	17/32	17/32	17/32	17/32
3 months' do.	17/32	17/32	17/32	17/32	17/32	17/32	17/32
4 months' do.	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16
6 months' do.	9/16	9/16	9/16	9/16	9/16	9/16	9/16
Discount Treasury Bills							
2 months'	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32
3 months'	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32
Loans—Day-to-day	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1
Short	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1
Deposit allwncs.: Bk.	1/2	1/2	1/2	1/2	1/2	1/2	1/2
Discount houses at call	1/2	1/2	1/2	1/2	1/2	1/2	1/2
At notice	3/4	3/4	3/4	3/4	3/4	3/4	3/4

Comparison with previous weeks

1938	Short Loans	Bank Bills 3 Months	Bank Bills 4 Months	Bank Bills 6 Months	Trade Bills 3 Months	Trade Bills 4 Months	Trade Bills 6 Months
	%	%	%	%	%	%	%
Aug. 4	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 11	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 18	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 25	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
Sept. 1	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3

NEW YORK

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

	Sept. 1, 1937	Aug. 3, 1938	Aug. 10, 1938	Aug. 17, 1938	Aug. 24, 1938	Aug. 31, 1938
	%	%	%	%	%	%
Call money	1	1	1	1	1	1
Time money (90 days' mixed call.)	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Bank acceptances:—			Selling Rates			
Members—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Non-mem.—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Commercial accept., 90 dys.	1	1	1	1	1	1

EXCHANGE RATES

LONDON—SPOT

(a) Active Exchanges

(Range of the day's business)

London on	Par of Exch. per £	Aug. 26, 1938	Aug. 27, 1938	Aug. 29, 1938	Aug. 30, 1938	Aug. 31, 1938	Sept. 1, 1938
New York, $	‡4·86 2/3	4·87 5/8–88	4·87 1/16–87 1/4	4·87–87 3/8	4·85 1/4–87 1/8	4·84 7/8–86	4·85 1/4–86 1/4
Montreal, $	4·86 2/3	4·88 1/2–89 1/4	4·88 1/4–89	4·87 1/2–88 1/4	4·86–87 3/4	4·85–86 5/8	4·85 5/8–86 1/2
Paris, Fr.	124·21	178 1/4–7/16	178 1/4–7/16	178 1/4–7/16	178 1/4–7/16	178 1/4–7/16	178 1/4–7/16
Brussels, Bel.	35·00a	28·86–90	28·83–88	28·81–84	28·76–83	28·71–80	28·77–82
Milan, L.	92·46	92 1/4 5/16–13/16 / 92 1/2	92 1/2–3/4 / 92 7/16–5/8	92 7/16–5/8	92 1/4–5/8	92 1/8–1/2	92 5/16–7/16 / 92 2/5
Zurich, Fr.	25·22 1/2	21·28–30	21·27 1/2–29 1/2	21·28–38 1/2	21·31–34	21·29–32	21·28–30 1/2
Athens, Dr.	375	540–55	540–55	540–55	540–55	540–55	540–55
Amst'd'm, Fl.	12·107	8·91 1/2–92 1/4	8·91 1/4–92 1/4	8·91 1/2–94 1/2	8·92–95	8·91 1/4–92 3/4	8·91 3/4–92 1/2
Berlin, Mk.	20·43	12·15–18	12·14–17	12·14–17	12·12–16	12·10–14	12·11–14
Registered Marks	(c)	54–59	54 1/2–59 1/2	54 1/2–59 1/2	55 1/2–60 1/2	56–61	55 1/2–60 1/2
Br. India Rup.	†18d.	17 23/32–27/32	17 15/16–7/8	17 15/16–7/8	17 15/16–7/8	17 15/16–7/8	17 15/16–7/8
Hong Kong, $	† ...	1 4 7/8–15/16	1 4 7/8–15/16	1 4 7/8–15/16	1 4 7/8–15/16	1 4 7/8–15/16	1 4 7/8–15/16
Shanghai, $	† ...	8–9 (l)	8–9 (l)	8–9 (l)	8–9 (l)	8–9 (l)	8–9 (l)
Rio, Mil.	†5·899d.	2 7/8*m	2 7/8*m	2 7/8*m	2 7/16*m	2 29/32*m	2 29/32*m
B. Aires, $	11·45	18·95–19·02g	18·96–19·04g	18·96–19·04g	18·92–19·02g	18·90–19·00g	19·00g
		16·12h	16·12h	16·12h	16·12h	16·12h	16·12h
		122e (l)	122e (l)	122e (l)	122e (l)	122e (l)	122e (l)
Valparaiso, $	40	†51d.	19 3/4–20 5/8	19 3/4–20 5/8	19 3/4–20 5/8	19 7/8–20 5/8	19 5/8–20 3/8
Montevideo, $	†51d.	19 3/4–20 5/8	19 3/4–20 5/8	19 3/4–20 5/8	19 3/4–20 5/8	19 7/8–20 5/8	19 5/8–20 3/8
Lima, Sol.	17·38	22–23 (l)	22–23 (l)	22–23 (l)	22–23 (l)	22–23 (l)	22 1/4–23 1/4
Mexico, Pes.	9·76	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd
Manila, Pes.	†24·66d.	24 1/4–5/8	24 1/4–5/8	24 1/4–5/8	24 1/4–5/8	24 1/4–5/8	24 1/4–5/8
Moscow, Rbls.	...	25·85–85 3/8	25·83 1/2–84 3/8	25·82–82 1/2	25·80 1/2–81 1/8	25·72 1/2–73 1/8	25·74 3/4–75 1/8

Usance: T.T., Rio de Janeiro, Lima, Valparaiso (90 days). * Sellers. † Pence per unit of local currency. ‡ Par 8·23 3/32 since dollar devaluation on February 1, 1934. (a) Prior to devaluation on April 2, 1935. (c) Per cent. discount. (e) Latest "export" rate. (g) Official rate is $15 sellers. (h) Average remittance rate for importers. (i) Rate for payments to the Bank of England, for account Controller of Anglo-Italian debts. (l) Nominal. (m) Official.

(b) Other Exchanges

London on	Par of Exch. per £	Aug. 26, 1938	Aug. 31, 1938	Sept. 1, 1938
Helsingfors, M.	193·23	226 1/2–227	226 1/2–227	226 1/2–227
Madrid, Pt.	25·22 1/2	100–200(l) 77/	100–200(l) 77/	100–200(l) 77/
Lisbon, Esc.	110	110–110 3/8	110–110 3/8	110–110 5/8
Budapest, Pen.	27·82	24 3/8–7/8	24 3/8–7/8	24 3/8–7/8
Prague, Kc.	$164 1/2 3/8	140 3/8–14 1/2 3/8	140 3/8–7/8	140 3/8–7/8
Danzig, Gul.	25·00	25 7/8–26 1/8	25 7/8–26 1/8	25 5/8–26 1/8
Warsaw, Zl.	48·38	25 7/8–26 1/8	25 7/8–26 1/8	25 5/8–26 1/8
Riga, Lat.	25·22 1/2	24 1/4–25 3/4	24 1/4–25 3/4	24 3/4–25 3/4
Bucharest, Lei	813·8	660–680	660–680	660–680
Constantinople, Pst.	110	610* 614k	610* 614k	611* 614k
Belgrade, Din.	276·32	210–220	209–219	209–219
Kovno, Lit.	48·66	28 1/2–29 1/2	28 1/2–29 1/2	28 1/2–29 1/2
Sofia, Lev.	673·66	390–420	390–420	390–420
Tallinn, E. Kr.	18·159	17 3/4–18 5/4	17 3/4–18 3/4	17 3/4–18 5/4
Oslo, Kr.	18·159	19·85–95	19·85–95	19·85–95
Stockholm, Kr.	18·159	19·35–45	19·35–45	19·35–45
Copenhagen, Kr.	18·159	22·35–45	22·35–45	22·35–45
Alexandria, Pst.	97 1/2	97 5/8–7/8	97 5/8–7/8	97 5/8–7/8
Kobe, Yen	†24·58d.	13 15/16–14 1/16	13 15/16–14 1/16	13 15/16–14 1/16
Singapore, $	† 28d.	27/8–28 1/8	27/8–28 1/8	27/8–28 1/8
Batavia, F.	12·11	8·89–92	8·89–92	8·89–92
Bangkok, Baht	†21·82d.	22–22 1/4	22–22 1/4	22–22 1/4

Usance: T.T., except Alexandria (Sight). * Sellers. † Pence per unit of local currency. § Par, 197·10 5/16 since koruna devaluation on February 17, 1934. Rate for payments to the Bank of England: (j) Under Anglo-Spanish Agreement. (k) Under Anglo-Turkish Agreement. (l) Nominal.

LONDON—FORWARD

(Closing quotations)

London on		Aug. 26, 1938 Per £	Aug. 27, 1938 Per £	Aug. 29, 1938 Per £	Aug. 30, 1938 Per £	Aug. 31, 1938 Per £	Sept. 1, 1938 Per £
New York, cent.	1 Month	(p) 5 15/16–3/8	(p) 5 15/16–1/4	(p) 5 15/16–1/4	(p) 11 3/32–9/32	(p) 11 3/32–3/32	(p) 11 3/32–9/32
	2 „	1 2–5/8	9/16–7/16	9/16–7/16	9/16–7/16	9/16–7/16	9/16–7/16
	3 „	5/8–7/8	5/8–7/8	5/8–11/16	15/16–11/16	15/16–11/16	5/8–11/16
Paris, francs	1 Month	(d) 1 1/8–1 5/8	(d) 1 1/8–1 5/8	(d) 1 7/16–1 7/16	(d) 1 1/4–1 1/4	(d) 1 1/4–1 1/2	(d) 1 1/8–1 5/8
	2 „	2 9/8–2 7/8	2 1/2–2 3/4	2 1/2–2 7/4	2 1/8–2 1/16	2 5/8–2 7/8	2 1/8–2 7/8
	3 „	3 1/16–3 15/16	3 1/16–3 15/16	3 1/16–3 15/16	3 3/4–4	3 1/16–3 15/16	3 1/16–3 15/16
Amsterdam, cent.	1 Month	(p) 1–1 1/2	(p) 1–5/8	(p) 1–1 1/2	(p) 1 1/8–5/8	(p) 1 1/8–5/8	(p) 1–1 1/2
	2 „	1 3/4–1 1/4	1 5/8–1 1/8	1 1/2–1	1 5/8–1 1/8	1 3/4–1 1/4	1 5/8–1 1/8
	3 „	2 1/2–2	2 1/2–2	2 1/8–1 7/8	2 1/4–2 1/4	2 3/4–2 1/4	2 3/8–2 1/8
Brussels, cent.	1 Month	(d) 4–6	(d) 4–6	(d) 4–7	(d) 5–8	(d) 6–8	(d) 6–8
	2 „	13–17	12–16	15–18	16–20	17–21	15–19
	3 „	25–29	25–30	30–34	33–38	33–38	30–35
Geneva, cent.	1 Month	(p) 2 1/2–1 1/2	(p) 2 1/2–1 1/2	(p) 2 1/2–1 1/2	(p) 2 1/4–1 1/4	(p) 2 1/4–1 1/4	(p) 2 1/4–1 1/4
	2 „	4 1/2–3 1/2	4 1/2–3 1/2	4 1/2–3 1/2	4–3	4 1/4–3 1/4	4–3
	3 „	6 1/2–5 1/2	6 1/2–5 1/2	6 1/4–5 1/4	6–5	6–5	6–5

(p) Premium. (d) Discount.

EXCHANGE RATES—cont.

NEW YORK

New York on	Par of Exch. per cent.	Aug. 25, 1938	Aug. 26, 1938	Aug. 27, 1938	Aug. 29, 1938	Aug. 30, 1938	Aug. 31, 1938
London:—*	Old Par						
60 days	4·8666	4·87 15/32	4·87 1/32	4·86 23/32	4·86 13/32	4·85 11/32	4·85 15/32
Cables	New Par	4·87 15/16	4·87 9/16	4·87 1/4	4·86 15/16	4·85 3/4	4·85 7/8
Demand	8·2397	4·87 13/16	4·87 7/16	4·87 1/8	4·86 13/16	4·85 5/8	4·85 7/8
Paris, Fr.	6·63	2·73 9/16	2·73 5/8	2·73 1/4	2·73 3/16	2·72 5/8	2·72 5/8
Brussels, Bel.	23·53	16·89	16·88 1/2	16·90	2·73 3/16	2·72 5/8	2·72 5/8
Switz'l'd. Fr.	32·67	22·92	22·91	22·90	16·89 1/2	16·88 1/2	16·88 1/2
Italy, Lira	8·91	5 26 1/4	5 26 1/4	22·85	22·85	22·79 1/2	22·82 1/2
Berlin, Mk.	40·33	40·09 1/2	40·09	40·09	5 26 1/4	5 26 1/4	5 26 1/4
Vienna, Sch.	23·82	...	...	...	40·08 1/2	40·08	40·08 1/2
Madrid, Pt.	32·67	...	...	...	...	...	...
Amst'd'm Gldr	68·06	54·70 1/2	54·67	54·63 1/2	54·41	54·42 1/2	54·47
Cop'h'gn, Kr.	18·159	21·79	21·77	21·76	21·74	21·69	21·69 1/2
Oslo, Kr.	18·159	24·52 1/2	24·50	24·49	24·47	24·42	24·42
St'h'lm, Kr.	18·159	25·16 1/2	25·14	25·13	25·11	25·05 1/2	25·06
Athens, Dr.	1·29	0·89 5/8	0·89 5/8	0·89 5/8	0·89 1/2	0·89 3/8	0·89 5/8
M'treal, Can. $	169·31	99·710	99·765	99·780	99·840	99·900	99·840
Yo'hama, Yen	84·40	28·47	28·46	28·43	28·43	28·35	28·33
Shanghai, $	...	17·50	17·40	17·40	17·40	17·40	17·35
B. Aires, Peso	...	30·26	30·24	30·22	30·20	30·14	30·15
Rio, Ms. †	11·96	5·90	5·90	5·90	5·90	5·90	5·90

Usance: T.T. * Dollars per £1. † Official.

SOUTH AFRICA

(BUYING RATES PER £100 STERLING)

	T.T.	Sight	30 days' sight	60 days' sight	90 days' sight
London on:	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Rhodesia	100 5 0	100 10 3	100 18 6	101 6 9	101 15 0
S. Africa	100 17 6	101 2 9	101 11 0	101 19 3	102 7 6

(SELLING RATES PER £100 STERLING)

	Sight	Telegraphic
London on:—	£ s. d.	£ s. d.
Rhodesia	99 15 0	99 15 0
South Africa	100 2 6	100 2 6

AUSTRALIA AND NEW ZEALAND

	London on Australia and New Zealand* Buying: Australia	Buying: New Zealand	Selling: Australia (any mail)	Selling: New Zealand (any mail)	Australia and New Zealand on London* Buying: Australia	Buying: New Zealand	Selling: Australia (any Mail)	Selling: New Zealand
T.T.	...	...	125	124	125 Air Mail	124	125 1/2 Ord. Mail	124 1/2
Sight	(†) 126 1/8	(†) 125 3/8	125 1/16	124 1/16	124 15/16	124 11/16	123 7/8	125 1/2
30 days	126 7/8	125 7/8	...	...	124 1/2	124 3/8	123 7/8	125 7/16
60 days	127 1/8	126 3/8	...	...	124 1/4	124 1/8	123 7/8	125 3/8
90 days	127 3/8	126 7/8	...	...	124	123 7/8	122 11/16	125 5/16

	London on Australia and New Zealand* Selling: Australia (any Mail)	Selling: New Zealand	Australia and New Zealand on London* Selling: Australia (any Mail)	Selling: New Zealand
			125 Air Mail	125 Ord. Mail
Sight	125 1/2	125 1/2	124 19/40	124 19/40
30 days	125 7/16	125 7/16	124 33/40	124 33/40
60 days	125 3/8	125 3/8	124 27/40	124 27/40
90 days	125 5/16	125 5/16	124 23/40	124 23/40

* All rates (Australian and New Zealand) now based on £100—London.
† Intermediate rates will be calculated on the basis of 2s. 6d. for every seven days.

IMPORTS AND EXPORTS OF GOLD AND SILVER

Week ended September 1, 1938

Imports: From	Bullion	Coin	Exports: To	Bullion	Coin
GOLD	£	£	GOLD	£	£
British W. Africa	380,562	...	Finland	23,693	...
British S. Africa	1,138,833	...	Sweden	766,893	1,210
British India	...	517,500	Netherlands	82,071	288,377
Germany	411,735	...	Syria	...	59,492
France	35,868	...	Switzerland	324,429	58,353
Switzerland	11,875	70,410	Egypt	...	26,547
Mexico	...	112,967	United States	9,203,282	...
Total*	2,029,386	735,369	Total*	10404358	479,806
SILVER			SILVER		
British S. Africa	306	...	Bombay	126,110	...
Germany	1,546	...	Latvia	1,147	...
Netherlands	...	125	Norway	1,531	...
France	18,362	157	United States	73,180	860,000
Switzerland	...	47	Other countries	1,230	81
Morocco	...	7,730			
Japan	5,345	...			
Total*	25,562	9,908	Total	203,198	860,081

* Including other countries.

EXCHANGE RATES (Monthly Tables)

CENTRAL AND SOUTH AMERICA

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 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.** Sight selling rate on London has been 141·40 bolivianos per £ (nominal) since June 12, 1938.

*Colombia.** Sight selling rate on New York was 176·55 pesos per 100 U.S. dollars on August 8, 1938. This rate applies to holders of permits buying in the "open" market.

Ecuador. Sight selling rate on New York was 14·85 sucres per U.S. dollar on August 6, 1938.

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 for payment of imports was fixed by the National Bank at 5·52 1/2 cordobas per U.S. dollar (including 10 per cent. tax and 1/2 per cent. commission) on August 8, 1938.

Paraguay. Exchange is quoted on Buenos Aires; the sight selling rate was 70·60 Paraguayan pesos per Argentine "free" paper peso on August 12, 1938.

El Salvador. Sight selling rate on New York was 2·51 colones per U.S. dollar on August 10, 1938.

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

	Changed	From %	To %
Albania	Apr. 1, '37	6 1/2	6
Amsterdam	Dec. 2, '36	2 1/2	2
Athens	Jan. 4, '37	7	6
Batavia	Jan. 14, '37	4	3
Belgrade	Feb. 1, '35	6 1/2	5
Berlin	Sept. 22, '32	5	4
Brussels	May 30, '38	4	3
Bucharest	May 5, '38	4 1/2	3 1/2
Budapest	Aug. 28, '35	4 1/2	4
Calcutta	Nov. 28, '35	3 1/2	3
Copenhagen	Nov. 19, '36	3 1/2	4
Danzig	Jan. 2, '37	5	4
Helsingfors	Dec. 3, '34	4 1/2	4
Kovno	July 1, '37	5 1/2	5
Lisbon	Aug. 11, '37	4 1/2	4
New York Fed. Reserve	Aug. 26, '37	1 1/2	1
Madrid	July 15, '35	5 1/2	5
Montreal	Mar. 11, '35	...	2 1/2
Oslo	Jan. 5, '38	4	3 1/2
Paris	May 12, '38	3	2 1/2
Prague	Jan. 1, '36	3 1/2	3
Pretoria	May 15, '33	4	3 1/2
Tallinn	Oct. 1, '35	4	4 1/2
Riga	Nov. 1, '36	5 1/2	5a
		6	5 1/2b
Rio de Janeiro	May 31, '35	...	3 1/2
Rome	May 18, '36	5	4 1/2
Sofia	Aug. 15, '35	7	6
Stockholm	Dec. 1, '33	3	2 1/2
Swiss Bank places	Nov. 25, '36	2	1 1/2
Tokio	Mar. 11, '38	3·285	3·46
Vienna	July 10, '35	4	3 1/2
Warsaw	Dec. 18, '37	5	4 1/2
Wellington	Mar. 2, '36	3 1/2	2 1/2
Irish	June 30, '32	3 1/2	3

Central Bank of Chile.—Discount rate for member banks, 4 1/2%; discount rate for the public, 6%. (a) 5% applied to banks and credit institutions. (b) 5 1/2% applied to private persons and firms.

DIVIDEND ANNOUNCEMENTS

Rates are actual, unless stated per annum or shown in cash per share. Rate for previous year refers to total dividend, unless marked by asterisk to indicate interim dividend.

Company	*Int. or †Final	Total	Payable	Prev. Year
	%	%		%
BANKS				
Banco Italiano-Lima	5*	...	...	5*
Bk. of Australasia	3 1/2*	...	Sep. 30	3 1/2*
Bk. of Nova Scotia	3	...	Oct. 1	3
National of India	10pa*	...	Sept. 22	18pa*
INDUSTRIALS				
Anglo-Com. Asphalte	10*	...	Sep. 10	10*
Boots Pure Drug	6*	...	Sept. 30	6*
Brit. Columb. Pur A	50 c.*	...	Oct. 15	50 c.*
Brit. Tob. (Australia)	2*	...	Sept. 30	2*
Brown Brothers	2 1/2*	...	Oct. 1	2 1/2*
Cap. & Nat. Trust	...	2	...	2
Cochran (Annan)	‡5†	‡7 1/2	...	5*
Flower and Sons	5*	...	Sep. 30	5*
Foster (M. B.) & Sons	4 1/2*	...	Oct. 1	4 1/2*
Fuller, Smith &c.	1*	...	...	1*
Garage (A. W.)	...	2 1/2*	...	...
Gillette Safety Razor	15 c.*	...	Sep. 30	25 c.*
Griew (I.) & Co.	4*	...	Sep. 30	2 1/2*
Hawthorn, Leslie & Co	...	(a) 9	...	...
Hickson Lloyd, etc.	...	(a) 1 1/2	...	9
Hulett (Sir J. L.	...	(s) 7	...	3
Imperial Tobacco (Canada)	10cts.*	...	...	7 (s)
Initial Services	a16 2/3	(m)25a	...	10cts.*
Kay & Co. (Engineers)	10†	20	Sep. 17	25
Leyland, etc., Rubber	8 3/4†	11 1/4	...	...
Maynards, Ltd.	...	8	...	12 1/2
North Eastern Elec.	2 1/2*	...	Sep. 30	8
Perfecta Motor	...	17 1/2	...	2 1/2*
Pinchin, Johnson & Co	7 1/2*	...	Sept. 30	‡12 1/2v
Ransome and Marles	(a)11†	20	...	7 1/2*
Sheepbridge Coal & I.	‡7 1/2†	‡12 1/2	Oct. 1	20
Singleton and Cole	6*	...	Sep. 27	‡10
Staveley Coal & I.	‡8†	‡11	Sept. 30	6*
Sun Electrical	...	5	Oct. 6	‡12 1/2
Tennant Bros.	10†	12 1/2	Oct. 4	5
Tor Investment	3†	5 1/2	...	12 1/2
United Flex Tubing	3 1/2*	...	Sept. 7	5 1/2
United Tobacco (Sth.)	3·9d*ps	...	Sep. 30	3 1/2*
Upsons, Ltd.	5*	...	...	3·9d*ps
Webster (S.) & Sons	2 1/2*	...	Sep. 30	5*
West Riding Auto.	4*	...	...	2 1/2*

‡ Free of Income Tax. (a) Paid on a larger capital. (m) Also scrip bonus 10 per cent. (v) 18 months. (s) Free of South African normal Income Tax.

Investment

TRANSPORT RECEIPTS

BRITISH RAILWAY TRAFFICS

	Gross Receipts, week ended Aug. 28 (£'000)					Aggregate Gross Receipts 34 weeks (£'000)				
	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts
L. M. & S.—										
1937	*613*	*495*	*250*	*745*	*1,358*	*18,133*	*16538*	*8,630*	*25,168*	*43,301*
1938	604	406	231	637	1,241	18,130	15279	8,414	23,693	41,823
L. & N. E. (a)—										
1937	*417*	*321*	*245*	*566*	*983*	*11,841*	*11379*	*8,335*	*19,714*	*31,555*
1938	418	283	196	479	897	11,740	10651	7,960	18,611	30,351
Great Western—										
1937	*281*	*212*	*116*	*328*	*609*	*7,711*	*6,694*	*3,772*	*10,466*	*18,177*
1938	269	172	107	279	548	7,627	6,244	3,626	9,870	17,497
Southern—										
1937	*401*	*67*	*31*	*98*	*499*	*11,440*	*2,115*	*1,033*	*3,148*	*14,588*
1938	401	60	32	92	493	11,374	2,033	1,014	3,047	14,421
Total—										
1937	*1712*	*1095*	*642*	*1737*	*3,449*	*49,125*	*36726*	*21,770*	*58,496*	*107,621*
1938	1692	921	566	1487	3,179	48,871	34207	21,014	55,221	104,092

(a) Week ended Aug. 27.

CUMULATIVE AND WEEKLY COMPARISONS

(000's omitted)

	L.M.S.	L.N.E.R.	Great Western	Southern
Cumulative Figures	£	£	£	£
Gross increase, second half 1937, over second half 1936	+ 1,443	+ 1,099	+ 647	+ 372
Gross decrease, first half 1938, over first half 1937	− 780	− 638	− 318	− 105
Gross decrease, second half 1938, over second half 1937:—				
8 weeks to Aug. 28, 1938	− 698	− 566	− 362	− 62
Weekly Figures				
Av. weekly decrease, 2nd half 1938	−87·25	−70·75	−45·25	− 7·75
Latest week compared with 1937	*− 117*	*− 86*	*− 61*	*− 6*
Latest week compared with average 1927–30	*− 259*	*− 224*	*− 120*	*− 40*

IRISH RAILWAY TRAFFICS

Company	Gross Receipts, week ended Aug. 26 (£'000)			Aggregate Gross Receipts 34 weeks (£'000)		
	Pass.	Goods	Total	Pass.	Goods	Total
Belfast & Co. Down—						
1937	*3·6*	*0·4*	*4·0*	*93·2*	*16·5*	*109·7*
1938	3·4	0·4	3·8	89·7	14·5	104·2
Great Northern—						
1937	*14·6*	*9·2*	*23·8*	*381·7*	*320·4*	*702·1*
1938	15·1	9·3	24·4	377·0	299·0	676·0
Great Southern—						
1937	*52·7*	*39·3*	*92·0*	*1254·3*	*1371·0*	*2625·3*
1938	50·1	42·2	92·3	1255·1	1320·8	2575·9

OVERSEAS WEEKLY TRAFFIC RECEIPTS

INDIAN

Name	Weeks	Ending	Gross Receipts for Week		Aggregate Gross Receipts	
			1938	+ or −	1938	+ or −
		1938	Rs.	Rs.	Rs.	Rs.
Bengal & N. Western	18	Aug. 10	‡8,17,694	− 1,25,208	1,42,08,543	− 8,94,523
Bengal-Nagpur	18	10	‡19,85,000	− 45,780	3,35,37,840	− 6,39,465
Bombay, Bar. & C.I.	20	20	‡24,35,000	− 2,33,000	4,52,01,000	−11,46,000
Madras & S. Mah.	18	10	‡17,64,000	+ 1,45,703	2,78,99,986	+13,99,203
S. Indian	18	10	‡14,42,294	+ 13,242	2,02,81,800	+ 1,87,783

† 11 days. ‡ 10 days.

CANADIAN

		1938	$	$	$	$
Canadian National	33	Aug. 21	3,370,391	− 297,679	106,785,291	− 1,535,175
Canadian Pacific	33	21	2,617,000	+ 55,000	80,008,000	− 6,547,000

SOUTH & CENTRAL AMERICAN

		1938				
Antofagasta	34	Aug. 28	£13,900	− 4,740	528,500	− 39,350
Argentine N.E.	8	27	‡197,000	+ 14,900	1,565,800	+ 121,400
			*£12,221	+ 924	97,134	+ 7,530
B.A. and Pacific	8	27	‡1,145,000	− 126,000	9,820,000	−1,260,000
			*£71,030	− 7,816	609,183	− 78,162
B.A. Central	7	13	$120,000	− 39,300	762,800	− 247,800
B.A. Gt. Southern	8	27	‡2,006,000	+ 2,000	16,755,000	+ 242,000
			*£124,442	+ 124	1,039,393	+ 15,013
B.A. Western	8	27	‡584,000	− 218,000	5,055,000	−1,340,000
			*£36,228	− 13,524	313,584	− 83,129
Central Argentine	8	27	‡1,717,500	− 377,850	13,991,900	−5,278,450
			*£106,545	− 23,439	867,985	− 327,444
Central Uruguayan	7	20	d137,174	+ 6,714	1,049,555	+ 41,382
			e£15,988	+ 1,124	122,320	+ 8,532
Leopoldina	34	27	M2292000	+ 246,000	58,476,000	−2,939,000
			£26,549	− 475	669,073	− 122,941
Mexican Railway	33	21	$247,400	− 54,900	1,955,000	− 226,500
Nitrate	32	15	a†£5,852	+ 230	96,357	− 4,631
United of Havana	8	27	£16,727	− 911	136,054	− 24,702

* Converted at average official rate 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."

SUEZ CANAL RECEIPTS

		1938	£	£	£	£
Transit Receipts‡	31	Aug. 10	252,200	17,600	5,880,300	959,100

‡ 10 days.

LONDON TRANSPORT BOARD

	Receipts	Compared with prev. Year
	£	£
Week ending Aug. 27, 1938, before pooling	548,900	+ 2,900
Total, 9 weeks to date	5,032,400	+ 36,700
L.P.T.B. receipts, 52 weeks to June 25, 1938	29,388,200	+ 657,100
L.P.T.B. receipts, 52 weeks to June 26, 1937	28,732,000	+ 255,000
L.P.T.B. receipts, year to June, 1937, after pooling	30,247,378	+ 522,655
London Transport Pool receipts, year to June 30, 1937	41,377,929	+ 771,590

THE WEEK'S COMPANY RESULTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation: Dividend Prefce. Amount	Dividend Ordinary Amount	Dividend Ordinary Rate	Carried to Reserve, Depreciation, etc.	Balance Forward	Corresponding Period Last Year: Net Profit	Corresponding Period Last Year: Dividend
Breweries		£	£	£	£	£	%	£	£	£	%
Lichfield Brewery	June 30	20,733	25,557	46,290	6,875	18,300	10	...	21,115	25,635	10
Financial Land, etc.											
Goldsbrough, Mort & Co.	Mar. 31	142,962	191,343	334,305	...	168,000	7	48,000	118,305	196,668	8
Old Gate Estates	Apl. 30	1,749	2,982	4,731	2,400	...	...	869	1,462	(a)	(a)
Trojan (Holdings)	Aug. 14	221	19,842	20,063	739	18,679	10	...	645	(a)	(a)
Iron, Coal and Steel											
Cowans, Sheldon & Co.	June 30	41,650	46,743	88,393	...	15,000	10	22,957	50,436	31,060	10
Indian Iron & Steel (t)	Mar. 31	2,854	857,809	860,663	...	643,612	35(s)	210,000	7,051	318,774	20s
Partington Steel & Iron	June 30	*Dr. 64,195*	48,449	*Dr. 15,746*	...	...	...	40,000	*Dr55,746*	20,924	Nil
Pearson & Knowles	June 30	1,837	606	2,443	...	...	...	...	2,443	1,642	Nil
Rubber											
Bruseh Rubber	Mar. 31	8,972	3,827	12,799	...	2,096	5	2,000	8,703	6,384	15
Textiles											
Leigh Mills Company	July 30	7,524	*Dr. 4,198*	3,326	1,198	...	...	...	2,128	17,521	7½†
Other Companies											
Freedman (Henry)	June 30	1,726	11,075	12,801	...	5,250	7½	5,025	2,526	13,822	10
United Indigo, etc.	June 30	16,366	2,864	19,230	4,500	...	...	...	14,730	10,763	7½
Total Profits, 1938, in £'000s:	*No.of Cos.*										
To August 27	*1,709*	*64,503*	*236,191*	*300,694*	*38,881*	*124,950*	...	*66,121*	*70,742*	*212,855*	...
To September 3	*1,719*	*64,683*	*237,375*	*302,058*	*38,894*	*125,802*	...	*66,449*	*70,913*	*213,513*	...

† Free of Income Tax. (a) No comparable figures. (t) Rupee taken at 1s. 6d. (s) Free of Indian Income Tax.

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Mediation Means What?

PLAN succeeds plan in Prague with bewildering rapidity. As each set of proposals is markedly more generous to the Sudeten Germans than its rejected and withdrawn predecessor, the rapid succession is presumably as pleasing to the Germans as it is alarming to Czech public opinion. With the fourth plan, which was handed to the Sudeten German Party on Wednesday of this week, the Czechoslovak Government declares that it has gone as far as it can without endangering the integrity of the State. The Sudeten representatives on Wednesday simultaneously accepted the plan as a basis of negotiations and declared that all talks must be broken off, by reason of an alleged assault by Czech police on Sudeten deputies at Moravska-Ostrava. This looks like the merest pretext for delay, and if maintained it would do the Sudeten cause great harm in the opinion of the world. Unfortunately, Lord Runciman was unable to bring this home to the Sudeten leaders, and as we go to press, there is still deadlock in Prague. But so small a hindrance must be capable of removal, and when it is out of the way a basis of negotiation will at last have been reached.

The new fourth plan of the Government goes very considerably further than the third plan, which provided for some twenty or thirty *départements* or *Gaue*, with considerable powers of self-government. It is now proposed that the sub-divisions of the territory of the Republic shall be both larger in area and have wider powers than was proposed before. There are to be three large German-speaking districts. One is to be at the head of the Bohemian salient, along the borders of Saxony, with about 800,000 almost entirely German-speaking inhabitants. The second, along the borders of Bavaria and Austria, will also have a homogeneous German-speaking population of about 700,000. The third, facing German and Polish Silesia in the neighbourhood of (and possibly including) Moravska-Ostrava, cannot from the nature of the case be so wholly German-speaking; its population will be about 500,000.

Each of these administrative areas—and, of course, those carved out of the rest of the country—will elect, by proportional representation, its own legislature, and appoint its own executive. In the division of powers, the principle to be followed is that only those services vital to the security of the State shall be centrally administered, including mainly the army, communications, the gendarmerie (local urban police being controlled by the new sub-divisions), and foreign affairs. These proposals come as close to the Sudeten demands as is possible without disrupting the Czechoslovak State. Indeed, it may be said that they meet all the purely Sudeten demands, those which are left unsatisfied being either the demands of Berlin (e.g. that the foreign policy of the country must be changed) or those of the Nazi Party (e.g. that a totalitarian regime, complete with Jew-baiting and concentration camps, shall be set up in the Sudetenland). No country in time of peace has ever made such far-reaching concessions to the demands of another.

No attempt has been made in Prague to conceal the fact that this new plan was only offered to the Sudetens

with great reluctance and under pressure from London. Nervousness and misgivings are naturally on the increase in Prague. What exactly, it is being asked, is Czechoslovakia getting in return for these painful and dangerous concessions to British views? The disquiet is not, indeed, confined to Prague. What exactly, we may ask in London, is the rôle of the British Government? Up to this point, nothing that Lord Runciman has done, or that the British Government have done, has been inconsistent with the rôle of a mediator. It was right to persuade the Czechs to go to the limit of safety. But now that that limit has been reached, surely they, and British public opinion, have a right to expect that the British Government shall say so and start putting an equal pressure on the other party to the dispute. Great Britain is, after all, mediating, not arranging the terms of Czech surrender.

This moment, when the mediator himself must give evidence of good faith if he is to carry his task to a successful conclusion, was chosen by *The Times*, which is frequently (far too frequently) taken to represent the views of the British Government, to suggest that the Czechs would really be better off if they ceded the Sudetenland outright to Germany. *The Times* never hesitates to deplore irresponsibility in others; but such a suggestion, at such a moment, inviting Germany to wait until she is offered more than she has ever demanded, cannot be ascribed to anything but monumental ineptitude or a deliberate intention to make mischief. A statement was promptly issued from the Foreign Office, saying that the suggestion "in no way represented the view of His Majesty's Government." But only part of the mischief could be undone, for the suggestion will still be taken abroad as representing the view, if not of the Government, at least of an influential section of British opinion. It will be harder than ever to convince Herr von Ribbentrop that the influence of the pro-German group whose view he accepts as British public opinion has declined, since March and May, to nothing. The effect of the suggestion has been bad, and may still be disastrous. In Prague (and elsewhere in the world) the natural reaction is that the Czechs have been tricked. All their concessions, it is said, have been in vain; they are, after all, merely to be thrown, with the utmost gentility, to the wolves. They would have done better to have stood fast from the start. And the British intervention, it is being said, was merely one more of those unquestionably well-intentioned efforts to push others into the breach, at no expense to Britain, which have built up the legend of perfidious Albion. On the German side, the suggestion is a plain invitation to intransigence; it has been so accepted at Nuremberg.

The Times blunder (we accept the charitable explanation), even though the Government's disavowal was prompt and emphatic, sharply illuminates the need for a clearer definition of British policy. If there had been no obscurity about British policy, and no suspicion of its intentions, no disavowal would have been needed. As it is, plain speaking is necessary. This is the function, above all others, of the House of Commons, and the Labour Party will meet with widespread support in its request that Parliament should be summoned—not to embarrass the Government, but to enable them to prove that their intentions are honest. What exactly was the meaning of Sir John Simon's speech, with its repetition of the Prime Minister's statement that Great Britain would almost certainly be involved in any war that started in Bohemia? Last week the world thought it knew. But now there are sceptical voices asking whether it may not mean that, to avoid a war in which we should certainly be involved, we are taking steps to hand the Czechs over to the Nazis. Almost certainly, that interpretation is wrong—but there is no room for "almost" in a situation where absolute certainty is required. Again, if our purpose is to procure a peaceful settlement, have we distinguished in our minds between one that will keep the peace this autumn and one that will keep the peace next spring? Autonomy for the Sudetens may merely mean a firmer basis for a German offensive next year. Have we thought of that, in urging the Czechs to make proposals that will create an autonomous Nazi Government in the Sudetenland which, on the occasion of some petty brawl, might easily send out an appeal for help *à la* Seyss-Inquart? Have we realised that we cannot expect the Czechs to agree to a solution they think dangerous unless we give them assurance of security? We cannot ask them to believe that their national existence is a reasonable price to pay for a few weeks of British security. If we have an interest (as we manifestly have) in a peaceful settlement, and if we are convinced that a peaceful settlement can only be obtained by concessions from the Czechs that endanger their safety, then we must be prepared to pay a price for what we want by putting our binding guarantee behind the new status of Czechoslovakia. If our intention, on the other hand, is merely to persuade the Czechs to surrender without fighting, let us abandon the hypocritical pretence of impartial mediation, and ask Lord Runciman to don the Swastika. But if, finally, our main interest arises from the growing realisation that there will be neither peace nor security for England in a world that is ruled by force and bluster, let us be very careful that we do not disgust and betray those whose interests run parallel with ours and that we do not encourage and reward the methods of policy that will, in the end, bring down the British Empire. On all these questions, doubts are rising. It is imperative that they should be allayed by clear words from London.

The Rôle of the Unions

THE Trades Union Congress met at Blackpool on Monday last under the ill-starred auspices of the European crisis, and its deliberations have reflected the surrounding malaise. The Congress is the authoritative assembly of the organised workers of the country; and its attitude towards the great economic and political problems of the day is second in importance only to that of Parliament itself.

The report of its General Council shows that, while its membership is still a very long way from its ideal of embracing every manual worker in the land, it has latterly been growing in numbers and resources. Its total membership in 1937 reached 4.7 millions, compared with 3.3 millions four years ago and 3.2 millions before the war. This figure has only been exceeded during and immediately after the war, when a great influx into the "organised" trades of the country took place.

The function of this important organisation is primarily industrial; but, quite inevitably, in the circumstances of to-day, its interest has been directed to political matters and in particular to the great question of peace and war. It is natural that trade unionists, in common with the whole British people, should be deeply troubled by the grave turn taken by events abroad. It is natural, too, that the T.U.C. should be obdurately opposed to all forms of Fascism, since no institutions have suffered more severely than trade unions from the spread of totalitarian doctrines on the Continent. The trade unions' suspicions of recent trends in British diplomacy have been shared by a considerable part of the electorate.

It is not merely in foreign matters that the unions are inevitably drawn into politics. In the domestic sphere also, their inextricably intimate relations with the Labour Party, which depends upon them for finance, local organisation, personnel and votes, makes it impossible for them to stand aloof from political matters. To-day, moreover, the political significance of the trade unions is enhanced by the lack of outstanding Parliamentary figures on the Labour benches of the House of Commons. It is, accordingly, the more important that the trade union chiefs should not overlook the fact that their primary responsibility lies in the sphere of industrial relations and social welfare.

In industry, indeed, as distinct from politics, the trade unions have not in every respect the same status as they enjoyed before the war when the industrial population was more closely knit in tradition and place. The development of their power and responsibility has been intensive in the fields they had already occupied before 1914, rather than extensive over the whole working life of the nation. The pattern of British industry has markedly changed in the course of the last twenty-five years: the old basic industries have declined in importance, while lighter industries, transport and distributive services have greatly expanded; and the trade unions, still firmly entrenched in the older trades, have not made corresponding headway in the newer ones. Out of 13½ million workpeople insured against unemployment and more than 18 millions included in the National Health Insurance scheme, less than 4½ millions are members of unions affiliated to the Trades Union Congress; and, although the Transport and General Workers' Union and the General and Municipal Workers' Union are now two of the three largest unions, the strength of the T.U.C. still rests to a large extent upon the miners, the railwaymen and the engineers.

The T.U.C. was established seventy years ago as an annual meeting of unions at which a common policy on questions of general interest could be evolved; and a Parliamentary Committee, transformed in 1921 into the present General Council, was instituted to give expression to the meeting's agreed views. Voting at the Congress is based upon the membership of the affiliated unions. To-day, the Mineworkers' Federation, the Amalgamated Engineering Union, and the National Union of Railwaymen number 1,202,108 out of a total Congress membership of 4,460,617, and together command over 26 per cent. of the votes; the two general workers' unions, whose expansion in recent years has reflected the changing balance of Britain's industries, control with their 1,016,359 members over 22 per cent. of the votes. Thus, these five bodies, out of a total of over 200 affiliated societies, wield roughly half the votes cast at T.U.C. meetings.

Even on the railways and in the mines, however, not more than 70 per cent. of the registered workers are members of affiliated unions; and, even after five years of steady progress in membership since 1934, only 1 in 3 of the workers insured against unemployment, or 1 in 4 insured against ill-health, is an affiliated unionist. Indeed, even at the peak point of membership in 1920, before strikes, political controversy and economic depression struck hard at the unions, only half the male workers and one-fifth of the women were members. To-day, in the food, drink and tobacco trades, in miscellaneous metals and among the two million distributive workers (despite recent successes in the grocery trades and in the North), unionism is slight; in the artificial silk industry, in hotels, restaurants, laundries and general commerce it is practically negligible. Workers in the motor manufacturing industry are almost entirely unorganised; and organisation in foundries and vehicle factories is sporadic and local. Even in building, the proportion of union members is low, because of the breakdown of organisation among building labourers. And in agriculture, trade unionism has fallen back to its former great weakness.

Bare figures of membership, however, are not an adequate guide to the influence of trade unionism. In many industries where the proportion of actual union members is small, wage rates and, to a certain extent, other labour conditions, are governed by trade union practice. It is none the less true that, while the T.U.C. speaks the political mind of Labour, it fails to include in its ranks the majority of industrial and other workers, especially in the new and growing trades. In part, the reasons are political; a number of semi-professional unions hold aloof from the T.U.C.; public servants have been forbidden by law to affiliate since 1927; and many working people are not prepared to sponsor the political activities of Congress. In newly-developed industrial areas, especially in the South, where no trade union tradition exists, a generation of workmen has arisen that has no acquaintance with unionism. The character of the labour needed for the new factories is different from the apprenticed personnel of the North and Midlands in the old days. The new machine-minders are not skilled in a particular trade; nor, accordingly, are they firmly attached to any particular industry. In consequence, what headway has been made in new areas has been made by the general workers' unions, and members' loyalty has not the solid support of a common training and skill. Yet collective bargaining remains the accepted and most satisfactory procedure for improving labour standards and obviating disputes. The movement has recently realised its clear responsibility to the relatively unskilled workers in unorganised trades. The general unions have attempted, with some success, to expand their membership, somewhat loosely, in these occupations. A new union has been projected, under the T.U.C.'s auspices, for domestic servants. Individual unions and the T.U.C. have co-operated with employers and the Government to attempt the application of trade board methods on a broadened base to the regulation of goods road transport and retail distribution where unionisation is difficult and the attainment of uniform wage standards is impracticable.

These are notable advances in the field which is the unions' own. The autonomous societies look to Congress for guidance; and the rival tendencies within the movement have, as it happens, been exemplified in the proceedings at Blackpool this week. Mr Elvin's Presidential Address was almost wholly political in substance, even when dealing with industrial subjects, and its denunciatory tone went far beyond the bounds of the formal and rhetorical confession of a Socialist faith which is to be expected on these occasions. Yet, despite Mr Elvin's lead, the discussions of Congress have been marked by a notable sense of responsibility and a clear willingness to realise the proper distinction between industrial and political action. On Tuesday, the readmission of Communists to the unions was once again rejected, without discussion, and the policy of the General Council in meeting with the Government to discuss co-operation in re-armament was approved. On Thursday, the General Council's view that industrial action should not be used for political purposes prevailed against proposals to influence the Government's actions with regard to Spain by means of strikes or boycotts.

This is unquestionably the right line of action for British Labour in its own interests. Foreign affairs and re-armament are matters of pressing and immediate importance; but they must be settled in Parliament. The strengthening of the industrial base of unionism and co-operation with the Government and other bodies in the prosecution of social and industrial reforms are much more obviously matters for the unions themselves to decide. The duty of co-operating fully in munitions manufacture has been rightly urged upon the Congress by the Council this week; but it is in these wider ways that the T.U.C. and its affiliated members can, in the long run, best make their peculiar contribution to national welfare, and justify their claim to be integral institutions of British democracy.

Germany's Economic Prospect

(By Our Berlin Correspondent)

THE recent heavy falls on the Berlin Stock Exchange, which seem to have been somewhat exaggerated by foreign comment, have led once again to suggestions that Germany is marching towards some undefined "breakdown" or at the least towards radical changes in economic policy to arrest "breakdown." The same opinion can occasionally be heard in Germany; but the great majority of informed natives and foreign observers on the spot, especially those who have witnessed the vicissitudes of German economic policies over long terms of years, expect neither breakdown nor complete reversal of policy. The National-Socialists themselves persistently affirm that the Third Reich is immune, not merely to economic breakdown, but even to cyclical setbacks. In view of the present high level of production and employment, that assertion is equivalent to predicting perpetual boom. The Bourse fall shows that there are some sceptics. The main cause of the collapse was unquestionably the increasing burdens on capital—of which taxes are only part—and the fear of investors both that profits would decline and also that the overtaxed shareholder would be allowed to retain still less of what he received for his own consumption.

That these tax fears were the root of the trouble was virtually admitted, after strenuous denials and attempts to put the blame on international unrest, when Herr Reinhardt, Secretary of State in the Ministry of Finance, published a qualified denial that there were any plans for increases in taxation. Plans were in fact ready; but the disastrous effect of the increase in Corporation tax (now double that of 1936) caused them to be withheld. The nervous note of Herr Reinhardt's utterance, and his demand that all discussion of tax increases should cease, showed how the wind blew. The securities fall was officially found unpleasant. It discredited the Third Reich abroad, aroused unwelcome surmises about purely political and diplomatic matters, and induced much loose talk of "breakdown" and "change of methods." Moreover, the fall of fixed-interest securities was obviously not helpful to the borrowing programme of the Government. But there is no evidence that the Government apprehended anything very serious. Since it had brought about the collapse by its precipitate methods, it has probably the power to stop it quickly; and the two recoveries of the market after August 16th were certainly due in the main to the denials of impending increases in taxation.

In meeting emergencies the dictatorial National-Socialist Government has the two great advantages that it has no economic policy based on principle and that it can act immediately to meet the exigency of the day. Its whole policy for six years, except for some enterprises such as the motor roads and the new Goering iron undertaking, which by their nature involve planning, has been one of hand to mouth, the essence of which is that, as soon as policies heralded as based on principle fail, or cause undue pressure in some particular quarter, they are abandoned or even reversed, counter-pressure usually being brought elsewhere. This has occurred in the field of food supply and agricultural policy. It was the attitude towards mechanisation in industry, which at first was violently opposed and even partly prohibited. There have been wide variations in the policy towards independent traders and petty industrialists, in the regulation of prices and in many other directions. This flexibility of policy knows no limits. And if the Government, having discovered that it must again increase tax revenue, and having thereby induced an unpleasant and unpopular securities crash, desires now to do without the revenue and to give the securities a chance, it can reverse its policy. Apparently it has already done so.

The two potential weaknesses in the German economic situation are public finance and foreign trade—the latter regarded less as a method of making payments to foreign countries than as an influence on the volume of industrial activity at home. That the Government is always short of money is admitted; the official debt returns have reflected the shortage of funds since financing by "special bills" was abandoned in March. The reduction in defence expenditure that was hoped for when the initial programme of rearmament had been completed has not materialised. The reason for this is probably the fortification of the Western frontier, the current cost of which is not known, but must be very large if, as is understood, a complete "Maginot Line" is being constructed. Money is also wanted for the works put in hand in Austria since the *Anschluss* and for civil commitments, many of which are half-finished. As a result of the March reforms in financial procedure, the disclosed debt of the Reich is now rapidly increasing. In June alone it rose by Rm. 853 millions, which is about £70 millions at the official rate of exchange. Most of this increase is in short-term debt. Thus the June return shows an increase of Rm. 504 millions in the liability for non-interest-bearing Treasury certificates. Most, if not all, of these are the "delivery certificates" with which contractors are now paid. This new borrowing device has not been a complete success. The "special bills," with which contractors were paid before the March changes, could be discounted to full value, but on the delivery certificates the contractor can only raise 75 per cent., and that at a higher interest rate.

The total Reich debt is now returned at Rm. 22,455 millions, which is Rm. 5,541 millions higher than a year ago, but neither figure includes the liability for "work-creation" and armament bills incurred down to March of this year. According to official statements, the current deficit is diminishing. This may well be the case, because the gross revenue of the Reich is rising and the subventions to States and municipalities are continually being reduced. The familiar statement that the National-Socialist Government has not greatly increased tax burdens (the Corporation Tax being the admitted important exception), and that the vast increase of revenue derives almost entirely from the trade revival, is not quite correct. The tax increases originally imposed to meet the emergency of the depression have never been removed. During the depression the original rate of the compulsory contribution to unemployment insurance was "temporarily" raised from 3 per cent. to 6½ per cent. Although unemployment has almost vanished this high rate is maintained. As a result, the Unemployment Insurance Board has been virtually converted into a tax-collecting body. The yield of public taxes in 1937-38, plus the saving on unemployment support, was, according to the official estimate, Rm. 10,200 millions more than in 1932-33. The yield of taxes to the Reich and local governments in the last fiscal year was Rm. 18,500 millions; the national income in the calendar year 1937 was only Rm. 68,500 millions. Germany is thus a very heavily taxed nation, and if, in spite of that fact, the Reich is still borrowing, the explanation is the extremely heavy expenditure. The Reich has always borrowed and got into debt in periods of prosperity and high revenue; it has practised economy and suspended borrowing only in depression times.

So long as the present very heavy burden of taxes can be continued, so long as the national income continues to rise, so long as the Government can borrow to meet its deficit, any setback in production and employment seems very unlikely. The present boom originated in finance, and can probably be maintained by finance. It is not abnormal or unprecedented; a similar system has been successfully pursued for still longer in Russia. In Germany, itself, industry was extraordinarily active during the great inflation, unemployment being for some time even lower than it is to-day. When National-Socialist officials claim that cyclical fluctuations have been eliminated, they foresee that for all visible time the Reich will have the financial resources to keep the pace up. But the whole self-generating process depends upon the ability to borrow. Already the Bourse fall has made long-term borrowing or the funding of short-term debt less easy than it was, although an inspired statement professed complete confidence that the financial programme would be carried through. The continuance of short-term borrowing depends, first, upon there being an ample supply of savings, and, secondly, upon their being regularly deposited with the financial institutions. There is no present sign of any interruption to this process, and the current increase of indebtedness is probably smaller than in the "special bill" years.

The other possible weakness in the whole structure lies in foreign trade. Industrial activity at its present level cannot be maintained without imported raw materials. Stocks of raw materials have recently increased (the position concerning essential foodstuffs is also a little easier), but the Reich is not appreciably nearer to supplying itself, and the volume of exports is therefore still a crucial factor. On the surface, the figures show a substantial deterioration in the course of the present year. Since April the total of exports has actually been lower than last year. The growth of the unfavourable trade balance has been limited hitherto by an improved relation between import and export prices. The prices of raw materials have fallen much faster than those of manufactured exports, with the result that a given volume of exports has paid for a larger quantity of imports. Recently, however, there have been signs of a fall in German export prices, which, if continued, will complicate the problem. The foreign trade balances are not, however, as bad as they seem. Part of the increase in the unfavourable balance is due to the incorporation of Austria into the Reich. Moreover, some of the invisible sources of income have been increasing; the shipping surplus was Rm. 412 millions in 1937, double the 1933 figure. The adverse trend of trade has not prevented the Reich from importing Rm. 94 millions of gold in the first seven months of 1938. Moreover, reserves were increased by the *Anschluss;* the expropriation of Austrian foreign securities yielded a very large sum, unofficially estimated at as high as one milliard marks. These reserves would not last long in a severe depression of international trade, but for the present there is no reason to anticipate any insuperable difficulty in securing the necessary supplies of essential raw materials.

Germany's economic structure thus has two factors of weakness, either of which might compel a reduction in the present high activity of industry. But both are at present purely potential. It is, in fact, quite impossible for the National-Socialist Government to contemplate a return to idle factories and to a host of unemployed. Thanks to the happy planlessness, to the wealth of resource open to a dictatorial government and to its ability to act immediately, many minor tendencies towards depression can be promptly met by the tried expedient of sacrificing some impeding interest—usually that of the consumer. Whether this policy of expedients will be successful indefinitely is a very open question. But in the meantime, anybody who bases his calculations upon an imminent economic decline is probably making a mistake.

Economics at Geneva

EVEN the closest friend of the League of Nations cannot delude himself that it stands to-day, on the eve of its Nineteenth Assembly, as high as it stood a decade ago. The League has not failed the world; but the world has sadly failed the League. The Foreign Ministers will go to Geneva on Monday; but they will go mainly in order to discuss with each other under the League's convenient roof the great drama that is being played out in Europe beyond the official cognizance of the League and its organs. The agenda, both of the Council and of the Assembly, is innocent of any suggestion that all is not perfect harmony between Germany and Czechoslovakia. The magnificent instrument shaped by the peacemakers in 1919 is not being used to preserve the peace they made.

If there is any consolation to be drawn from this tragedy it is that the less sensational parts of the League's work stand a better chance of receiving their fair share of attention. None deserves this attention more than the work done by the Economic and Financial Committees of the League and the corresponding sections of the Secretariat. Judged by both the quantity and the quality of its output of reports, memoranda, reviews, surveys and other printed documents, the economic side of the League's work is flourishing as never before. So rich, indeed, is the growth that the Council in May set up a Committee to co-ordinate the various activities then in progress. The report* of this Committee was published in July and provides a revealing and impressive summary of the work that is being done.

Without drawing any untenably rigid distinction, it can be said that the economic work of the League falls into three main divisions. There is, first, the collection, arrangement and exposition of information; this is primarily the function of the Economic Intelligence Service. Secondly, there is the active discussion of steps that can be taken by Governments for economic advancement, which must be left to the various committees on which the States-Members are represented. Finally, there is the great volume of economic work done within its special terms of reference by the International Labour Organisation. Though the Co-ordination Committee gave only a brief mention to the work of the Economic Intelligence Service—presumably because it found no need there for additional co-ordination—this is the branch of the League's work with which the independent economist or statistician is brought most closely into contact. The Year Book and the Monthly Bulletin of Statistics have become standard places of reference (to which, incidentally, *The Economist* is daily indebted). The series of annual volumes on special subjects, such as world trade, world production and prices, money and banking, balances of payments, etc., are monumental collection of facts gleaned from all over the world, with an added superstructure of the Secretariat's own estimates and calculations.

The Secretariat has always had the courage to go further than the mere compilation of official returns; and many discussions of economic problems would lose touch with reality, for lack of a quantitative measure, if it were not for such convenient approximations as, for example, the League's index number of the industrial production of the world. Further than that, the League's publications never

* "Report of the Co-ordination Committee on the Economic and Financial Questions contained in the Agenda of the Nineteenth Ordinary Session of the Assembly." Series of League of Nations Publications, II. Economic and Financial, 1938. II B.3.

lose sight of the economic wood for the mass of statistical trees. They are adept in the lucid marshalling of facts to make an intelligible picture. The latest report of the Financial Committee, to take only one instance, included as an annex a Note by the Secretariat, giving in twenty-five small pages a survey of the puzzling state of world business which for clarity and completeness excites the envy of the professional journalist. If any reader of these lines should consider this praise of the work of the Economic Intelligence Service too generous, he can be invited to read the latest edition of the annual "World Economic Survey"‡ which has just been published. The Survey, which is intended to be an epitome of the work of the Service, has been taken over this year by Mr J. E. Meade, of Oxford, and he has succeeded admirably in his task of setting out an impressive array of facts in palatable form.

An intelligence service, however excellent, loses the largest part of its usefulness unless it provides the basis for action. With the financial assistance of the Rockefeller Foundation, an inquiry has been proceeding under League auspices for some time into the nature of the trade cycle. This has already resulted in Professor Haberler's book "Prosperity and Depression," which was a collection and examination of the chief theories purporting to explain the phenomenon of business fluctuations; and Professor Tinbergen is now engaged on statistical research to test empirically the validity of these various theories. But, at the same time, a Delegation has been appointed by the Council to inquire into the practical possibilities of Government action to prevent or mitigate depressions. The world may hope that this marriage of practice and theory will be fruitful.

The economic activities of the League already mentioned make up a formidable list. But they are only the beginning. The agenda for this year's Assembly contains thirteen items of a specifically economic character, of which the Economic Intelligence Service and the trade cycle inquiry constitute only two. The remaining subjects for discussion vary greatly both in scope and in importance. But running through all of them it is possible to discern a thread of continuity. The economic work of the League is coming to be grouped round the central subject of the standard of living of the ordinary man. Nutrition, for example, under the hand of the League, has been converted from an abstract and imprecise noun into the name of a positive policy for human betterment. And on the main issue, that of raising standards of living as a whole, Mr N. F. Hall's report, reviewed in *The Economist* last week, is a beginning in a similar task of reducing a vaguely enormous, and enormously vague, subject to malleable proportions.

The economic efforts of the League have not merely a definite aim, in the increase of human betterment; but a method, which is itself an aim, in the increase of human freedom. There is hardly a section of the agenda which does not profess the direct object of increasing some aspect of liberty. The inquiry into the availability of raw materials is an attempt to enhance the freedom of access to the riches of the world. The constant investigation of exchange controls aims to restore to the world's liquid capital that freedom of movement which, more than anything else, has built up the standard of living of the Western world. And, finally, all the organs of the League and the I.L.O. are pressed into service for the tragically urgent problem of migration—the freedom of movement of Man himself.

Thus behind the pages of objective statistics the economic work of the League comes back to its high subjective purpose. The League was founded to secure the freedom and security, to enhance the material welfare, of the human race. The more it has been deprived of the chance to fulfil its political mission, the more urgently necessary it is that its work should be carried on in the economic sphere. Only part of the world pays heed to what is done in Geneva, and even in that part the practical obstacles in the way of acceptance of the principles worked out by the League are enormous. But it is pure gain that somewhere in the world the flame of human progress is being sedulously tended.

† Financial Committee. Report to the Council on the Sixty-sixth Session of the Committee. Series of League of Nations Publications, II. Economic and Financial, 1938. II A.9.

‡ World Economic Survey, Seventh year. 1937-38. (London). Allen & Unwin. 244 pages. Cloth, 7s. 6d.; Paper 6s.

Family Allowances

A VIGOROUS campaign is being waged against malnutrition and ill-health. Physical fitness is the order of the day. One key position, namely, the proper nourishment of dependent children, has yet to be taken and consolidated. Children of school age receive education, milk, mid-day meals and medical services at the hands of the State, but something like a quarter of the nation's children belong to households whose weekly income amounts to 10s. or less per head. This is not enough to permit of an expenditure on food sufficient to provide for the physical efficiency of all members of the family.

Children are the chief sufferers from inadequate family earnings. Some 16 per cent. of a sample selection of households made in the course of a survey of the Merseyside eight years ago were living in what was defined as primary poverty; but more than 25 per cent. of all the children included in the sample fell within this impoverished group. The truth is that in its lower ranges the existing wage system does not provide adequately for the maintenance of dependent children. Wages, as the recent Report of the Unemployment Assistance Board emphasised, bear no necessary relation to family needs. A wage-rate sufficient to nourish a single man and keep him in good health may be inadequate to support a wife and one, two or three children properly: yet the wage remains the same for all. From the family standpoint every additional child is tantamount to a cut in the standard of living. The nutrition and physique of the children who will be the workers and citizens of the next generation are adversely affected.

It is for these reasons that the demand for family allowances, i.e. regular cash allowances in respect of each child, for so long as it is dependent, is receiving rapidly-growing support. They are advocated as an essential addition to our system of social services, which already recognises that the unemployed, the sick and the aged should be maintained in a state of physical efficiency; and the case for their provision has been cogently argued in the latest of the publications of that active propagandist body, the Family Endowment Society.*

This is not a matter which affects only the lowest-paid labourers. Mr Seebohm Rowntree has calculated that the barest physical needs of an urban family of five require at the prices of 1938 a regular weekly income of 57s. 6d.; the minimum standards suggested by a League of Nations Committee would involve the addition of another 5s. or 6s.; and the inclusion of bought bread in the minimum diet would add from 1s. to 2s. more. Lancashire's women weavers are still agitating for a minimum wage of 30s. a week, while the average weekly cash earnings of coal-miners in 1937 were less than 55s. 6d. Certainly the ideal way of providing for Britain's families would be to give a minimum wage of, say, 60s. a week to urban workers and 50s. to rural workers, who at present earn an average of less than 33s. a week. This solution is not feasible except in the very long run. And to attempt to fix an inordinately high minimum wage would accentuate the problem of unemployment. Some critics argue that it would be unfair to make payments for the maintenance of children and not for the upkeep of, say, motor-cars. Workers, according to this argument, should have nothing less than a living wage to spend as they please. This theory has good grounds in political philosophy, but "women and children first" is a principle of action appropriate to more than shipwrecks.

The provision of children's allowances is not a new and untried scheme. In this reform Great Britain lags behind many Continental countries and some of the Dominions. General schemes of family allowances are in force in France, Belgium, Italy, New Zealand and New South Wales; and allowances are provided in certain industries, especially coal-mining, in Germany, Holland, Luxemburg, Austria, Switzerland, Poland, Hungary, Czechoslovakia and Jugoslavia. It is true that in many of these countries the level of real wages is much lower than in this country; and that the traditional method of improving earnings in Britain is by the process of collective bargaining. Clearly, however, collective bargaining cannot provide properly, in present conditions, for the needs of all children dependent upon workers over the whole range of industry; and foreign allowance systems provide plenty of precedent.

There are four possible ways of providing family allowances. Their cost can be met by employers, by the State, by the State and employers together, or by a contributory insurance scheme. The obvious danger of industrial schemes, which are most common abroad, is that employers, obliged to make payments over and above wages to men with families, will find it financially advantageous to engage single men. In France and Belgium this obstacle is overcome by the device of equalisation funds; firms in the same industry or in the same region make payments (based on their wages bill or total number of workpeople, married or single) into a central fund, out of which children's allowances, ranging from 20 francs a month for one child in the least generous scheme to 140 francs a month for four children. Over 6,500,000 workers are now covered, and according to Dr Glass, the charge for family allowances, crèches, holiday camps, medical attention and birth premiums in the French system averages 2 per cent. of the wages bill. In the case of French railways and coal-mining, the allowances are paid without any equalisation fund; and this is usual in most other countries except Belgium.

French and Belgian trade unions favour the system of allowances, and their removal, once they have been instituted, would certainly involve the workers in serious loss. Prior to the introduction of allowances, however, the trade unions, like their British counterparts to-day, were fearful lest these payments would entail a corresponding diminution of wages. This is undoubtedly a danger when the payments are made by employers only. Moreover, while industrial schemes can be introduced piecemeal as each industry finds itself able to bear the new burden, where industries are depressed or ill-organised, the system cannot be introduced on an industrial basis.

Indeed, the case for family allowances ultimately leads to the demand for their introduction as a social service financed by the State. The health and nutrition of dependent children cannot be measured by the rate of earnings of their parents, or by the profit and loss accounts of particular industries. The State's interest in the maintenance of the community's physical resources is considerable, and to finance the children's allowances out of taxation, as is already done in the case of education and public health, may prove to be the only way.

A scheme financed by taxes would meet a national need by national means; and it would not depress wages. Payment to ensure a minimum of food for children is no more out of place in the State's duties than payment to provide them with schooling or medical attention. The all-important question is: What would it cost? It was calculated in 1930 that to pay 5s. a week for the first child and 3s. for each subsequent child to all parents below the income-tax level, would have cost £70 millions a year; to pay 5s. for every child would have cost £120 millions. The number of dependent children is now falling, and will continue to fall; a skeleton scheme might be introduced now at an estimated annual cost of £50 millions; and, if the scheme were to start with the second child, the annual charge would be even less. If it were to start with the third it would be even more economical; and if this were done the rate per child could be somewhat higher and so render real assistance where the shoe pinches most. In any case, the total cost would be small in comparison with a ten-figure Budget, or even with our annual expenditure on re-armament; and it might be eked out, if need be, by insurance contributions. This is perhaps no time to advocate expanding our expenditure on social services. But no item among those services is more important than ensuring the physical efficiency of the nation's children. The payment of family allowances would do something to increase and stabilise the demand for foodstuffs and the necessaries of life. And the return to the community (which now spends £285 millions a year as the consequence of ill-health, according to a recent speech by Sir Leonard Hill) in the shape of fit and healthy citizens would go far to cover the cost. The child is indeed father to the man.

* Family Allowances. By Marjorie E. Green. The Family Endowment Society. 72 Horseferry Road, S.W.1. 6d.

Topics of the Week

M. Bonnet and Mr Bullitt.—Writing last week on the European crisis, we concluded that if Germany draws the sword she will "find the world up in arms against her." These words are rather strikingly borne out by the tenor of the two speeches that were delivered last Sunday at Pointe de Grave, near Bordeaux, at the unveiling of a monument commemorating the entry of the United States into the World War in 1917. On this spot the first landing of American troops on French soil occurred in that year, and from the same spot Lafayette sailed to help Washington in 1777. The two speakers this week were the French Minister for Foreign Affairs and the American Ambassador in France. M. Bonnet re-affirmed in the plainest terms, and with express reference to Czechoslovakia, the intention of France to execute all her international engagements. With obviously equal sincerity he re-affirmed at the same time the French will to peace and the absence of any aggressive intention behind the fact of Franco-American friendship. "What the French wanted was not American help in war—they did not want war. They wanted American help for the safeguarding and organisation of peace." Mr Bullitt, for his part, said that the Americans were vitally interested in world peace and that they hoped and prayed that they might remain at peace with every nation in the world, but that, if war should break out again in Europe, "no human being could undertake to state or prophesy whether or not the United States would become involved in such a war." This is, of course, almost the formula that was employed by Mr Chamberlain in his statement in March, which was reaffirmed by Sir John Simon

the other day. It is profoundly to be hoped that, during the next few critical and perhaps decisive days to come, Herr Hitler will lend an ear to his expert philological advisers (and such advisers are at his disposal, if only he chooses to consult them) who have a thorough knowledge of Anglo-Saxon. They will assuredly tell him that, in this trickily muffled and muted tongue, a refusal to guarantee that something unpleasant is *not* going to happen in a certain contingency may be almost tantamount to a warning that it *is* going to happen. There is, of course, a big difference between the present attitudes of the British and American peoples and Governments. But to a large extent it is a difference of degree and phase of development rather than of kind. Throughout the English-speaking world, under all flags and in all parts of the earth, an isolationism bred of a deep repugnance towards war is contending today with a growing belief that it will after all be impossible to avoid a reckoning with dictators who are deliberately making it impossible for us to have the economic, political and psychological conditions without which peace cannot be maintained even by the most pacific-minded democracies. Britain may have been forced, by history and geography, further along this road than the United States. But we are both moving in the same direction, and each nation is much further along it than it was in 1914.

* * *

Nuremberg.—The intoxicating sight of the pennons and swinging ranks of masses of men in obedience to unspoken domination grows annually more intense at the *Parteitag* in Nuremberg. The fervour does not wane among those who go to make the great display, nor the fascination stale; and everyone in Nuremberg, from the youngest and most ardent Hitler youth to sarcastic foreign newspapermen, feels it in his own degree. To-day there is something more. For if this year's magnificence has not—or not yet—unleashed a thunderbolt upon us and upon them, there remains, behind the acclamation and the gratuitous donning of laurels, a certainty which few can escape. These are *dies irae*: words which once might be set aside as necessary bombast can be set aside no longer: we are facing a simple threat of the worst things. Herr Hitler can tell his unnumbered legions that " Germany no longer fears blockade "; the conclusion foreign observers will draw will be different from theirs. We know that no country in the world can be unafraid of blockade. But the importance of Herr Hitler's words lies not in their relation to truth, but in their relation to his own and his people's mood. The peace of the world turns on the decision of one man. And that one man can talk only of how little he fears war.

* * *

Labour's Foreign Policy.—The impressive statement on British policy in Europe, issued on Wednesday by the General Council of the Trades Union Congress, the National Executive of the Labour Party and the Executive of the Parliamentary Labour Party, echoed the misgivings of a large section of the British public outside the ranks of these bodies. The words of Labour's leaders are eloquent and to the point:—

> The failure to recognise the indivisibility of peace is emphasised anew in the threat to Czechoslovakia. The fate of the world is involved in its outcome. . . . The British Labour movement has no quarrel with the German people . . . Peace is a living principle of the Labour movement, for its members are the common people who are the first to suffer and the last to recover from the ravages of war.

Yet, the statement continues, the facts must be faced. Britain cannot stand aside and

> the time has come for a positive and unmistakable lead for collection defence against aggression and to safeguard peace. . . . It is in the historic assembly of our democratic State that these principles should be reaffirmed with the utmost energy and determination.

This is no moment for party controversy. But it is in Parliament alone that Britain's duty and responsibility to stand firm against the blackmail of armed force and to honour her bond on behalf of world peace and international justice, can now be unmistakably asserted with the backing of the elected representatives of the British people. His Majesty's Opposition have called for the prompt summoning of Parliament. They are more than justified.

* * *

Re-armament and Industry.—The steps taken by the General Council of the Trades Union Congress earlier this year to work out, in consultation with the Prime Minister, general grounds for the unions' co-operation in the speeding-up of arms manufacture were approved by the T.U.C. on Tuesday by an overwhelming majority. Opposition came from the Amalgamated Engineering Union. Their view that co-operation should be conditional upon a change in the Government's foreign policy was rejected. The assembled delegates were emphatic that no unnecessary interference with trade union standards and regulations should be tolerated, but it was generally agreed that the need for the dilution of labour in armament factories must be determined by the actual supply available of the required skilled labour. The engineers' repeated contention that, having conceded dilution during the last war, they were victimised when the war ended, is not in fact true; kaleidoscopic and inevitable changes in the scale and pattern of industry, rather than bad faith on the part of Ministers or employers, were responsible for the difficulties they then experienced. To-day, they are busily at work making munitions, and they are agreed that more munitions are needed. It is the merest common-sense that they should co-operate fully in speedier production of arms.

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Nor can the need for the dilution of labour in certain instances be definitively disproved by reference to the swelling total of unemployed workers. Many engineers may be idle, while there is still a shortage of particular types of trained, efficient and physically fit artisans. Existing resources must be used to the full before dilution is considered—and here the unions can lend an invaluable hand—but each problem in the organisation of labour supply must be settled according to the actual facts of the case. Unemployment has indeed grown markedly this year. The unions are inevitably disturbed because the Government has taken no positive steps to stem the recession and anxious about the plight of their members when the rearmament demand slackens. On the other hand, their proposals for a planned economy on the Socialist model, approved by the Congress on Wednesday, were not a strikingly constructive contribution to economic policy for the immediate future.

* * *

Changes in Poland.—Anglo-Polish talks held in London and Warsaw last week seem to be bearing early fruit in a shift of Polish policy that may possibly be of great significance. The only outward sign is that Colonel Beck has unexpectedly decided to visit Geneva for the opening of the League Council. In view of Poland's recent attitude towards the League this is a move of some importance. There are three main considerations that must shape Polish foreign policy at the moment: the inquiries of the German Government for information on the Polish attitude in the event of war in Central Europe, an ominous question which compels Warsaw to consider what its position would be if Czechoslovakia were to vanish into the German maw; the peasant unrest inside Poland; and fresh Nazi aggression in Danzig. The People's Party, the peasant organisation which is still probably the largest political party in Poland, has issued a manifesto declaring that the " situation in the country and particularly in the Polish villages has become tense to the highest degree," and demanding new elections and a democratic government, combined with an immediate return of M. Witos. The fact that this manifesto, evoked by long-standing dissatisfaction with the domestic policy of the Government and by a realisation of Poland's worsening agricultural plight, was allowed by the Government to be published shows that the governing regime is conscious of the necessity of making some concessions to the Opposition in domestic matters. And since the Peasant Party holds very strong views on the desirability of a pro-French—and, by extension, a pro-Czech—foreign policy, any growth in its influence must have a modifying effect on Colonel Beck's diplomacy. Another factor pushing Warsaw in the same direction is the unfortunate situation which is developing in Danzig. In the Free City (an ironic title nowadays) Nazi aggression has now put the treatment of Poles on the same footing as the treatment of Jews, and three vigorous protests, made by the Polish Government after the maiming of a Polish railway official, have gone unheeded. Jewish doctors have been forbidden to practise in Danzig, and although this ban has not yet been extended to their Polish colleagues, the Press in Poland is full of bitter words against the treatment of the Polish minority and of reproaches to the Polish Government for its pro-German bias. Even more disturbing from Poland's point of view are reports of German arms and ammunition being smuggled into Danzig. These events may have been contributory to Colonel Beck's decision to visit Geneva, but they fall into insignificance compared with the larger issue of peace or war in Central Europe. Poland, with her corridor to the sea cutting Germany in two, is the last country that can afford to be complacent about German expansionism. Hitherto, the pro-German bias of her policy has always been excused by the plea that, in default of a real lead from the Western democracies, the only alternative for Poland is to be anti-Russian. But it has also always been said that Poland cannot afford to be on the opposite side of any fence from Britain and France. Colonel Beck's tentative gesture towards dismounting on the Geneva side is to be traced directly to the signs of British firmness with Germany. We hope the significance will not be lost on Lord Halifax.

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Danubian Manœuvres.—It is not only in Poland that the recent German inquiry, breathing the sinister possibility of war, has served to precipitate a few grains of policy out of the cloudy mixture of uncertainty. In Moscow, it is true, there has never been any confession of uncertainty, and M. Litvinoff appears to have assured the German Ambassador that Russia could be counted on to fulfil to the letter her treaty with Czechoslovakia. In Roumania and Jugoslavia, however, no such clear-cut reply could be given. But if the attitude of the Roumanian Government is to be judged from that of the Roumanian press, the effect of the German inquiry has been to intensify the friendly feeling towards the Czechs. Indeed, there is every indication that since King Carol's *coup* and the accession to the Foreign Ministry of M. Petrescu-Comnen, Roumania has been anxious to move, so far as she dare, within the Anglo-French orbit. The conclusion of a new Anglo-Roumanian Clearing Agreement, the discussion of further British trade concessions and King Carol's promised visit to London next month are all pointers in this direction. Whether this trend of policy would go so far as to lead Roumania actively to intervene on Czechoslovakia's behalf in the event of war is more doubtful. But it seems probable that the passage of Russian materials, conceivably even of Russian troops, through the Bukovina to Czechoslovakia, would be allowed. Roumania's attitude would thus be one of neutrality benevolent to the Czechs. Since Roumania and Germany nowhere share a common frontier, Roumania has nothing to fear from such a policy unless Hungary—the intervening State—is Germany's ally. And an attack by Hungary on Czechoslovakia is the one event which, by existing treaties, would put upon Roumania the obligation of armed intervention. The attitude of Jugoslavia is considerably less clear. At the time of the Bled Agreement, Jugoslav policy seemed to be moving in a sense favourable to Little Entente solidarity. But the conclusion of the Agreement was followed by the resignation from the Government of the Minister of War, who was known to hold pro-Czech views. Since his place and another Cabinet vacancy were filled by Croats, it is possible that the change was of domestic rather than of foreign significance. But it is enough once more to enshroud Dr Stoyadinovitch's diplomacy in mystery. With Jugoslavia, as with Roumania, the decisive fact would probably be the attitude of Hungary. If Hungary remained neutral in a German-Czech war, Jugoslavia would probably also keep out of the fighting. But if Hungary seized the opportunity to invade Slovakia, it would be difficult for the Belgrade Government, even if it wanted to, to keep the Jugoslav army and the Jugoslav people out of the fray.

* * *

Hungary is therefore in a sense the key to the Danubian puzzle. The Prime Minister, M. Imredy, has thrown some light on his country's attitude, in an interview with an English newspaper correspondent and also in a public speech. Hungary, it would appear, has given no political pledges to Germany. Her attitude is one of stout neutrality, charged with a certain venom towards the Czechs; and it is made clear that the implementation of the Bled Agreement depends upon a prior settlement with Prague on the status of the Magyar minority. M. Imredy showed a wholly praiseworthy anxiety to concentrate upon the domestic affairs of his country. Thus he announced not only the re-introduction of conscription, but also a far-reaching programme of social and industrial reforms. The urban worker is to be given family allowances and recreation facilities on the *Kraft-durch-Freude* or *Dopolavoro* model. For the peasant, much more ambitious plans are laid. Entailed estates of over 400 acres and other estates of more than 700 acres are to be divided into small leaseholdings; and an effort is to be made to solve the problem of agricultural debt. The necessary funds are to be provided by the State and raised in taxation. Since the first estates to be expropriated will be those most heavily in debt, the peasant will not be the only gainer from the move. If these land reforms are carried out as fully as M. Imredy announced they would be, the resulting change may justly be called revolutionary: the vast silent plains of Hungary will have thrown off at least a part of that feudal heritage which so long has starved both the peasant and the soil. Whether Hungary will be granted the tranquillity to carry out her reforms is an entirely different matter.

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A Plea to the Powers.—When the Assembly of the League of Nations gathers at Geneva on Monday next Sir Neil Malcolm's report on refugees from Greater Germany will be laid before them. No more poignant sign of the troubled and distressful times in which they meet could be imagined. Sir Neil, whose tenure of office as High

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Commissioner for German refugees lapses at the end of this year, shows how the *Anschluss* piled Pelion upon Ossa by adding Austrian to German fugitives, and thus creating a problem which can now only be solved by inter-governmental co-operation and the goodwill of individual countries. Indeed, it can only be solved, he argues, by generous relaxations of prevailing restrictions upon the right of immigrants to work. And it must be solved soon because there are still very many more than half a million Jews, Catholics, Legitimists and others within the frontiers of the enlarged Reich whose security of citizenship and property has recently been rendered more than precarious. Voluntary aid organisations cannot cope with exiles in these numbers, deprived as they commonly are of over 90 per cent. of their property.

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Sir Neil himself has something of value to contribute to the technique of absorbing as many as possible of these unfortunate aliens in the industrial and agricultural personnel of other countries; he has analysed those under his supervision in late months according to their special skills. By such methods Governments, employers and professional bodies could discover technicians and experts in many fields able to enrich the economic life of their new homelands and expand employment. But every week brings items of news that illustrate the formidable obstacles to freer migration. The immigration laws of Argentina are to be made more stringent because the volatile economy of that country has relapsed into severe depression once more, and many men are idle. And it is clear that the statement of the Zionist leader, Dr Weizman, in a speech at Antwerp a week ago, that no plan for Palestine could be acceptable if it restricted Jewish immigration and settlement, raises political issues of great difficulty. Yet there are signs that the tide is turning slowly in favour of freer movement. The expressed attitude of the United States is unmistakably more sympathetic than it was. And the introduction of a fully-fledged health insurance and contributory pensions scheme in Australia will, according to a new agreement, enable potential migrants from Britain to transfer to the Dominion the contributions they have already made to the British schemes, and so avoid incurring an appreciable and deterring loss. But these are the merest drops in the bucket —a bucket filled with the tears of a new Babylonian captivity.

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Airplanes from Canada.—The devolution of some part of the responsibility for Imperial defence from crowded and vulnerable Britain to the distant and self-reliant Dominions has passed from the strategic into the industrial field. The British Air Mission, which recently negotiated an agreement with firms in the United States to supply aircraft to this country, announced in Ottawa on Friday of last week the conclusion of a long-term agreement with Canadian manufacturers. A number of Canadian firms will erect two central factories at Toronto and Montreal to produce bombers for the Royal Air Force; and a company will be formed to do business directly with the British Government. This agreement is not, like the American orders, simply a contract for the supply of a specific number of machines; bombers will be "on tap" for the R.A.F. from the new organisation for an indefinite period; and the Canadian supplies, together possibly with other types of military aircraft to be turned out by enlarged factories at Vancouver and Fort William, will be an integral part of the flow of British armaments. Meanwhile, on Wednesday, Mr Pirow, South Africa's Minister of Defence, announced a three-year plan to spend £5,000,000 on arms and equipment and a further £1,000,000 on coastal defence. The Union will draw most of its armament material from British factories; but the full fortification of Cape Town and Durban will represent a vital contribution by the South Africans to the co-operative provision of protection for the common interests of the Empire. The Dominions are wholly independent in their administration and policy; but the interdependence of the Commonwealth in matters of defence was never more marked.

* * *

Civilian Air Defence.—There have lately been important moves towards the enlistment of civilians in the work of national defence. Sir Kingsley Wood recently announced the formation of a Civilian Wireless Reserve, which will divert the energy and enthusiasm of scores of expert amateurs to the national advantage, and of the 7,000 volunteers needed, 1,000 have already enrolled. Last week the training of the recently formed Civil Air Guard began at all light aeroplane clubs that had recruited twelve members for the new scheme. Up to that time 19,759 men and 3,898 women had been enlisted for the Guard out of 30,726 applicants, and discussions between clubs and aircraft manufacturers show that the present supply of training machines will be adequate for winter purposes, when flying time is restricted by limited daylight. Ground training will accordingly be of primary importance during the early stages of the Guard's career; and the only obstacle to the satisfactory progress of a scheme which is likely to prove of notable benefit in numerous and diverse ways in the unhappy event of war is the shortage of instructors. At one flying field only 100 out of 1,500 recruits could be started in training last week; and the bottleneck is not eased by the comparative delay in organising ground instruction.

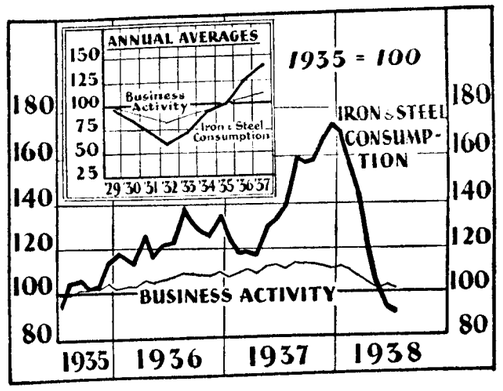
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Fresh Food and Frozen.—Food storage is not only an indispensable piece in the pattern of national defence. Fresh fruit and vegetables, both necessary for good nutrition, are not readily available in a fully fresh state, even in peace time, to dwellers in overgrown cities; and at certain seasons of the year they are not available at all. The consumption of these and many other foods in preserved and stored forms has grown by leaps and bounds in recent years; and the Medical Research Council's answer to the question, posed by the Food Investigation Board, whether stored food is as nutritious as fresh food, is accordingly of much more than passing importance. Their judgment, contained in the Board's annual report published last week-end, is non-committal but on the whole encouraging. It is not possible, the Council say, to compare with any certainty the actual nutritive effects of the consumption of fresh and stored foodstuffs without a prolonged period of extensive clinical research and observation. Judged by analysis of their chemical constituents, however, stored foods would seem to lose little by comparison with fresh; and the Council are properly emphatic in stating that most preserved foods are superior in nutritive value to fresh foods gone stale, which is too often the diet of town dwellers. In the case of fruit and vegetables, important nutritive constituents tend to be destroyed by heat in both cooking and canning; but the latest methods of gas storage (whereby the fresh article is preserved in an atmosphere in which it can continue "breathing" as in its natural state) and quick freezing, applied with special success to peas and white fish in North America, have opened up promising avenues of experiment. The best solution for our problems of nutrition would assuredly be cheap fresh food for all the year round. But that is scarcely possible yet; and comparative researches into the value of foods preserved in different ways, by canning, bottling, drying and freezing, is in consequence imperatively needed.

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Steel Consumption and Prices.—The accompanying diagram, which compares the course of *The Economist's* monthly index of new iron and steel available for consumption with that of general business activity, shows that the decline in demand this year has been as marked as the wild scramble for materials in 1937. Last year consumers, fearing a shortage of supplies, attempted to secure their requirements for longer periods ahead than usual; since the end of 1937 they have been anxious to reduce their stocks, placing new orders to satisfy immediate requirements only. Actual consumption of iron and steel neither increased as much as supplies last year

BUSINESS ACTIVITY AND DOMESTIC STEEL CONSUMPTION



nor fell as sharply as production and imports this year. Despite the severe curtailment of output and imports, however, stocks are believed to be still excessive, and, in the absence of a revival of demand, the industry may be compelled further to reduce its output. The industry is thus on the horns of a dilemma. Costs of production have risen as a result of the decline in output, and the industry, consequently, is averse to a reduction in prices, especially, it is contended, as such a move is unlikely to stimulate consumption sufficiently to prevent a fall in total profits. Although it is arguable that last year's increase in prices was not as extortionate as it might have been, they are, nevertheless, high compared with those of other products. For example, the Board of Trade's index of iron and steel prices (1930=100) stood at 138.5 last month, compared with its figure of 101.9 for all industrial materials and manufactures. Moreover, while the general index has fallen by 8.8 per cent. since August, 1937, the steel index is virtually unchanged. As the industry has been given a quasi-monopoly in this country, the pressure of individual producers for basing selling prices on costs of production—which means on the costs of production of the least efficient producers—is undoubtedly strong. The voice of the general interest is supposed to be represented by the independent Chairman of the British Iron and Steel Federation and by the Import Duties Advisory Committee. Past experience does not hold out much hope that it will be strong enough appreciably to modify the monopolistic instincts of the steel manufacturers. A depression is a testing time for the new organisation of the steel industry. It has not yet shown many signs of realising that the powers it has been given carry heavy responsibilities to the community.

Mr. Roosevelt's Purge.—President Roosevelt is doing nothing to lower the political temperature in the United States. To European observers there may seem nothing strange in the head of the executive expressing his opinions on the policies, and the men, that will shortly have to be judged by the electorate. A British Prime Minister, who is likewise head of the Government and leader of a party, habitually asks the electorate to vote for this candidate or against that, without anybody accusing him of betraying his trust or trying to be a dictator. But Mr Roosevelt's intervention in the current primary elections, by which the Democratic Party in the various states chooses its candidates for the November election, violates no less than three of the taboos of American political theology, and the resulting protest is shrill. It is a breach, in the first place, of the doctrine that the executive must not interfere with the process by which the legislative branch of the Government is constituted. Secondly, the Federal Government, even the national headquarters of the party, are not supposed to have any concern with the party elections in each state—almost in the same way as a French Socialist who happens to be President of the League Council would be debarred from expressing an opinion on the choice of Parliamentary candidates by the British Labour Party. And finally and most scandalously, the President has even shaken the sacred party loyalty by expressing his preference for a Liberal Republican over a Conservative Democrat.

* * *

Other leaders in the past have discovered that it is not always safe to disregard what are generally held to be the forms of polite controversy for the sake of a consuming idea. Mr Roosevelt himself made the mistake, at the time of his Supreme Court proposals, of thinking that if the country wanted him to carry out his ideas it would grant him the means to do so. He may be making a similar mistake at the moment. Hitherto, he has been relatively successful in those primary elections where his intervention took the form of asking support for his friends—the renomination of Senator Barkley in Kentucky is the chief case in point. But the President has now taken to attacking his enemies. One of them, Senator Smith in South Carolina, has already been re-nominated. Two others who have been directly attacked by the President, Senator George in Georgia and Senator Tydings in Maryland, face their primary elections in the next few days, and the omens are that one at least of them will have the support of the electors in defying the President. But the President's campaign will probably serve his purpose even if his opponents are returned to the Senate, for they will know henceforth that the Democratic label will not protect them from attack if they consistently oppose the President's policies. In this noisy struggle, the Republican Party doubtless casts itself for the rôle of *tertius gaudens*; but it is

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receiving even less attention than the emergence of one more product of the lunatic fringe from that land of sunshine and nonsense, California.

* * *

Words and Deeds in Mexico City.—At the opening of the Mexican Congress on Friday of last week President Cárdenas made a speech which seemed at the moment to have been deliberately calculated to paralyse Mr Cordell Hull's patient and conciliatory diplomacy. In notes of July 21st and August 23rd the Secretary of State at Washington had asked the Mexican Government to accept arbitration in regard to the compensation due to United States landowners in Mexico who have been expropriated. Instead of entertaining this request, the Mexican President reverted in his speech to an earlier proposal from Washington for a joint investigation by the two Governments; but in the same breath he rejected the conditions with which this proposal had been accompanied. These were that, while the joint investigation was in progress, the Mexican Government should begin to set aside funds for an eventual payment of compensation for lands already expropriated, and that in the meanwhile no fresh expropriations should be carried out. These conditions seem reasonable, considering that the expropriations have been going on now for ten years without a penny of compensation having been paid up to date. President Cárdenas, however, rejected them both, on the ground that they cast an aspersion upon Mexican honesty. In the same speech he announced that the compensation payable to the foreign oil companies, whose properties have been expropriated *en bloc* this year, would not be large. This apparent intransigence on the Mexican Government's part is being outdone by Mexican labour, which has come out on strike against a mining company of United States nationality, in spite of the fact that in this case a collective contract between the company and its employees has been worked out to the satisfaction of the Mexican Government Labour Board. Meanwhile, the attempt of the expropriated British and American oil companies to obtain the protection of Mexican law against the Labour Board's award of an indemnity of £6,000,000 to their employees has failed. On Wednesday the Supreme Court ruled that the award must stand, although the men have not in fact lost a single day's work. It only remains to be seen whether the Supreme Court will evince any greater magnanimity or sense of justice in its judgment on the validity of the expropriation decree itself.

* * *

The present week has seen the publication of the Mexican reply to Mr Hull's note of August 23rd. After maintaining that Mexico has only done what a great many other sovereign States have likewise recently been doing, this note does accept (though this without agreeing to either of Mr Hull's two accompanying conditions) the proposal for a joint commission to determine the value of, as well as the method of paying compensation for, the expropriated lands. More than that, Mexico is now virtually accepting Mr Hull's subsequent proposal for arbitration; for, in his present note, President Cárdenas suggests that, in the event of disagreement between the Mexican and the United States Commissioner, a neutral member shall be selected from the Permanent Commission established in virtue of the Pan-American "Sondra Pact." In so far as this Note opens the way for judicial discussion of the quarrel between Mexico and the Powers, this is assuredly good news for Mexico as well as for the foreign interests concerned. The vehemence of Mexican xenophobia is easy to understand and even to sympathise with up to a point. It has behind it the whole impetus of the long delayed reaction of an oppressed native peasantry against a foreign exploitation which began, more than four hundred years ago, with the Spanish conquest. But to see that a passion is natural is not the same thing as to prove that it is righteous or even expedient. And, besides, the foreigner in Mexico in 1938 is not the man he was in 1521. The present English-speaking owners of the bulk of the present foreign interests in Mexico are most unlikely, in their present mood, to try to force upon Mexico conditions that would be condemned as flagrantly inequitable by instructed neutral opinion. But these same foreigners have, after all, done much for the economic development of Mexico; and they are no less entitled than Mexicans or other men are to receive a fair return for their labour. This is obviously a case for friendly discussion and compromise; and for such a settlement we hope that President Cárdenas has now opened a door on which Mr Hull has been persistently knocking.

* * *

French Labour Decrees.—M. Daladier's Ministry of Labour has found its course anything but plain sailing since the promulgation of the decrees relaxing the Popular Front's 40-hour week legislation. Although the C.G.T. has not been unreasonably violent in its condemnation, the decrees are not passively accepted, and particular objection is taken to the further suggestion that overtime pay shall not exceed 10 per cent. of the normal wage-rates. The Communists have seen fit to attack the whole principle of relaxations and in so doing have provoked an emergency meeting of the Council of the Miners' Federation to decide what steps shall be taken in defence of unity against Communist activities. At this juncture it is difficult to see what the Communists expect to gain from exacerbating industrial unrest, for with M. Blum leading the Socialists in quiet acceptance of what he seems to regard as the inevitable, and lacking as the Communists do the support of the C.G.T., they cannot hope to influence the course of events or even pose as martyrs on the altar of social progress. As things are, strikes and threats of strikes have occurred in several departments. A wage-cut of 19 per cent. made by jute employers in the Somme department was greeted by the striking of 14,000 men; Lille tramworkers came out at the week-end; and much disquiet is evident amongst 40,000 textile workers in the neighbourhood of Lille, Turcoing and Roubaix. The refusal of Marseilles dockers to work under new terms has forced into effect a decree requisitioning the port, and docking services will now, if necessary, be carried out by troops. In this uncertain atmosphere, with strikes of protest against the decrees occurring daily, it is a pity that M. Jouhaux, the leader of the unions, should be out of France. In Mexico he is almost as far from his flock as Mr Ernest Bevin is from Blackpool. But whatever signs there are of anxiety on the part of the French working-class, they should not be mistaken to mean that France is divided against itself on issues which in a crisis would be fatal to its strength. In spite of the demonstrations which several trade unions have conducted against the decrees, it is clear that sooner or later those decrees will be accepted as part of the price to be paid for national security.

* * *

In China and in Spain.—The Japanese continue their push towards Hankow, pitting their strength with varied success against the strong points of the city's southern and south-eastern defences, Teian, Matow and Kwangtsi. If they can force Matow they will be in a position to menace the Wusueh forts on the Yangtze river, or from Kwangtsi they can advance upon the Yangtze boom from the north, and in either case will be able to lend urgent meaning to the negotiations they are conducting with interested Powers for the marking out of a neutral zone within Hankow. If contradictory reports are discounted as far as possible, it seems that the Chinese are being forced back at all three points after costly resistance and counter-attack; and towards Teian the Japanese are already reported to be in possession of its key-defence post, Mahuiling. From Teian the road lies open southwards to Nanchang. Meanwhile in East Hopei and Jehol, provinces passed over by the Japanese and left far behind the lines, the waves of China's millions are flowing back across the desolation, causing loss to the invaders by guerilla fighting.

In Spain the Ebro sector is still the main sphere of action. Insurgent forces have done little better there than before Almaden in the Estremadura where dour resistance is disputing every attempt to advance. As earnest of that resistance, 2,206 Italians, the latest official figure of those killed in Spain, are to be commemorated in Italy, with others who may join their silent ranks, by an obelisk set in the Campo Mussolini at Rome.

* * *

The Antisemitic Campaign in Italy.—On September 1st the *Gleichschaltung* of Italian policy towards the Jews passed over from speech into action. On that day it was decreed that all persons of Jewish parentage on both sides who have settled in Italy or in certain of her overseas possessions since January 1, 1919, are to leave within six months, even if they are not Jews by religion, and even if they have acquired Italian nationality. Those who have acquired it are to lose it, in addition to being driven into exile. The only territories in Italy's hands to which this decree is not to apply are her possessions and conquests in East Africa, where a territory is to be set aside for the settlement of Jews from Italy. Estimates of the number of persons affected range between 47,000 and 70,000. On the next day the persecution was extended to all Italian Jews—now including the great majority who were domiciled in Italy before 1919. No Jew is to hold any sort of post—academic, administrative or menial—in any educational institutions under Government control. Those now holding such posts are to lose them on October 16th. More than that, no Jewish pupils, either, are to be allowed in future—with the single mitigation that Jews already studying in universities or in other institutes of higher education are to be allowed to finish their courses. At the Government's instance, the Royal Academy of Italy has appointed a committee to study the influence of the Jews on Italian life. The number of victims among the Italian university professors is stated to be 174 out of 1,864. On September 5th the Press received orders not to accept any more orders from Jewish firms.

* * *

For this sudden attack on the Jews there is no precedent in the policy of Fascist Italy, and it robs Italy of one of the historical glories of her pre-Fascist civilisation. In the 16th century the Grand Duchy of Tuscany shared with Holland and Turkey the distinction of being the first states in Europe to offer asylum to the Jews expelled from Spain and Portugal. It was these Peninsular Jewish refugees who made the fortune of the port of Leghorn. Later, under Austrian rule, the Jews also made the fortune of Trieste; and if Signor Mussolini were setting himself to make the Triestines regret the union of their city with Italy since the last war, he could hardly have hit upon a more effective means to that end. What is his motive? The publication and pictures of eleven blonds and blondes as "the ideal types of Italian manhood and womanhood" might seem to show that, like the introduction of the Prussian goosestep, this Antisemitism is just a piece of inverted snobbery in which the barbariser of Italy is modelling himself on the full-blooded barbarian of the "good neighbour" across the Brenner. But there is perhaps also a more serious and sinister purpose which may be inferred from the application of the decree to Libya. Throughout the Arab world, from Palestine to Algeria and Morocco, the Arabs are now up in arms against the Jews. Is Signor Mussolini posturing as a future leader of Arab Antisemitism, with an eye to entering into the heritage of France and Great Britain in North Africa and the Levant?

Overseas Correspondence

From Our Special Correspondents

United States

Revival in Building and Manufacture

New York, August 30.—The Federal Reserve Board's indices for July show a vigorous upturn in business during the month. This improvement has been continued in August, and supports the general view that there was a decisive cyclical turn at the mid-year. The most convincing of the indicators is that of residential building, which rose above the level of July, 1937.

BUSINESS INDICES

(1923–25 = 100. Adjusted for Seasonal Fluctuations)

	July, 1937	June, 1938	July, 1938*
Industrial production (total) ...	114	77	83
Manufactures	*114*	*74*	*81*
Minerals	*112*	*92*	*93*
Construction contracts (total)...	67	54	54
Residential	*44*	*42*	*46*
All other	*86*	*64*	*60*
Factory employment (total) ...	103·0	76·3	77·6
Durable goods	*100·1*	*65·2*	*64·9*
Non-durable goods	*106·2*	*88·1*	*91·3*
Factory payrolls (total)	100·4	67·2	67·5
Durable goods	*100·7*	*58·1*	*55·6*
Non-durable goods	*100·0*	*78·8*	*82·6*
Freight car loadings	80	58	61
Department store sales	94	82	85
Department store stocks	77	68	67

* Preliminary.

The impressive rise in the index of manufactures and in residential building amounts to nearly 10 per cent.; in both cases, however, there has been a substantial adjustment for seasonal variation, shown in the next two tables:—

INDEX OF MANUFACTURES

	(Adjusted)	(Unadjusted)
December 1937	79	75
January 1938	76	75
February 1938	75	76
March 1938	75	77
April 1938	73	76
May 1938	73	75
June 1938	74	75
July 1938	81	78

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For the past eight months our economy has shown unusual stability, and most of the recorded fluctuations have been caused by the making of seasonal adjustments in the uncorrected indices. The upward movement of the unadjusted index for July, although only half that recorded in the adjusted index, is perhaps the more convincing on that account. The building index similarly shows an upward trend in both indices:—

INDEX OF RESIDENTIAL BUILDING

		Adjusted	Unadjusted
December	1937	30	25
January	1938	26	22
February	1938	32	28
March	1938	33	35
April	1938	37	43
May	1938	37	44
June	1938	42	46
July	1938	46	47

According to the unadjusted index, residential building contracts have more than doubled since January, each successive month having shown a gain. Compared with the base years, the current index of building seems very low; but the years 1923-25 saw a building boom. Compared with May, 1937, the best month of the recovery period between 1932 and 1937, when the index was 52, residential building is now nearing the peak.

Between April and August last year there was a severe decline in residential building, while the trend of manufacturing was indecisive. In both indices, the seasonal adjustment obscured a downward movement that turned out to be cyclical in character, a fact particularly true in the building series. In the same way, in the first half of 1938, the seasonal adjustment in the building index blurred an upward movement that shows signs of being cyclical in character.

No Change in Trade Trends

Whether or not the present revival is cyclical and therefore likely to go on, it has not yet been reflected in the merchandise trade figures. The peak in imports came in March, 1937, when their monthly value was $307 millions. From this figure imports fell steadily to $146 millions in June, 1937, and $141 millions in July. Exports, which reached their peak in October, 1937, at $333 millions, then dropped steadily to $233 millions in June, and $228 millions in July. The export surplus in July was $87 millions, the same as in June. It is perhaps early yet to look for any decisive evidence of a change of trend in the trade figures.

It is not at all easy to say whether the recovery since June really betokens that the tide has turned. We have had a major recovery in residential building—from a very low level it is true, but the recovery has gone on for about six months. We have had a slight upturn in manufacturing, also from a very low level; it has so far continued briskly for some two months, and it materialised in mid-summer, when some falling-off in activity is normally expected. The import figures as yet show no response to these changes, although the prices of certain conspicuous imports, and notably of tin and rubber, do afford evidence of quickened demand.

Is it Recovery?

It is, perhaps, natural that the business and financial community should construe recent improvements as evidence of complete and early recovery, and that, in our extremely easy credit situation, they should discount their expectations rather generously. Nevertheless, it is important to bear in mind that so far the actual recovery, except in residential building, is recent and small. Corporate earnings and employment have not yet shown very marked signs of recovery. There has been only a small increase in payrolls and employment. The margin of profit in manufacturing is narrow; in the steel industry, for example, increased output was preceded by price cuts; and it is questionable whether the former has compensated for the latter.

In the recovery to date, no clear influence can be attributed to the spending programme, though that is not to say that it has had no influence. Many commentators, however, doubt whether the spending programme has exerted any perceptible influence yet, and expect its impact to be felt later in 1938 or even not until early 1939. The association of the upturn with the gold desterilisation of April is even more difficult to detect statistically, although one can make a plausible connection between it and the June spurt in the stock market, and thence, by psychology, with business activity. In short, one can make an almost equally convincing case by arguing that the revival was caused (a) by the natural forces of cyclical recovery, (b) by the spending programme or (c) by credit manipulation. We cannot yet give any of our questions a definite answer.

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France

Calm in Paris

PARIS, September 8.—The attention of the whole country is centred on the Czechoslovakian crisis and the Nazi Congress at Nuremberg. The calling up of the reserves and the officers on leave has not caused any public panic. It is generally believed that Germany will not challenge Great Britain and that there is a large element of bluff in the measures recently taken by Berlin. On the other hand, the whole country is in agreement with the Prime Minister that, if the democracies should yield on the Czechoslovakian question as they did six months ago on the issue of the *Anschluss*, France would definitely have renounced her position as a great European Power, and there would be no hope of assured peace in the future.

The Stock Exchange, which is inundated by disquieting rumours, retains its full *sang froid*. Capital is not leaving the country; there is a cheerful tone in the public funds; and the markets tend to become firmer very quickly at the slightest sign of better news. In consequence, the franc remains steady against the pound in spite of continued financial and Treasury difficulties. It should be added, however, that the present very low level of share values and the inactivity on the Bourse which has been marked for many months may partially explain the market's apparent resistance to depressing tendencies.

Trade Union Dissension

On the other hand, many internal problems remain unsolved. The dockers dispute in Marseilles is still unsettled and the port has been put under military control. And there are a few strikes in other places. In the coal industry, however, the employers have reached an agreement with the trade union leaders to increase their output by 2,000 million tons in the period from September 1st to March 1st, which should reduce the present level of the trade deficit by some 500 million francs. This is the first application of the recent decrees drastically modifying the 40-hour week; and an increase of 6 per cent. in wages was agreed. Unfortunately, the miners declared that they were not in agreement with the step taken by their leaders, who in turn have protested against the introduction of political considerations into the question by the Communists. The conflict between the union leaders and their extremer followers may become serious.

Metal output was very disappointing in July. The number of furnaces in use fell from 80 in June to 75, compared with 101 in January and 107 in July, 1937. The production of pig iron and steel was as follows:—

	July, 1938	Average Fourth Quarter, 1937	Average First Quarter, 1938	Average Second Quarter 1938
	Tons			
Pig iron	419,000	690,000	575,000	475,000
Steel	419,000	685,000	583,000	494,000

Iron ore output was 2,583,000 tons in July, against 3,267,000 tons in January last and 3,135,000 tons in July, 1937. In the week ended August 27, 1938, the number of persons unemployed was 338,383, against 340,295 in the preceding week and 311,315 a year ago.

Better Fiscal Receipts

Fiscal receipts in July showed a slight improvement compared with those of June. But the June figures were appreciably worse than those of preceding months, as the following table shows:—

(Millions of francs)

	July, 1937	June, 1938	July, 1938
Direct taxes	685	427	815
Indirect taxes	3,185	2,864	4,170
Estate duties	20	15	24
Total (including extraordinary receipts)	4,186	3,840	5,377

Receipts during the first seven months of the year amounted to 24,780 million francs, a sum nearly up to the original Budget estimates, but 464 millions short of the revised estimates, which took into account the introduction of new taxes. The increase compared with the receipts during the first seven months of 1937 exceeds 5,000 million francs, and even taking into account increased taxation since then, this seems to indicate that some quickening of general economic activity has taken place.

Improved Foreign Trade

The August trade returns, compared with those of July, show some improvement. Exports have risen, and the import surplus is considerably below that recorded in August last year, as the following figures show:—

(In million francs)

	August, 1937	July, 1938	August, 1938
Imports:—			
Foodstuffs	781	982	933
Raw materials	1,877	2,007	2,233
Manufactured goods	519	511	472
Totals	3,178	3,501	3,709
Exports:—			
Foodstuffs	229	302	299
Raw materials	665	700	813
Manufactured goods	964	1,283	1,372
Totals	1,858	2,285	2,485
Deficit	*1,319*	*1,215*	*1,223*

Tourist receipts are very large, and with trade holding its ground, prospects for the stability of the franc are good. Moreover, wholesale prices show a renewed tendency to fall, though in part this is seasonal. The general index stood at 641 this week, against 646, 644, 644, 640 and 652 in the five preceding weeks.

Germany

Financing Industrial Enterprise

BERLIN, September 7.—The Bourse experienced a very substantial recovery last week. For the first time since June fixed-interest securities advanced appreciably. The dimensions of the fall in values during the past two months now appear only moderate. Twenty representative shares (all except two industrial and therefore sensitive), which averaged 133.24 at the beginning of July, and stood at the highest point in April at 139.46, at the end of last week averaged 123.48.

There is some cautious discussion of possible difficulties in simultaneously financing Reich and industrial enterprise. Owing to restrictions on private expansion, except when it is for Reich purposes, the two questions are really one. It seems that, if the capital market proper is inadequate, the creation of so-called capital which represents no real values will replenish the stock. If the Government, that is, cannot continue to float consolidation loans at the rate of the past three years, it will, in view of its vast expenditure, presumably be unable to restrict its new indebtedness to an amount that, in so far as it cannot be repaid promptly out of revenue, can be consolidated.

The increase of short-term debt by the new expedient of issuing delivery-certificates would—though not perhaps as conveniently as by the special bills method—make for private liquidity, now somewhat reduced. In connection with the new postal savings scheme, it is being pointed out that savings deposits substantially exceed those in savings banks proper. The full total in the middle of this year was Rm. 21,700 millions, and these, still increasing, are used to feed the Reich's funds. According to a calculation made by the Commerz-und-Privat Bank, out of the increase of Rm. 10,360 millions in all bank bond holdings since 1932, Rm. 5,774 millions were recorded by the savings banks, which at the same time increased their holdings of Reich Treasury certificates and bills.

In part, industry is still able to finance itself, but some branches have resorted to bank credit once more. Owing to the restriction of dividends, and, until recently, the saving in costs due to the high rate of activity, the internal finances of industry are strong. According to estimates published in the *Frankfurter Zeitung*, industry, by a process of writing down in excess of normal despreciation charges, has accumulated 3,000 million marks since 1932-33; and there are other hidden reserves concealed in balance sheets.

Reports about the harvests are in general satisfactory, but it has been announced that the usual official advance estimate of crops which in past years has appeared in the late summer, will not be published. The stocks of wheat and rye held over from past crops are large; and to help solve the storage problem, which is largely the consequence of heavy imports, a former ruling that mills must store minimum quantities has been reinforced. The tobacco crop amounts to about 70,000 tons, and is probably the largest since the war. The fruit crop, however, is disastrously bad.

Business Activity

Bankruptcies in August numbered 165, against 151 last year. The distribution of bankruptcies among different occupations seems to show that, according to rule in this country, State-aided industries flourish most. Engineering and building show fewer bankruptcies than last year, textiles and clothing more. Reports from Leipzig Fair were good, and there was an increased demand for goods of high quality.

Consumption of electricity in the first half of this year was 14 per cent. higher than in 1937. Railway waggon loadings in July were 5.1 per cent. higher than last year and there is congestion, aggravated by water conditions, on the canals. On September 1st some 2,173 kilometres of Reich motor roads were open for use. The Reichspost's quarterly return shows increased activity in the main departments; and a Deutsche Bank report states that business in the first half of the year increased.

According to Dr Ley there is a shortage of 3,000,000 dwellings, although 1,500,000 have been built in the past six years. This is to be made good. There is still a shortage of building materials, too, and in particular of cement; and the manufacturers of these materials are not inclined to expand their capacity, because they know that the abnormal demand for the construction of motor roads will not last.

While iron and steel output has risen continuously since 1932, the rise in the production of constructional steel ceased in 1936, and the net export this year is smaller than it was last. The official steel report for August states that home demand was extraordinarily high, and that it was hardly possible to place new orders. Export orders also increased slightly. Scrap iron imports rose. The wool agreement with South Africa, it is added, will soon be prolonged, and this will encourage manganese imports.

Exports of textile machinery this year have so far declined, but exports of machine tools have slightly increased. The proportion of alcohol in petrol has been raised from 10 to 13 per cent. A promising account of progress in synthetic fat production was given to Hamburg manufacturers by a scientific employee of the I.G. Farbenindustrie. The objective is the production of fatty acids by the oxidisation of

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paraffin, a very old process for which Germany has previously lacked the necessary raw material, though six years ago the Farbenindustrie and the Standard Oil Company erected joint works in the United States. At present the import of fats costs some Rm. 400 millions a year, and of a total consumption of 1,968,000 tons a year home production supplies 48 per cent.

Bounties for Discharged Soldiers

Reich tax revenue in July totalled Rm. 1,316 millions, against Rm. 1,163 millions in July, 1937. A new law makes impressive provision for soldiers who have served long terms and qualified as non-commissioned officers, as well as officers. The right of long-term soldiers to official employment after discharge is so fully recognised that, even while waiting idle, they will draw the full salaries of officials of the rank they expect to hold. Long-service soldiers who choose private business careers will be given bounties, amounting usually to £800, but to nearly £1,000 if they take farms, and some £1,400 if the farms are near a frontier.

Money has been plentiful since the turn of the month. The September demand for the payment of taxes will be considerably increased by the recent raising of the rates of Corporation Tax. Once more, the Reichsbank return for August 31st shows an enormous expansion of credits and investments, the week's increase amounting to Rm. 866 millions, although 34 per cent. of the July-end credits remained unpaid. The circulation of all currencies is now Rm. 8,935 millions, against Rm. 7,097 millions a year ago.

Spain

Wartime Trade

Barcelona, August 21.—**In spite of the obstacles caused by the war the Customs Department has just issued figures of foreign trade up to September, 1937. These figures, in part provisional, make possible the study of the foreign trade of Government Spain during the first fifteen months of hostilities.**

The first thing revealed by the new figures is the enormously increased share of foodstuffs in Spanish imports. If we compare imports of foodstuffs during the first nine months of 1937 with those in the same period of 1935 we find an increase of 6.8 million gold pesetas—despite the fact that the 1935 figures apply to the whole of Spain and the 1937 figures only to the territory held by the Government. This can be explained by the fact that the insurgents have occupied the greater part of Castile, which has always been the granary of Spain, and the whole of Galicia, a cattle-breeding district which normally supplies the whole of Spain.

Mere figures give only a very superficial idea of the havoc wrought by the war. Large quantities of wheat are actually being exported from insurgent territory, while wheat has to be heavily imported for the needs of the area controlled by the Government. The Government is compelled, in order to alleviate the disastrous effects of the war, to exercise a strict control over all exports and imports, and succeeded during the first fifteen months of the war in keeping the surplus of imports down to 49 million gold pesetas, which is relatively small.

The trade figures are calculated according to the invoice amounts declared by exporters and importers plus freight or carriage to port or frontier station and insurance. Export values are based on domestic wholesale prices on the interior Spanish markets. All figures are expressed in gold pesetas. In the second half of 1936 (the first six months of the war) imports were valued at 124.1 million gold pesetas and exports at 122.2 millions. In the first fifteen months of the war, that is from July, 1936, to September, 1937, imports were 334.7 million gold pesetas and exports 285.9 millions. Detailed figures are as follows:—

Government Spain

	July, 1936, to September, 1937	
	Imports	Exports
	(Gold Pesetas)	
Live stock	191,407	4,954
Raw materials	97,620,454	41,195,889
Manufactures	120,405,991	50,258,085
Foodstuffs	116,439,908	192,996,306
	334,657,760	284,455,234
Gold	Nil	1,454,640
	334,657,760	285,909,874

The following are comparative figures for the first nine months of 1935, 1936 and 1937, respectively:—

Imports (Gold Pesetas)

	January to September		
	1935*	1936†	1937‡
Live stock	1,857,014	1,217,358	124,151
Raw materials	239,760,168	178,862,343	41,821,242
Manufactured goods..	293,058,519	201,040,947	72,744,029
Foodstuffs	89,068,723	62,221,191	95,886,497
	623,744,424	443,341,839	210,575,919
Gold	71,300	117,397	Nil
Silver	608,686	183,294	Nil
	624,424,410	443,642,530	210,575,919

Exports (Gold Pesetas)

Live stock	282,701	249,060	104
Raw materials	76,397,992	66,889,142	21,778,992
Manufactured goods..	74,123,780	55,693,107	24,811,029
Foodstuffs	243,872,814	269,480,925	115,680,828
	394,677,287	392,312,234	162,270,953
Gold	2,204,500	129,678	1,454,640
Silver	1,806,620	269,324	Nil
	398,688,407	392,711,236	163,725,593

* The whole of Spain. † The whole of Spain until mid-July, Government Spain thereafter. ‡ Government Spain only.

Imports from Great Britain fell from 63 million gold pesetas in the first nine months of 1935 to about 21 millions in the same period of 1937; but exports only fell from 80 millions to 57 millions. Investigating the reasons for the sharp decline in British exports to Spain, we find that shipments of machinery, tools, electric appliances and motor cars declined from about 25 million gold pesetas in twelve months of 1935 to 4 millions in fifteen months from July, 1936, to September, 1937; chemicals down from nearly 9 millions to 3.6 millions, and textiles from 2.7 millions to less than 300,000. The only increase was in Spanish imports of British foodstuffs, which rose from 3.2 million gold pesetas in the calendar year 1935 to 7.1 millions in the first fifteen months of the war. There was a remarkable increase in Australian sales to Spain, again explained by the high figure for foodstuffs, which jumped up from 123,193 gold pesetas in 1936 to 4.6 millions in only nine months of last year.

In trade with France, compared with nine months of the normal year 1935, imports last year fell only 21 per cent. and exports 15 per cent.; and there was an export surplus of about 8 million gold pesetas. Purchases of machinery, motor cars, oil and raw cotton from the United States have fallen to something like a fifth of their normal volume, and Soviet Russia has become a serious competitor to the United States in oil and cotton.

Imports from Russia

Formerly Russian sales to Spain consisted almost exclusively of petroleum and its by-products. During the war the position has changed. Imports from Russia between January and September, 1935, totalled about 9 million gold pesetas. During the first nine months of 1937 they jumped up to 25.5 millions, of which 13.8 millions represented petroleum and its by-products, 8.3 millions raw cotton, 1.6 millions chemicals and 1.7 millions foodstuffs. Spanish exports to Russia have increased relatively even more. From only 85,000 pesetas during nine months of 1935 they rose to 7.8 millions in nine months of 1937, of which 3.7 millions was accounted for by sales of metals and metal goods. Negotiations are now pending for the export of large quantities of Catalan textiles to Russia.

Imports of petroleum from Roumania in the first nine months of last year amounted to 7 million pesetas; and one of the few countries which, like Russia, has been able to increase its trade with Spain is Belgium, which sent eggs, condensed milk and dried vegetables to the value of 15 million pesetas in the first nine months of 1937. Similarly, imports from Holland and from the agrarian countries, Bulgaria and Poland, have increased very considerably; and of imports from Argentina in the nine months, amounting to 16.7 million gold pesetas, nearly 16 millions were accounted for by foodstuffs, and in particular frozen meat and corned beef. Oddly enough, both Germany and Italy are still doing business on a small scale with Government Spain.

Turkey

Diplomacy and Industrialisation

Istanbul, August 18.—The improvement in the relations between Bulgaria and the members of the Balkan Entente as a result of the Salonika agreement and the settlement of the Turco-French dispute over the Hatay has considerably cleared the political horizon. Turkish troops are now in the Hatay, and Adrianople will once more be garrisoned.

Extensive manœuvres in the South-Eastern corner of Anatolia, now officially called Dersin, have been arranged, with the object of suppressing the resistance still offered by Kurdish feudalism to the establishment of regular administration, and the building of roads, bridges and schools. At the same time, the industrialisation of Western and Central Turkey is proceeding at an accelerated pace, partly with British financial aid. The developments include large-scale exploitation of the coalfields, the building of an up-to-date port at Tshatal Agzi, the modernisation of harbours at Eregli and Trebizond, and the use of water power to generate electricity and save coal for export. The system of State monopoly is being extended and existing private enterprises are being bought by the Government.

There are difficulties in the way of securing a regular supply of skilled labour. At Istanbul, for instance, one factory employing five hundred workmen loses fifty men every month when they go back to their homes, and has to replace them with untrained workers. The problem is still more acute in the coal fields, where the miners work only sporadically, returning to their villages for sowing or harvest.

Large Import Surplus

Official trade returns for the first four months of 1938 show exports to the value of £T42,031,000, which is only a little below the record total of the corresponding period last year. Imports rose sharply to £T47,994,000, compared with £T29,255,000 last year, the previous highest figure. Thus there was an import surplus of £T5,963,000, which was in striking contrast to the export surplus of £T15,254,000 recorded at the end of April, 1937.

As usual, Germany ranked first in Turkey's foreign trade, taking 36.7 per cent. of Turkish exports and supplying 40.8 per cent. of Turkish imports. Germany's share, however, has fallen. Italy came second among Turkey's customers with 19 per cent. of her exports, while Czechoslovakia took 6.7 per cent. and Great Britain, ranking sixth, 4.1 per cent. Among exporters to Turkey, Great Britain, with 10 per cent. of her imports, was third at the end of April, after Germany and the United States.

Clearing Debts

There is a shortage of foreign exchange; and Turkey's indebtedness in various clearing accounts has increased. At the end of 1937 clearing debts amounted to £T71,995,163, against which must be set off Turkish funds blocked abroad (mainly in Germany) to the value of £T16,615,400, leaving a net debit of £T55,379,763. At the end of July last gross indebtedness on clearing account had risen to £T66,372,450, against only £T2,959,900 blocked abroad, making a net debit of £T63,412,550, an increase of about eight millions.

In view of the clearing position, the new Turco-German agreement has been warmly welcomed by Turkish exporters. But, however advantageous the prospect of selling goods to Germany at levels much higher than world prices may seem to the trading community, it is likely to keep Turkish trade in the old rut and make Turkey more than ever dependent on German economic policy.

Japan

Increasing Control of Industry

Tokio, August 10.—War-time control is being extended to a wider field, and the consumption of essential commodities is more and more rigidly regulated. The use of such things as copper and leather for other than military purposes has now been almost entirely prohibited by successive decrees. As a consequence of these regulations, many industrialists are obliged to curtail their operations radically or even to close their factories, and a number of employees are thrown out of work. The total number of unemployed in the controlled trades is estimated at over one million, the textile trade alone accounting for more than one-third of this figure.

To meet the situation, the Government is making efforts to encourage the switch-over of business to munitions, export, or substitute industries; to give aid to the training of the unemployed for new undertakings; and to find vacant jobs for displaced workers. The matter is not, however, so serious as it appears, for a shortage of labour is acute in the munitions and other ancillary trades, and labour shortage is also being felt in rural districts, where cotton mill workers, for instance, can readily return.

Foreign Exchange Fund

The export trade is increasingly suffering from a shortage of raw materials, primarily owing to exchange difficulties. To facilitate a liberal supply of necessary materials for export industries, the Government has now caused the Bank of Japan to release 300 million yen of gold from its specie reserve and to create a revolving foreign exchange fund at the bank. The fund is to be used principally for imports of raw materials needed for export industries, including, among others, raw cotton and wool. Those allowed to utilise the fund must within a certain period make refunds to the Account with the proceeds of export bills. At the same time, to ensure the effective working of the fund, all surplus sums at the exchange banks are to be concentrated in the central bank.

The gold transferred to the new Foreign Exchange Fund will be shipped abroad within a few months. The decrease in the bank's gold holding will not adversely affect the currency situation, for the bank still holds over 500 million yen of gold in its reserve, which is technically adequate to back the current note issue, the fiduciary issue having been raised to 1,700 million yen in April last year and the average monthly note circulation in recent months being 1,800 million yen. There is thus an ample margin of some 400 million yen.

Slackening Foreign Trade

Despite the continued unfavourable trend in foreign trade, the heavy export season has begun normally this year. Imports in July amounted in value to 208.8 million yen and exports to 211.2 million yen, showing an export surplus of 2.4 million yen. Compared with July, 1937, however, imports decreased by 150.5 million yen (41.9 per cent.) and exports fell by 71 million yen (25.2 per cent.). Raw cotton and wool still account for more than one-third of the decline in imports, though crude rubber and wood pulp continue to show notable decreases. Possibly except timber and machinery, all staple exports show considerable shrinkages, particularly cotton piece-goods and raw silk.

The Bank of Japan's index number of wholesale prices for July remained unchanged at 141.3 (1933 = 100), which is 6.5 per cent. higher than a year ago. The increases in textile prices are offset by the decline in the prices of metals and building materials. Apparently owing to Government price policy in fixing maxima on a wide range of goods a more hesitant feeling has developed in many of the commodity markets.

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Argentina

Better Feeling in Congress

Buenos Aires, August 27.—The political situation is very quiet, but important changes appear to be taking place below the surface. The expected reconciliation of President Ortiz with the Left, and with the Radicals in particular, is now becoming perceptible. The new administration's early cessation of the deportations of foreign industrial agitators to the land of their origin (in most cases Italy) has allayed a good deal of indignation, and a good impression was made by Presidential warnings to the provincial governments against constitutional irregularities. Friendly meetings of former antagonists seem to confirm the trend. Most important of all, there is a new spirit of co-operation visible in Congress, but the policy of conciliation has inevitably created some cleavages. Political divisions among the parties of the Right are appearing in the provinces and the moderate groups seem to be gaining ground.

Adverse Balance of Payments

It is a pity that in this atmosphere of political toleration the immediate economic outlook should give so little encouragement. To the partial failure of the country's most important crops has been added a fall in commodity prices. At the beginning of the year the price of wheat in Buenos Aires was about 12 pesos for 100 kilos; now it is little more than 7 pesos. The slump in exports which began a year ago has continued, and despite the corresponding decline of imports which has now set in, each month is recording a heavy adverse balance of payments. Although imports in July last were 114,381,836 pesos compared with 149,536,067 pesos in July, 1937, exports fell even further, being 107,640,595 pesos last July against 155,932,952 pesos in July, 1937, showing an import surplus of 6,741,241 pesos last month against an export surplus of 6,396,885 pesos in July, 1937. The import surplus for the first seven months of the year amounts to 41,509,358 pesos. Since payment for invisible imports requires an export surplus of about 500 million pesos annually, this makes a liberal policy difficult. In local industrial circles there are demands for further protective duties in the guise of anti-dumping legislation; and with the spectre of unemployment reappearing the Government has found it necessary to restict immigration drastically.

All the chief British-owned railways, except the Buenos Aires Great Southern (whose wheat zone is too far south to have suffered badly from the late frosts of last October and November) show big falls in traffic receipts, and a sharp rise in the price of coal from South Wales to the River Plate owing to lack of Argentine exports to provide homeward cargo, is another blow.

The decline in exports during the last twelve months is gradually being reflected in every sphere of economic activity, and with the present world glut of wheat there is little probability of an improvement coming through an early rise in cereal prices.

On August 23rd and 24th, the Chamber of Deputies debated and voted the bill providing for the rebuilding by the State of the Argentine Trans-Andine Railway at a maximum cost of 5,614,489 pesos and the purchase of the line by the State at £750,000 (8,625,500 pesos, 11.5 par exchange). On August 25th, the Chamber began debating the bill for the State purchase of the Córdoba Central Railway.

Letters to the Editor

Expanding the Credit Base

TO THE EDITOR OF THE ECONOMIST

Sir,—In your interesting article of August 20th, in which you discuss proposals that I have recently been making, you distribute the emphasis in a way which goes far to emasculate them. Assuming that the primary move is an enlargement of the cash base, you correctly show from past experience that a corresponding increase of the clearing banks' investments cannot be expected to occur automatically, still less an appreciable fall in the gilt-edged yield. There are a number of variables which we should have to assume constant.

My proposal, on the contrary, is that we should take an increase of the clearing banks' investments as one primary and explicit objective, and adapt our action with regard to the cash base and Treasury Bill policy in the way best fitted to secure that objective. This is very different from expanding the cash base and then simply hoping for the best.

I visualise a conference between the Treasury, the Bank of England and the clearing banks. It would there be explained that, in view of the trade recession, it seemed expedient in the national interest that the clearing banks should increase their holding of investments by some amount between, say, £100 millions and £300 millions with the object of influencing the long-term capital market. The precise figures might well be determined in the course of the experiment. The clearing banks would then explain what expansion in the cash base and in the quantity of other liquid assets available for this purchase would enable them to go forward.

Nor need the discussion end there. Even in the sphere of investments, the clearing banks might, if consulting their own immediate interests only, be biassed too much in favour of liquidity. The further purpose being to reduce the long-term gilt-edged rate, and the ultimate purpose to stimulate new issues, the choice among suitable investments should be guided by that, having regard to the way in which the market is normally influenced by the date of maturities and the net yields of stock, taking capital depreciation into account.

I do not think that this project need involve any sacrifice of legitimate banking independence. I take it that there must have been informal negotiations of some kind before Mr Chamberlain launched his great conversion scheme. Each bank would be absolutely free at the conference to define the limits within which it deemed co-operation to be consistent with its shareholders' and depositors' interests. It is to be hoped that the co-operation that could be secured on this basis would be sufficient.

I am, etc.,
R. F. Harrod.

Christ Church,
Oxford.

The Trade Cycle

TO THE EDITOR OF THE ECONOMIST

Sir,—We all have taken due note of the important results of Sir William Beveridge's trade cycle research announced to the British Association at Cambridge. More people than the small group of historians of economic thought may want to speculate on the fact that it was exactly 60 years ago, in 1878, at a meeting of that same British Association, that W. S. Jevons read a paper on "The Periodicity of Economic Crises and its Physical Explanation." In this paper he pronounced in support of the view that "the secret of good trade in Lancashire is the low price of rice and other grain in India":—

> Here again some may jest at the folly of those who theorise about such incongruous things as the cotton mills of Manchester and the paddy-fields of Hindostan. But to those who look a little below the surface the connection is obvious. Cheapness of food leaves the poor Hindoo ryot a small margin of earnings, which he can spend on new clothes; and a small margin multiplied by the vast population of British India, not to mention China, produces a marked change in the demand for Lancashire goods.

"Thus it is likely that crises may have an independent meteorological origin in the semi-tropical States of the Union." (Compare with this Sir William Beveridge's findings on the two critical seasons coinciding with the harvests of the Southern and Northern hemispheres!)

> But whatever be the area of the tropical and semi-tropical regions from which the decennial impulse comes, mainly India and China, no doubt, it does not follow that the extent of the commercial mania or crisis here is bounded by the variation of the foreign trade. The impulse from abroad is like the match which fires the inflammable spirits of the speculative classes.

One wonders what the feelings of that much-ridiculed sun-spot fanatic—whose spirit was surely present in Cambridge—must have been when, after 60 years, his view was vindicated, that the subject of the connections between harvest cycles and trade cycles is—

> full of important and mysterious facts, which stimulate the interest of the enquirer in a high degree. At the same time it is plain that sound conclusions can be reached only by most extensive analyses and comparisons of large series of facts.

I am, Sir,
Yours faithfully,
H. W. Singer.

University of Manchester.

Books and Publications

Soviet Shops and Shoppers

Two years ago Mr Hubbard published "Soviet Money and Finance," in which the Soviet planned economy was described in sufficiently broad outline to make intelligible reading for the layman. Indeed, there is no really reliable substitute for it in the English language. He has now followed it up with a book on trade and distribution in the Soviet Union*; and this time his exposition is hardly so successful.

In the field of distribution, the Soviet economy has passed through several stages during the last ten years. Each has involved drastic changes in the country's institutional structure. At first, private, State and co-operative trading existed side by side. Then came the period of the first Five Year Plan and the first half of the second, when a gigantic programme of capital investment, combined with revolutionary changes in agriculture, made the rationing of almost all consumption goods absolutely necessary. At the same time, private trading was completely crushed; and distribution, including the consumers' co-operative movement, became little more than a network of State selling agencies.

Retail trading outlets consisted, apart from a few large semi-autonomous department stores, either of "closed" shops, co-operative shops, or "commercial" shops. The closed shops were run by factory managements for their employees, or by separate bodies for special categories of the population, such as Red Army men, G.P.U. officials or Government functionaries. Most of the urban population were, in addition, obliged to be members of co-operative societies. This tying of the individual to specific shops enabled the managers of shops to know exactly how much of each commodity was needed to supply the legal needs of his clientele at fixed ration prices, and the consumer was virtually obliged to take anything which happened to be for sale, which was very little. There were also a few so-called "commercial" shops where all kinds of goods were sold, but at enormously high prices, determined by supply and demand. Money incomes were rising fast, though ration prices remained relatively fixed, and there was a gradual increase in the use of commercial shops as outlets for surplus income. The gradual removal of goods from the ration lists, as the supply increased during the second Five Year Plan, had the effect of transforming all retail trade into commercial trade. The new period of trading dates from the beginning of 1936, and the planning problems to which it has given rise are by no means yet solved.

The new problem which has arisen is how to plan the production of goods for the future when demand is no longer predictable, and when consumers are free to move from shop to shop and to vary their requirements. At present, the most important instrument of planned distribution is the turnover tax, from which the Government gets most of its revenue and by which it largely controls the prices paid by consumers. Mr Hubbard's new book describes in great detail the many wholesale and retail institutions and the changes through which they have passed; and he devotes a good deal of attention to the co-operative movement, which controls trade in the country villages.

He endeavours to assess the economic status of the peasantry and the urban workers, and to compare their living standards with those of previous periods. He estimates that the peasant is probably worse off now than in 1913 and the urban worker scarcely any better off than in 1928, before the beginning of the first Five Year Plan. His inquiry is confined to an examination of money wages, changes in the purchasing power of the rouble and the actual output of primary consumption goods. By these standards alone his reasoning seems to be fairly sound.

On the other hand, Mr Hubbard ignores a great deal, and passes over many things very lightly. In particular, he makes no allowance for the extent to which wants are now satisfied collectively, and thus gives the impression that the Soviet citizen satisfies all his wants through the retail shops. Communal kitchens, factory restaurants, club canteens, and restaurants in Russian living standards. So, too, is the enormous expansion in the provision of public amenities, parks, amusements, theatres, cinemas, sports grounds, hospitals, crèches, baths, etc., to say nothing of general and technical education.

In the last part of the book Mr Hubbard tries, on not very adequate grounds, to establish a most destructive criticism of the entire Soviet revolution. But his exposition of the actual struggles and conflicts in the Soviet Union during the last twenty years is much inferior to the more straightforward descriptive sections of the book. Altogether, this may be a standard work on its subject, but it is a sour treatise, none the less.

* "Soviet Trade and Distribution," By L. E. Hubbard. Macmillan. 381 pages. 12s. 6d.

Shorter Notices

"The Theory and Measurement of Demand." By Henry Schultz. University of Chicago Press. (Cambridge University Press.) 817 pages. 34s.

This is no book for the general reader; but the expert mathematical economist who appreciates the need to keep even the most abstruse findings of his theory close to the actual facts of the market-place will find it unique and invaluable. A mathematical theory of exchange and demand (which will not perhaps find unanimous favour) having been meticulously stated, the statistical data of observed movements in the prices of some fifteen articles (foodstuffs and raw materials) are correlated and presented according to the formulæ arrived at in the theoretical chapters; "the shapes, elasticities and time shifts of their demand curves" are determined and shown. The result is a remarkable synthesis of economic logic, factual research, statistical technique and mathematical virtuosity, leading up to a theory of the interrelations between the demand for different commodities, which is again checked statistically by the facts. Professor Schultz finds time to discuss the New Deal and to examine consumers' behaviour. Only the skilled and erudite will be able to read this book properly; but they will surely mark and learn its method and findings with great profit.

"The Machinery of Socialist Planning." By G. D. H. Cole. The Hogarth Press. 80 pages. 2s. 6d.

Prepared by Mr Cole for consideration by the New Fabian Research Bureau, this very practical little book is concerned with means rather than ends. The next Socialist Government will come into office with a plan of action; it will find the existing machinery of government already to hand. Mr Cole's object is to show how this machinery could be adapted to the purposes of Labour's plan with the minimum of drastic alteration. In a sense, the theme is simply reform of the administration; and, politically, the technique is that of the thin end of the wedge. In Mr Cole's bird's-eye view, the crucially important question of planning the use of the land and the growth of towns is almost lost from sight, but as a hand-book for optimistic Labour politicians, this book is well and shrewdly devised.

Books Received

The Theory of Prices. Vol. I. Arthur W. Marget. 624 pages. This book, published in the United States by Messrs Prentice Hall and reviewed in these columns on September 3rd (page 455), will be published in this country on September 14th by P. S. King and Son, Ltd., and the price will be 18s.

International Raw Materials Cartels. By W. Oualid. (Paris). League of Nations, International Institute for Intellectual Co-operation. 54 pages. No price stated.

Foreign Bonds. Compiled by Anglo-Continental Exchange, Limited. This is the July, 1938, issue of a list to be published quarterly, setting out the chief particulars (analysed by country of issue) of all loans floated outside the issuing country.

The Theory and Measurement of Demand. By H. Schultz. 817 pages. 35s.

Don't Pay Taxes. "Personacrat." The Committee for Equal Opportunity (New York). 141 pages. $2.00.

THE BUSINESS WORLD

Measuring Company Earnings—I

Profit Trends and the Investor

MODERN developments in the security markets are tending increasingly to emphasise the importance of long-term as distinct from short-term investment. Except in relatively brief periods of boom on the Stock Exchange, serious investors prefer to leave the making of quick "in-and-out" profits to specialists in that hazardous art. They are concerned rather to build up a well balanced portfolio of sound stocks which, over a reasonable period of time, is likely to combine satisfactory annual income with limited but durable capital appreciation. The progress of the unit trust movement affords striking testimony to the extent of this desire among private investors. But the trusts are only one of many institutions which employ diversified holdings of stocks and shares as a backing for long-term financial contracts.

In *The Economist* of July 16th last (page 126) we showed that, between 1925 and 1937, some thirty-eight of the leading British insurance companies had increased the proportion of their total assets held in the form of Stock Exchange securities (other than those of the British Government) from 33.8 to 50.0 per cent. Investment trusts of the older type are being compelled, by the pressure of international events, to divert a growing share of their resources from foreign bonds to domestic industrial stocks. The free reserves of big commercial companies are frequently invested in many of the leading market equities, as well as in gilt-edged. And the number of private trusts whose terms authorise investment in a wider range of securities than those in the official trustee list is steadily increasing.

The indispensable corollary of such a tendency is the development of a convenient, reliable and scientifically sound technique for assessing the long-term prospects of securities whose investment merits, whether they be debentures, preference or ordinary shares, are ultimately a function of industrial earnings. To an investor who intends, if all is well, to hold a share for ten years or more, the statement that the "yield," based on the last dividend and the current market price, is *x* per cent. has no meaning unless it is related to past profits and probable earnings to come. Even three-year comparisons of a company's results (which, for reasons of space, are all that can be given in a normal Press review) show only a small, and possibly unrepresentative segment of its recent history. Profits (or losses) are the outcome of continuous industrial operations. The prelude to any substantial purchase of industrial shares should obviously be a study of their fluctuations during a period long enough to include at least a complete trade cycle. The only satisfactory working substitute, in other words, for prophetic vision of a company's earnings in the next decade is a dispassionately critical review of its achievements in the last.

We propose, in this and a succeeding article, to describe certain tests which may serve as a foundation for the more detailed analyses which should precede investment in equities. We may suppose that we are a unit trust group, considering what stocks we shall include in a new portfolio; or a broker whose client has asked for a diversified list of recommendations for the investment of several thousand pounds; or a trustee of funds held for a minor who comes of age in ten to fifteen years' time. We are considering the merits of the following list of companies, each of which is an acknowledged market leader:—

Imperial Tobacco; Midland Bank; Alliance Assurance; J. Lyons; Watney, Combe Reid; Courtaulds; J. and P. Coats; London and North Eastern Railway; Vickers; "Shell" Transport and Trading; North-Eastern Electric; Staveley; Imperial Chemical Industries; and Crompton, Parkinson.

Here, certainly, we have a wide "spread" of industrial risks, and the companies are all big and well established. How can we test the "road performance," as it were, of so many different makes of financial cars? Let us take net earnings after expenses and overhead charges (but before debenture service and dividends) as our lowest common denominator of past achievement, and ten years as our minimum period of observation. We shall then obtain the figures shown in the table below.

From the table as it stands, obviously, only the broadest conclusions can be drawn. Most of the companies had declining profits in the earlier and rising earnings in the later years. Nine of the fourteen concerns registered higher

PROFITS OF FOURTEEN LARGE COMPANIES

(Before payment of debenture interest, if any)

(£'000)

Companies (and Dates of Balance Sheets)	Imperial Tobacco * (Oct. 31)	Midland Bank* (Dec. 31)	Alliance Assurance*(a) (Dec. 31)	J. Lyons (b) (Mar. 31)	Watney, Combe Reid(c) (June 30)	Courtaulds * Dec. 31)	J. and P. Coats* (Dec. 31)	L.N.E.R. (d) (Dec. 31)	Vickers (e) (Dec. 31)	"Shell" Transport* (Dec. 31)	N.E. Electric (f) (Dec. 31)	Staveley * (June 30)	Imperial Chemical Industries* (Dec. 31)	Crompton Parkinson (g) (Sept. 30)
Years ended in :—														
1928	9,350	2,437	758	...	...	5,172	3,429	11,230	1,112	5,448	574	205	5,213	77·5
1929	9,967	2,445	559	909	1,557	3,744	3,180	13,011	1,114	6,483	608	266	5,780	87·4
1930	10,177	2,219	621	936	1,632	2,274	1,810	11,266	948	5,027	643	266	4,473	103·6
1931	9,876	2,057	669	942	1,489	1,102	2,024	9,425	747	2,557	592	286	3,408	89·0
1932	8,647	2,019	665	942	1,205	1,659	2,259	7,167	702	2,661	642	219	4,729	96·3
1933	7,594	2,267	592	972	1,098	2,552	2,575	7,723	725	2,748	694	221	6,002	102·2
1934	9,589	2,292	650	1,008	1,268	2,218	2,463	8,348	786	3,807	728	265	6,349	111·8
1935	10,268	2,133	652	1,009	1,308	2,133	2,006	8,371	1,101	5,021	782	316	6,707	233·8
1936	10,636	2,468	649	1,011	1,388	2,196	1,795	9,141	1,335	5,983	844	380	7,203	340·4
1937	10,751	2,508	630	1,011	1,429	2,274	2,077	10,107	1,574	6,634	910	587	7,511	398·9
1938	...	...	...	1,011	1,349	...	...	...	...	...	...	...	...	...

* No debentures. (a) Before allocations to premises account. (b) After debenture interest, not shown separately. (c) After deposit interest, but before debenture interest. (d) After deducting loan interest and, in 1928 and 1929, profit on sales of investments of (£ thousands) 3 and 124, respectively. (e) Before debenture sinking fund and interest. (f) After loan interest, but before sinking fund. (g) First four returns relate to 14 months to June 30, 1928; years to June 30, 1929 and 1930; and 15 months to September 30, 1931. Remaining figures show 12 months to June 30, in all cases.

profits in the last than in the first year shown. But no exercise of "judgment," based on cursory examination of a mass of figures of varying orders of magnitude, will give a satisfactory impression of the extent and significance of intermediate movements and the relative progress or recession of one company's earnings in comparison with another's. Professional statisticians in every branch of economic activity, however, are familiar with numerous methods of scientific measurement of data collected in "series" as these are. The simplest methods demand no special mathematical knowledge. They can be readily employed by the average investor, to yield surprisingly informative results.

For example, the average annual profits of Imperial Tobacco, in the five years 1928-32, were £9,603,000. For the quinquennium 1929-33 they were £9,252,000; for 1930-34, £9,177,000, and so on. If we calculate five-year moving averages on these lines, for all the fourteen companies, and equate the figures for the initial quinquennium, in each case, to 100, we obtain the following results:—

TREND OF PROFITS

(Five-year moving averages; earliest quinquennium = 100)

Five Years { Whose middle year is / and whose latest year is	1930 / 1932	1931 / 1933	1932 / 1934	1933 / 1935	1934 / 1936	1935 / 1937
Imperial Tobacco	100	96	95	96	97	102
Midland Bank	100	98	97	96	100	104
Alliance Assurance	100	95	98	99	98	97
J. Lyons*	100	102	104	105	107	107
Watney, Combe, Reid†	100	96	91	90	93	97
Courtaulds	*100*	*81*	*70*	*69*	*84*	*89*
J. and P. Coats	*100*	*93*	*88*	*90*	*87*	*66*
L.N.E.R.	*100*	*93*	*84*	*79*	*78*	*84*
Vickers	100	92	85	88	101	119
"Shell"	100	88	76	89	104	122
N.E. Electric	100	104	108	112	121	130
Staveley	100	101	101	105	113	142
I.C.I.	100	103	106	115	131	143
Crompton, Parkinson	100	109	120	151	217	289

* To March 31 of succeeding year, throughout. † To June 30 of succeeding year.

The effect of a moving average is to smooth out intermediate fluctuations, while equation to 100 provides a common basis for measuring proportionate movements in earnings. The resulting figures show the trend of profits—the general direction in which earning-power has moved and, presumably, will continue to move, in the absence of any decisive change in underlying conditions. It is evident at a glance that our selection is decidedly a mixed bag, whose constituents fall into at least three groups (indicated by varying types of print in our table). Imperial Tobacco, Midland Bank, Alliance Assurance, J. Lyons and Watney are distinguished pre-eminently by the stability of their earnings. Their profits curve is relatively flat, and their shares, consequently, appeal most to the conservative type of investor who puts a gilt-edged type of security before prospects of substantial future capital appreciation. Courtaulds and L.N.E.R., on the other hand, reveal a retrogressive trend, on the whole, with a tendency towards a recovery in the latest period, while J. and P. Coats' profits have a downward trend throughout. Both Vickers and "Shell" were affected by the world depression, but their trend, on the whole, appears to be definitely progressive. The earnings of N.E. Electric, Staveley, I.C.I. and Crompton, Parkinson have followed more or less consistently a rising trend during the entire period, while Crompton, Parkinson is that *rara avis*—a company with "geometric" profits.

It may be worth an investor's while, clearly, to ascertain into which of these groups a given company falls before undertaking an extensive transaction in its shares. He may consider it reasonable, further, to pay a higher price (i.e. to accept a lower immediate income yield) for a share with an apparently rising trend than for one whose trend is stationary or declining. He cannot, however, entirely ignore the question of intermediate fluctuations, above or below the trend line, for reasons which will be discussed in a succeeding article.

A European Coal Cartel?

THE difficulties of coal mining are those of most raw material industries. Demand is subject to wide fluctuations which tend to make for instability of production, employment and prices. But, in contrast to many other raw materials, the secular upward trend of the demand for coal has become much less strong since the War, partly owing to the tendency to use it more economically, partly through the competition of water and oil as sources of power. Thus, in 1937, when the industrial activity of the world was greater than in 1929, the output of coal was barely as large. In addition, the efforts of former coal importing countries to render themselves less dependent on foreign supplies by developing their own sources of power have led to a reduction in coal exports, even in proportion to total production. World exports of coal in 1936, for example, represented only 9.0 per cent. of the total production, against 11.7 per cent. in 1929. Another factor which renders the coal problem more difficult than those of other raw materials is that coal is produced mainly in industrially advanced countries where wages, which form a very substantial proportion of the price, are both higher and less flexible than in countries engaged mainly in the production of raw materials. The competition for export markets, however, has in recent years exerted an almost continuous downward pressure on prices, which has inevitably been transmitted to wages.

The belief has long been widely held that these difficulties might be mitigated by an international agreement on working hours, and by a division of export markets and price control. Labour has been interested in the conclusion of an agreement designed to secure an improvement in the standard of living of coal-miners, while the coal owners have been attracted by the idea of marketing agreements and price control. As long ago as 1927 a committee of the League of Nations, composed of representatives of producers, consumers and workers, began to investigate the possibility of an international coal agreement. A few years later the British Labour Government, anxious to secure an improvement in the standard of living of the miners, made preparations for discussions between the leading coal exporting countries. Again, in June, 1933, the World Monetary and Economic Conference recommended that a meeting of the main coal producing and consuming countries should be convened within six months if the negotiations under the auspices of the League should be abortive. Since then, however, hardly any progress has been made. The International Labour Office has spent

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much time in drawing up an international convention for reducing the number of hours worked in coal mines and in urging its ratification, but without success.

Although all previous efforts to secure an international convention have so far been fruitless, negotiations have recently been revived. At the end of July representatives of the coal mining industry in Belgium, Czechoslovakia, France, Germany, Holland, Poland and the United Kingdom—the countries which are responsible for about 75 per cent. of the world's total exports—met at The Hague in order to explore further the possibilities of an international marketing agreement. The Conference decided to sound the various Governments and national organisations and to hold a further meeting towards the end of September. Meanwhile, it may be of interest to examine the position in the export markets of the seven prospective cartel countries: —

COAL EXPORTS OF PROSPECTIVE CARTEL COUNTRIES
(EXCLUDING BUNKERS)
(Per cent. of total exports)

	1913	1929	1932	1936	1937	1938*
Great Britain	61·9	53·6	50·8	42·7	40·3	39·9
Germany†	28·7	23·4	23·5	34·9	37·9	36·5
Poland‡	...	12·2	13·1	10·2	10·9	11·9
Belgium-Luxemburg‡	4·1	3·3	4·5	5·8	4·2	4·4
Holland	4·2	3·2	4·4	3·8	3·9	3·9
Czechoslovakia	...	1·6	1·8	1·6	2·2	2·4
France‡	1·1	2·7§	1·9§	1·0	0·6	1·0
Total	100	100	100	100	100	100
Total, in million tons	*120·6*	*114·2*	*77·8*	*82·2*	*101·8*	*44·6*

* First half, provisionally. † Since 1935, including the Saar.
‡ Including bunker coal. § Excluding the Saar.

Aggregate exports in 1937 were only 101.8 million tons, against 114.2 millions in 1929 and 120.6 millions in 1913. The most striking fact, however, is the severe decline in the United Kingdom's share of total exports, from 61.9 per cent. in 1913, to 53.6 per cent. in 1929, and 40.3 per cent. in 1937. The relative decline in British exports since 1932 has been almost entirely due to the increase in Germany's exports. Poland's share of total exports last year was slightly smaller than in 1929, but that of the smaller countries—Belgium-Luxemburg, Holland, Czechoslovakia —showed a slight increase.

As the next table shows, Britain's efforts to maintain her position in foreign markets by the conclusion of a series of agreements have merely altered the distribution of exports without preventing the decline in her share of total shipments: —

BRITISH COAL EXPORTS
(In thousands of tons)

	1929	1932	1933	1936	1937	1938†
British countries*	...	2,740	2,921	2,651	2,554	1,357
Per cent. of total	...	*7·0*	*7·5*	*7·7*	*6·3*	*6·6*
Agreement countries‡	...	10,966	11,888	15,991	17,787	9,127
Per cent. of total	...	*28·0*	*30·4*	*46·3*	*44·1*	*44·4*
Non-agreement countries	...	25,193	24,259	15,877	20,011	10,073
Per cent. of total	...	*65·0*	*62·1*	*46·0*	*49·6*	*49·0*
Total	60,267	38,899	39,068	34,519	40,352	20,557
Bunkers	21,032	14,209	13,457	11,948	11,703	6,106
Steam coal, per cent. of total	*67·7*	*67·0*	*68·1*	*70·4*	*67·9*	*66·8*
Gas coal, per cent. of total	*12·1*	*10·8*	*10·2*	*8·7*	*10·0*	*10·6*
Anthracite, per cent. of total	*7·0*	*10·0*	*10·4*	*9·6*	*9·4*	*9·9*
Household coal, per cent. of total	*3·1*	*3·6*	*2·3*	*4·3*	*3·9*	*4·0*
Other sorts, per cent. of total	*10·1*	*8·5*	*9·0*	*7·0*	*8·7*	*8·7*
	100·0	*100·0*	*100·0*	*100·0*	*100·0*	*100·0*

* Excluding Eire. † Seven months. ‡ Excluding Latvia and Estonia.

In recent years Britain secured a preferential position in a number of countries. Thus, under the agreements concluded with Scandinavian countries in 1933, Denmark undertook to take 80 per cent. of her imports of coal from this country, Finland 75 per cent., Norway 70 per cent. and Sweden 47 per cent. Similar agreements were concluded with Latvia, Estonia, Iceland, Germany, Eire, Argentina and, more recently, with Italy, and the British coal industry has also obtained preferential treatment in the Dominions under the Ottawa Agreements. In addition, an agreement was concluded with Poland—the most important competitor after Germany—which provided for a fixed relationship between the exports of the two countries from January, 1935. The agreement, however, was altered last January, Polish exports now being related not to those of the United Kingdom alone, but to those of the five principal European exporting countries.

The relative decline of Britain's share of world coal exports is due, in the main, to the fact that the margin by which the export price of British coal exceeds that of foreign coal is often larger than can be bridged by the comparatively higher quality of the former. It is difficult, however, to calculate precisely how far this divergence of prices is due to higher costs in Britain and how far to subsidies in other exporting countries. Coal exports are fostered by direct and indirect subsidies in no fewer than nine countries, some of which are anxious to obtain foreign currency, while others are intent on maintaining production at as high a level as possible. Germany subsidises her export trade by direct allowances derived from a general levy, by special freight rates, and by blocked mark discounts. Belgium grants direct export subsidies coupled with low freight rates. Poland grants special freight rates and, in addition, has concluded quota agreements with a number of importing countries. Forty per cent. of Holland's exports consist of coal from State mines, any losses being borne by the Treasury. Changes in the average export and pit-head prices of the seven countries between 1929 and 1936 are shown below: —

AVERAGE PRICES OF COAL PER METRIC TON

	Export price f.o.b.		Percentage fall in price (in domestic currency) between 1929 and 1936	
	1929	1936	Pit-head price	Export price f.o.b.
	s. d.*	s. d.*	%	%
Great Britain	15 10	16 $8\frac{1}{2}$	5·2§	5·5§
Germany	19 5	15 $1\frac{1}{2}$	30·7	52·8
Poland	12 $8\frac{1}{2}$	11 $9\frac{1}{4}$†	44·9‡	46·7‡
Belgium	16 $5\frac{1}{4}$	16 3	33·2	16·7
Holland	19 5	19 $6\frac{1}{4}$	41·1	35·8
Czechoslovakia	17 $2\frac{1}{2}$	17 0	19·6	25·6
France	21 $5\frac{1}{2}$	30 $1\frac{1}{4}$†	29·7‡	16·1‡

* Converted at average rate of exchange. † 1935.
‡ Fall between 1929 and 1935. § Increase.

While comparison is rendered difficult by the changes in the composition of exports, in transport charges, and in the exchange relationships, the fall in export prices exceeded that in pit-head prices in Germany, Czechoslovakia and Poland, and was smaller in Belgium, France and Holland. In Germany, average export prices in 1936 were actually lower than pit-head prices. In Britain, on the other hand, both pit-head and export prices in 1936 were higher than in 1929.

At first sight, the prospects for the early conclusion of a European export cartel do not seem promising. The major difficulty is likely to be the respective quotas acceptable to Germany and this country. Is the industry in this country likely to accept permanently its reduced share of total exports? Supposing it did, is Germany even now prepared to be satisfied with her present share or is she intent upon increasing it still further at the expense of this country? In the long run it would seem to be to Germany's advantage to abandon, or reduce, her subsidies if she can be assured of a reasonable export quota and higher prices per ton. An insistence on her present policy, which has already prompted British coal-owners to demand an export subsidy, will only further diminish returns all round. Even if the seven prospective cartel countries could agree on the distribution of quotas it would probably be difficult for them—and this is all to the good—to impose upon the consumers in importing countries for any length of time; for an unreasonable advance in prices would not only stimulate exports from other countries, especially the United States, the U.S.S.R., Turkey, South Africa and Indo-China, but it would lead to an intensification of the development of the power resources in importing countries.

Thus coal is faced, internationally as well as nationally, with the familiar problems of excess capacity to supply a shrinking market. It is no easy task, in these circumstances, to hold destructive competition in check. It is in the general interest, however, that the effort should be made and adequately supported. It is certainly in the interest of coal consumers and taxpayers in the great coal-mining countries, for if an industry that is already impoverished is forced to sell its exports at a loss, the burden will inevitably fall upon the domestic market or upon the State.

The Pound and the Dollar

THE decline of the pound sterling, for the first time since the conclusion of the Tripartite Agreement, to a figure below the traditional parity with the dollar has naturally aroused interest all over the world. But there should be no mystery about its causes. It is due to a general exodus of capital from Europe to the United States, inspired by very natural political fears, and, as we show in a Financial Note, all the leading "free" European currencies are affected, with the single exception of the belga. Nevertheless, $4.86\frac{3}{8}$ had so generally been regarded as the Rubicon, that its crossing at once requires a new consideration of future monetary policy.

The old parity was regarded as the Rubicon because of the widespread belief that American opinion, and the Administration at Washington, would take very unkindly to any fall of sterling below this point. But this belief has proved to be mistaken. It has been declared in Washington that no particular merit is ascribed to the old parity, and that the present fall of sterling is not regarded as a competitive depreciation, which would constitute a breach of the Tripartite Agreement. No other view would, indeed, have been tenable. The pound's lapse is due to political events beyond our control; the great bulk of the sales of sterling has not come from British sources; and, so far from encouraging the decline, the British authorities have done their best to retard it. More than that they could not have done, for the recent pressure on the pound has been well-nigh irresistible. The statement of American policy has been of value, even though it has had only the negative virtue of removing what was thought to be a fixed point in an increasingly fluid situation. But even the certainty of uncertainty may be said to clear the air.

It must not be thought that the weakness of sterling is entirely due to capital movements. The pound is also weak for ordinary commercial reasons. A full consideration of the available evidence must be reserved for another occasion; but it can be said that it points strongly in one direction: namely, that the pound has for some time been over-valued in terms of the dollar. If it is true to say that the immediate result of the Tripartite Agreement and the franc devaluation of October, 1936, was to establish a fair degree of equilibrium round the pound-dollar-franc triangle, then subsequent exchange and price movements in the three countries have over-valued the pound against both the other currencies. It has indeed been over-valued against the dollar ever since American prices began to fall in the autumn of 1937. As a long-term view, therefore, and quite apart from the immediate pressure on the pound, $4.86\frac{3}{8}$ has ceased to be an appropriate rate. On this argument, the pound's decline below that rate is not competitive depreciation, but quite the reverse.

It is difficult—and unnecessary—to carry the argument to the logical conclusion of indicating what would be the appropriate rate. But London and Washington are certainly correct in their view that the rate of $4.86\frac{3}{8}$ no longer possesses any particular merit. The more important task to-day is to consider our exchange policy and also our ability to carry it out. The dangers of an uncontrolled fall of sterling are fully realised. A sudden collapse might disturb American public opinion at a time when the Anglo-American Trade Agreement is believed to be on the point of signature. It might also cause misgivings throughout the sterling area, and would certainly be a fresh cause of unsettlement in a world which is already in a nervous condition. It might, indeed, encourage still further the general desire to hold dollars or gold. For all these reasons the British authorities have made their efforts to retard and smooth out the decline, whether by encouraging arbitrage sales of dollars against gold purchases in London, or by direct sales of gold by the British to the American Control. At the cost of a steady sacrifice of part of the British gold reserves, a possible rout has been turned into an orderly retreat. This indeed is the declared function of the Exchange Equalisation Account.

The immediate question is how long we can stay the course. Last March our total gold reserves were £835 millions, at 140s. per fine ounce. Since then there has been the May repatriation of funds and gold to France, and, as off-setting influences, the August weakness of the franc and the normal influx into London of newly-mined gold. During August, however, the gold efflux to the United States was already beginning. The weekly returns of physical imports and exports of gold bullion for the five weeks to August 25th—that is, prior to the period of acute pressure—showed the following result: —

	£ million
Imports	11·6
Exports	22·5
of which to U.S.A.	14·8
Export surplus	10·9

These returns take no account of gains and losses through earmarkings, nor do they necessarily reflect the net change in British official gold holdings. Still, taking all these factors into account, it looks as if on August 25th our gold reserves were under rather than over £800 millions. This guess is based on a valuation at 140s. per ounce. A re-valuation at this week's price of 144s. per ounce would write them up by about £20 millions.

How much of this £780 millions or £800 millions could we spare? We must remember that a substantial part is earmarked against sterling and balances in London. Thus for 1937 the League of Nations estimates the central bank and similar holdings of fifteen sterling area countries in London at £250 millions. Then there are our own needs, if we are to maintain our cheap money regime. All these points bear on the vital questions of how much foreign short-term money there is in London, how much is going to New York, and how much gold it is likely to take with it. It is, however, possible to make a rough guess at how much gold we can spare. On March 31, 1937, our gold reserve amounted to £703 millions, and there was no suggestion then that they were in any way inadequate. On this basis we could easily stand a net loss of nearly £100 millions. Also the pressure to-day is falling, not only on sterling, but on all European currencies, with London acting as the pipeline. Our losses to the United States would thus be partially balanced by gains from the Continent, while we shall continue to receive each week's quota of newly-mined gold. At a very rough guess, we could stand a total loss to the United States of £150 millions. During the fortnight to September 8th our shipments to New York averaged £12 millions a week. At this rate we could stay the course for approximately 12 weeks.

Admittedly these calculations imply that we are pursuing an opportunist policy. The authorities are doing their best to regulate the pound's downward slide, but it is unlikely that they can reverse it until there is some change in the outside circumstances—either a relaxation of the political tension or an assured recovery in the United States accompanied by a rise in American prices. American recovery would help in a variety of ways: it would reduce the over-

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valuation of the pound, it would bring with it fresh American buying of primary products, which would improve the position of many of the countries in the sterling area; and it might lead to an increase in exports to America from the United Kingdom itself, which have fallen off very rapidly in the American recession. But if this is an opportunist policy, it is equally the only possible policy for us to follow. The dangers of an uncontrolled downward movement of sterling have already been mentioned. It is equally impossible to mitigate the over-valuation of the pound by a direct assault on the present level of British prices and costs. But the necessity for opportunism in the near future is no sort of excuse for pessimism, still less for any alarm. The present depreciation of sterling only appears serious by contrast with the preceding period of comparative stability. Actually a depreciation from $4.95 to $4.82 is no more than 2.6 per cent.—and it has been spread over nine weeks. Nor is it much greater than fairly recent depreciations of the dollar when sterling rose to $5.05. It only appears serious because of the $4.86⅜ complex. And any relaxation of the political tension will at once bring with it a backflow of funds to Europe. Our task then will be to bring about an orderly appreciation of sterling, and at the same time to recover the gold now being shipped to America.

All these considerations are necessarily based upon the assumption that there will be no European war. If that major premise can be safely made, it is possible to extract some good out of the present disturbances to the exchanges. The great gain is that the general belief in the sanctity of $4.86⅜ as the bottom limit to the fluctuation of the New York rate should now have received its final quietus. If the Tripartite Agreement were to be interpreted as imposing precise and rigid limitations upon the fluctuations of the exchanges, without regard to any change in circumstances, it would repeat the main weakness of the gold standard without possessing its offsetting advantages. The spirit of the Tripartite Agreement is that the three countries will keep their currencies within the range that represents a fair equilibrium. If the equilibrium shifts, so clearly must the exchange rates. If the events of the last fortnight have removed the last tenacious belief that equilibrium is bound up with any particular set of figures, they will have performed the service of clearing the way for a realistic understanding between the three countries on a working definition of what does, and what does not, at any time constitute a fair equilibrium between their currencies.

Finance and Banking

The Course of Sterling.—The past week falls naturally into three parts. Up to and including Monday sterling continued to decline, the total movement being from $4.85¼ on Thursday evening to $4.82⅛ on Monday morning. The big drop came on Monday itself, when the political news appeared less reassuring. During this period the British Control gave a fair amount of support, while the price of gold was also fixed low enough to encourage arbitrage operations, especially since arbitrageurs knew that so long as sterling continued to fall, they could buy their gold at a small premium and cover their exchange later in the day. There was also a speculative demand for gold, but part of the supply came from re-sales, the authorities only having to find the balance. On Monday afternoon the Control was able to bring the pound back to $4.82 7/16. By this time most operators in the market were if anything over-stocked with both dollars and gold. Tuesday witnessed the next phase, for the better political news of the day gave the British Control an opportunity to round on the bears of sterling. On that morning the Control sold dollars heavily both during and after the gold fixing, and quickly sent the rate up from $4.81⅞ to $4.83⅛. This robbed the morning's gold arbitrageurs of any chance of a profit, and created a salutary feeling of nervousness among all holders of gold or dollars. It is true that the rate came back to $4.81⅝, but it quickly returned to $4.82 5/16, and in spite of a very big turnover not much official support was needed. Thursday morning witnessed a very quiet market, with the rate up to $4.82¾. Again comparatively little support was needed, and it had become obvious that operators were a little nervous about increasing still further their already large stocks of dollars. It looks, therefore, as if Tuesday's bear squeeze has so far proved efficacious. The authorities are therefore pursuing with a fair degree of success their normal policy of smoothing out exchange fluctuations and making speculation dangerous, without attempting the impossible task of preventing a major movement in sterling.

* * *

Europe and the Dollar.—While it is natural to speak of the recent exchange movements as a depreciation of sterling, it would be much more correct to describe the past fortnight as having witnessed an appreciation of the dollar. Such a description is justified, because the compelling force upon the exchanges has been the general flight of funds from Europe, rather than from England, to the United States. It is also much more in accordance with the actual trend of the market. This is shown by the following table, giving the New York quotations for the leading "free" European currencies :—

	Aug. 24th	Sept. 6th	Intervening Change
	(Cents per foreign currency)		%
£ sterling	488¼	482 5/16	— 1·22
French francs	2·73⅞	2·70⅝	— 1·19
Swiss franc	22·92½	22·65½	— 1·19
Guilder	54·73½	54·08½	— 1·19
Belga	16·88	16·91	+ 0·18

With the single exception of the belga, all these European currencies have depreciated against the dollar to almost exactly the same degree as sterling; while these London quotations exhibit comparatively little change. This proves that the past fortnight's movement is really an appreciation of the dollar. It might even be said that it signals the *de facto* accession of France, Holland and Switzerland to the sterling *bloc*. The strength of the belga was not maintained after Tuesday, the closing date of the comparison in the table.

* * *

Gold Arbitrage Congestion.—The severity of the pressure on sterling has caused some congestion in the channels of gold arbitrage between this country and the United States. Such congestion can occur at two points: first, the insurance market has limits beyond which it is unwilling to arrange for cover against shipments of gold on any one boat; secondly, firms which undertake gold arbitrage business have a limit beyond which they are unwilling

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to extend the commitments of this kind which they may have outstanding at any particular moment. In both cases those limits are being approached. In the marine insurance market the offering of sub-underwriting of gold risks this week has been a clear indication that the facilities normally granted by Lloyd's under floating policies are being severely strained. Some of the larger arbitrage dealers have also shown signs of holding off, as the amount of gold "on the water" on their account has reached the maximum which they are prepared to have open at any particular time. Every steamer leaving for the United States is carrying close on its full insurable complement of gold. During the week to noon on Thursday no less than £15,445,931 left this country for New York. In addition, gold has also left Holland and Belgium for the same destination. A substantial part of the shipments made from this country has been on official account. For example, virtually the whole of the £5,000,000 odd carried by the "Aquitania," which left on Wednesday, was Exchange Account gold. Private arbitrage has this week been tending to make increasing use of second-class and slower ships. This apparent paradox is explained by the fact that though the interest charge is an item to be reckoned in the total cost of a gold arbitrage transaction (and therefore the quicker the voyage the better), this item is more than compensated by the premium to which the forward dollar has recently risen. Against shipments of gold to New York the London arbitrageur must sell dollars forward—assuming he is doing the transaction in sterling. This week forward dollars for short periods—five to ten days—have been quoted at a premium of 2/100 cent per day. This is equivalent to an interest rate of 1½ per cent. per annum. Since the interest cost on gold arbitrage is generally reckoned at ½ per cent. per annum, it follows that the longer the shipment takes the more profitable the operation becomes.

* * *

American Swap Money Goes Home.—It is an open question which of the various types of "hot money" may be considered to have the highest temperature. Foreign money invested in securities may leave at a moment's notice owing to changes in Stock Exchange tendencies. Refugee money is liable to depart suddenly as a result of a wave of distrust arising from political or other causes. Swap money, on the other hand, may be withdrawn unexpectedly as a result of changes in relative interest rates or, what is much more frequent nowadays, changes in forward rates. This is what has been happening during the last few days regarding American swap money in London. It was transferred here in substantial amounts during the early summer, as a result of the contraction of the premium on forward dollars to between ⅜ and ½ per cent. per annum. Since London banks were prepared to pay 1⅛ per cent., and even 1¼ per cent., on three months' deposits, the transaction yielded to the American banks something like ¾ per cent. per annum. Considering that at that time reflationary measures in the United States had brought about a plethora of short-term funds, the American banks were only too keen to take advantage of the yield on swap money in London. The situation has undergone a change during the last few days owing to the widening of the premium on forward dollars to 1 per cent. per annum. As a result it has ceased to be profitable for Americans to keep swap money here, and the deposits are now being repatriated as and when they mature. Non-American holders of swap money in London have also taken advantage of the additional yield provided by the wider premium on the dollar. There can be no doubt that the swap money came to this market when it was least welcome and is now leaving when its departure is anything but convenient. This is what often happens, since, given reasonably stable interest rates, swap money is usually attracted by an appreciation of the forward exchange at a time of general buying pressure on the currency concerned, while it usually leaves in consequence of a depreciation of the forward exchange at a time of a general selling pressure. Thus the movements of swap money very often accentuate unwanted trends in the exchanges. One partial remedy would be for the banks to pay no interest on such deposits from abroad. Alternatively, the movement of swap money could be regulated by official intervention in the forward exchange market after the example of the French and other monetary authorities.

* * *

Imperial Bank of India.—The balance sheet of the Imperial Bank of India for June 30, 1938, bears some evidence of the way in which India has been affected by the recession. Compared with June 30, 1937, deposits have fallen from Rs. 831 to Rs. 818 millions, while cash credits and overdrafts have risen fom Rs. 203 to Rs. 226 millions. As a counterpart to these changes, investments have been reduced from Rs. 407 to 398 millions, while cash has shrunk from Rs. 217 to 163 millions. These changes reflect the normal fortunes of a primary producing country at the beginning of a recession. Deposits inevitably shrink, while farmers and others have to borrow more to bridge the gap left by their dwindling incomes. Even the decrease in the Imperial Bank's cash can be traced to a general change in the country's banking conditions, for during the same year bankers' deposits with the Reserve Bank fell from Rs. 316 to Rs. 197 millions, and the chief offset to this decrease was a contraction in the Reserve Bank's balances abroad from Rs. 175 to Rs. 12 millions. The plain truth is that the recession has temporarily, at least, given India a passive balance of payments, and this has led to some drain of funds from the country. Nevertheless, the Imperial Bank's cash does not compare unfavourably with that of previous years, and is also adequate in relation to its liabilities. The expansion in advances means that profits are well maintained, and the half-year's dividend of 12 per cent. per annum is the same as a year ago.

* * *

The New Roumanian Payments Agreement.—The sharp drop in imports from Roumania, amounting to 25.6 per cent., between the second quarter of 1937 and 1938, has necessitated a revision of the Anglo-Roumanian Payments Agreement. Originally concluded in 1936, the former Agreement earmarked the proceeds of sales of Roumanian goods to Great Britain in the following proportions: 35 per cent. for the service of the Roumanian Government debt, 5 per cent. for the liquidation of short-term credits, 5 per cent. for miscellaneous payments (dividends, insurance premiums, etc.), 5 per cent. at the disposal of the National Bank of Roumania, and 50 per cent. for outstanding and current trade debts. The Agreement thus laid down no specific allocation to new exports of British goods as distinguished from debts due in respect of previous exports. The recent decline in Roumanian shipments to Great Britain led to the danger of an accumulation of arrears due to British creditors, and as a stop-gap measure the National Bank of Roumania had to offer assistance out

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of its free exchange resources. A new and simpler Agreement has now been reached. Under it 20 per cent. of the proceeds of Roumanian exports to Great Britain will be placed to the credit of the Roumanian exporter, who can sell this sterling, for what he can get, to anyone in Roumania having payments to make in Great Britain. Forty per cent. is similarly placed at the disposal of the Roumanian exporter and can be sold by him, again at the best price he can get, to Roumanian importers of British goods. The remaining 40 per cent. is earmarked for the service of the Roumanian Government debt held in Great Britain, the liquidation of short-term credits, payment of trade debts due before August 1, 1935, and Roumanian Government purchases of British goods. Most of the special allocations in the former Agreement are merged in this last 40 per cent., but miscellaneous payments must now be met out of the first allocation of 20 per cent. New exports to Roumania now receive a special allocation of 40 per cent., which will now govern Roumania's ability to import from Great Britain. The new Agreement is not only simpler, but more elastic, for much of the exchange covered by it can now be bought and sold under the defined restriction at such rates as are obtainable in the market. It is, perhaps, a small step towards removing the restrictions on free trading in currencies.

* * *

British Fire Insurance in the United States.—A note in this section of *The Economist* last week gave details of the experience of British insurance offices in their miscellaneous American business in 1937. The following tables give similar information for fire insurance business. As with last week's tables, they are based on the official reports of the companies to the American insurance authorities and published by the "Spectator" of Philadelphia. Underwriting profits have been adjusted to conform with the British practice of allowing for an unexpired risk reserve equal to 40 per cent. of the current premium income, and the exchange is taken at $4.86⅔ = £1.

GGREGATE FIRE RESULTS IN U.S.A. OF TWENTY-ONE BRITISH FIRE INSURANCE COMPANIES OR GROUPS OF COMPANIES

Year	Premiums	Underwriting Profit	
		Amount of Profit	Percentage of Premiums
	£	£	
193	25,814,000	− 41,000	− 0·2
193	32,546,000	− 507,000	− 2·2
193	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
1937	25,790,000	+1,625,000	+ 6·3

The results of 1937, it will be seen, were well up to standard, although not quite so good as in 1936. The 1935 experience was, of course, outstandingly good. The second table gives the results of the twenty-one British companies whose aggregate figures appear in the previous table:—

INDIVIDUAL FIRE RESULTS IN U.S.A. OF TWENTY-ONE BRITISH COMPANIES OR GROUPS OF COMPANIES

Company or Group of Companies	1936			1937		
	Premium Income	Underwriting Profit or Loss		Premium Income	Underwriting Profit or Loss	
		Amount	Per-cent. of Prem. Inc.		Amount	Per-cent. of Prem. Inc.
	£	£		£	£	
Atlas	729,000	+ 9,000	+ 1·2	785,000	+ 35,000	+ 4·5
Eagle Star	442,000	− 23,000	− 5·1	450,000	− 12,000	− 2·6
Caledonian	380,000	+ 10,000	+ 2·5	353,000	+ 6,000	+ 1·6
Commercial Union	2,633,000	+ 223,000	+ 8·5	2,656,000	+ 236,000	+ 8·9
Century	230,000	+ 27,000	+11·7	453,000	− 86,000	−19·0
Employers' Liab.	438,000	+ 37,000	+ 8·4	506,000	+ 45,000	+ 8·8
General Accident	389,000	+ 18,000	+ 4·7	423,000	+ 18,000	+ 4·2
London Assurance	921,000	+ 70,000	+ 7·6	952,000	+ 31,000	+ 3·2
London & Lancs.	1,431,000	+ 93,000	+ 6·5	1,457,000	+ 69,000	+ 4·7
North Brit. & Merc.	3,293,000	+ 313,000	+ 9·5	3,430,000	+ 189,000	+ 5·5
Northern	828,000	+ 50,000	+ 6·1	854,000	+ 65,000	+ 7·6
Norwich Union	592,000	+ 22,000	+ 3·7	645,000	+ 30,000	+ 4·6
Phœnix	1,242,000	+ 72,000	+ 5·8	1,289,000	+ 89,000	+ 6·9
Prudential	475,000	+ 33,000	+ 6·9	584,000	+ 42,000	+ 7·2
Pearl	1,580,000	+ 82,000	+ 5·2	1,696,000	+ 79,000	+ 4·7
Royal	4,107,000	+ 340,000	+ 8·3	4,140,000	+ 419,000	+10·1
Liverpool and London & Globe	2,266,000	+ 177,000	+ 7·8	2,284,000	+ 240,000	+10·5
Royal Exchange	672,000	+ 33,000	+ 4·9	707,000	+ 45,000	+ 6·3
Scottish Union & National	673,000	+ 53,000	+ 7·8	664,000	+ 73,000	+10·9
Sun	837,000	+ 60,000	+ 7·2	887,000	+ 7,000	+ 0·8
Yorkshire	553,000	− 16,000	− 2·8	575,000	+ 5,000	+ 0·8
	24,711,000	+1,683,000	+ 6·8	25,790,000	+1,625,000	+ 6·3

Although there was a considerable diversity of experience, all but two of the offices showed an underwriting profit on their American fire business in 1937.

* * *

"Expanding the Credit Base."—An article in *The Economist* of August 20th, under this title, contained a table showing changes by quarters over the past six years in a number of the more important banking statistics. This table contained two small errors. The last four lines of the third column under the heading "Cash" should read as follows:—

1938—1st quarter	+ 8
2nd „	− 5
Twelve months	+ 6
Six years	+ 60

Those readers who have had occasion to use the table may wish to make the correction, which does not, however, affect the argument of the article.

MONEY MARKET NOTES

Foreign Exchanges

THE general course of sterling since a week ago is discussed in a Financial Note. On Thursday afternoon the New York rate remained steady at $4.82 13/16, with comparatively little business or intervention by the Control. Three months' dollars were quoted at 1¼ cents premium. French francs remained steady at Frs. 178⅝, with the three months' rate at Frs. 3¾ discount. There has been very little business, and while the French authorities were always ready to intervene, practically no support was needed. Guilders were quoted on Thursday at Fl. 8.39 and Swiss francs at Frs. 21.31. As is shown in a table on page 504, most European currencies have moved with the pound. The sole exception was the belga, which up to last Wednesday displayed a remarkable degree of strength against the dollar. The market never felt over-much faith in this strength, and on Wednesday and Thursday the belga suddenly weakened. In London, the rate rose from bel. 28.52 to bel. 28.67, while in New York the rate depreciated to the export gold point. It was difficult to find any specific explanation for this sudden weakness, either in London or in Brussels.

The Bank Return

THERE is practically no change in the note circulation or Reserve, and so in spite of the week's drop in bankers' deposits, it has not been thought necessary to add to the banking department's Government securities. The only change of note is the transfer of a further £4.4 millions into public deposits, and this is the main cause of the week's fall in bankers' deposits. The immediate cause of this week's rise in public deposits is the absence of any Treasury bill maturities on Monday or Tuesday, for these days fell exactly three months after Whitsun. Looking back, however, over the past three weeks, public deposits have risen from £20.1 to £32.2 millions, while bankers'

	Sept. 8, 1937 £ mill.	Aug. 24, 1938 £ mill.	Aug. 31, 1938 £ mill.	Sept. 7, 1938 £ mill.
Issue Dept.:				
Gold	326·4	326·4	326·4	326·4
Notes in circulation	489·1	478·7	480·4	480·1
Banking Dept.:				
Reserve	38·9	48·9	47·3	46·3
Public Deps.	12·0	24·0	27·8	32·2
Bankers' Deps.	105·7	101·6	94·7	91·3
Other Deps.	36·3	34·1	36·4	34·9
Govt. Secs.	107·1	101·9	102·1	101·3
Discounts & Advances	5·1	6·3	5·4	5·4
Other Secs.	21·0	20·6	22·3	22·1
Proportion	25·2%	30·6%	29·7%	30·1%

deposits have fallen from £105.7 to £91.3 millions. The simplest explanation of this long-term movement is that

the Exchange Equalisation Account has been selling gold faster than it could reinvest the sterling proceeds.

*

The Bullion Market

As described in a Financial Note, the main demand for gold this week has been of an arbitrage character, and contrary to their previous practice the authorities on the whole encouraged this demand by allowing the price at the fixing to fall to parity with the American shipping price. Tuesday was the chief exception, but some operators were inclined to regard that day's loss to arbitrageurs as arising mainly from an inability to keep pace with the temporary recovery in sterling, and not to any deliberate attempt at a squeeze by the authorities. A fair proportion of this week's demand has been met by re-sales of gold bought forward last May, and this has afforded some relief to the authorities. There has been no big hoarding or speculative demand, and the forward market has been quiet. Heavy selling by "tired bulls" early in the week has prevented silver from following the dollar in its appreciation against the pound, and the week's prices are only ⅛d. per ounce up on balance. The main support to the market has been American trade buying, but India has bought a little. In the middle of the week there was also some Continental bear covering, and this helps to explain the past few days' rise in the price.

Date	Gold: Price per fine oz.	Gold: Prem. or Dis-count *	Gold: Amt. dealt in †	Silver, price per oz. standard: Cash	Silver, price per oz. standard: Two Mths.
	s. d.	d.	£'000	d.	d.
1938 Sept. 2	143 4	1/32pm	1,208	19 1/4	18 15/16
„ 3	143 5	1/32pm	763	19 1/8	18 15/16
„ 5	144 1	par	1,873	19 1/8	18 15/16
„ 6	144 2 1/2	1/32pm	1,375	19 1/16	18 15/16
„ 7	144 1	par	1,456	19 1/4	19
„ 8	144 1 1/2	par	1,700	19 3/16	19

* Above or below American shipping price.
† At fixing.
The New York price of silver remained at 43 cents per ounce ·999 fine during the week.

London quotations have not been high enough to permit of profitable arbitrage against the dollar.

*

The Money Market

THE continued transfer of funds from London to New York is at last beginning to affect the supply of money, the more so as there is some evidence that the Exchange Equalisation Account has not yet re-invested in Treasury Bills the whole of the proceeds of its gold sales. As this week's Bank return shows, public deposits are running high, while bankers' deposits are low. The present technical position, in fact, resembles that which existed after the French repatriation of last May, though on a somewhat different scale. The present withdrawals from London have mostly affected overseas banks and similar institutions, usually described as "outside lenders," and so the shortage has been most noticeable in the case of bond-money. It has been noticed that American banks have been taking money off the market. On Wednesday up to one per cent. was paid for loans against bonds. On Thursday rates of ¾ per cent. were not uncommon, but some institutions were able to borrow at ½ per cent.

	Sept. 9, 1937	Sept. 1, 1938	Sept. 8, 1938
	%	%	%
Bank Rate	2	2	2
London Deposit Rate	½	½	½
Short Loan Rates:			
Clearing Banks	½–1*	½–1*	½–1*
Others	½–⅝	⅝–¾	½–¾
Discount Rates:			
Treasury bills	½	½	½
Three months' bank bills	17/32–9/16	17/32–9/16	17/32–9/16

* Viz. ½ per cent. for loans against Treasury bills and other approved bills and British Government securities within six months of maturity, ¾ per cent. for loans against 1 per cent. Treasury bonds and other gilt-edged stocks within six months of maturity, 1 per cent. for loans against other collateral.

Bill rates are nominally unchanged, but this week the markets have been ready to sell, while the clearing banks were buying less freely. This provides further evidence of the change in conditions. The clearing banks have had heavy demands for loans against bills, while their own cash is less plentiful. Conversely the markets expect a further falling-off in outside applications for Treasury bills at forthcoming tenders, and therefore think that they will secure a larger allotment themselves. This makes them all the readier to sell bills. There has been a certain amount of special buying of bills, both to help the market and also to invest the Exchange Equalisation Account's cash.

Investment

Markets and Politics.—The muddy maelstrom of politics still presents its impenetrable depths to the investor. Maelstrom would scarcely be an accurate figure to describe this week's events in Throgmorton Street, for movement is of its essence, and security values have at least not been plunged in the vortex. Amid the confusion of rejected offer and counter-offer, the continued silence from Nuremberg and the heart searchings of the average investor regarding a reasonable solution of the Sudeten problem, the markets have remained almost apathetic. They are, indeed, sick with the long deferment of hope. But Tuesday's dealings showed that a glimmer of relief, following the Czech Government's definitive offer, was sufficient to send the "bears" scampering to cover for a spell. But this mood has not endured. On Wednesday, business once more dried up, for the unresponsiveness of the Sudeten Germans to the Czech offer, followed by the serious rupture which developed in the evening, once again renewed the oppressive political atmosphere. At the moment there is no investment pointer, strictly so-called, which the investor can employ to divine the trend. Business has dwindled to exiguous proportions. The only determining factor lies in the political situation. And that cannot be resolved, at the earliest, until the oracle and arbiter has spoken at Nuremberg.

* * *

Company Meetings and the Press.—Mr Graham Cunningham (whose speech at this week's meeting of "Triplex" Safety Glass is reviewed on page 509) has done much in the past to enliven the proceedings at this company's meeting. This year, the chairman invited representatives of the financial Press to attend the meeting and allowed them to ask questions on equal terms with stockholders. This innovation, the chairman explained, was intended for the benefit of stockholders and the board, and he had an open mind about its success. Perhaps because his own speech had been so detailed, and because an important point of financial policy was raised at the outset of the discussion by a stockholder, the response to the invitation was comparatively modest. As a precedent, therefore, the idea is perhaps best regarded as not proven. But it raises some interesting matters of principle, apart from the particular occasion of this week's meeting. In the first place, the Press and the shareholders are not, and cannot be, on equal terms, for the former have no vote, and no right in law to attend. Moreover, the work of the Press is, or should be, largely to direct public attention to matters in a company's report, and to comment on the general state of its affairs, in advance of the meeting. If the function of forming investment opinion were to be left to the occasion of the meeting itself, freedom of preliminary comment might to some extent be affected. Further, directors are accountable at the annual meeting to their shareholders, who might resent the intervention of outside parties, however well-intentioned. They might be averse, for instance, from expressing their own views amid questions from the Press. They might, on the other hand, find disillusionment in the physical presence of an entity hitherto known through the printed page. Finally, the Press has occasion to differ in its view regarding certain companies, from time to time, and it would obviously be improper to allow a meeting



of shareholders to provide the occasion for airing differences of this sort. These are matters of principle, for consideration if an innovation were to be widely followed. But any measure designed to increase the amount of information available to shareholders—and the "Triplex" invitation to the Press had that object in view—is entirely to be welcomed.

* * *

Industrial Profits in August.—The number of company reports published in August is too small to offer a broad view of the trend of industrial profits, but the significance of a fall in earnings reported by 81 companies last month cannot be overlooked merely for this reason. Our record of industrial profits (for which figures for the past two years are shown below) provides no single instance of a fall since September, 1933, and last month's decline follows an unusually low rate of increase in July, 1938:—

INDUSTRIAL PROFITS 1936-38.

Year and Month	No. of Cos.	Net Profits*	Inc. on prev. year	Year and Month	No. of Cos.	Net Profits*	Inc. on prev. year
1936		£	%	1937		£	%
Aug.	47	5,562,452	14·21	Sept.	81	7,269,607	27·80
Sept.	107	9,074,987	12·32	Oct.	177	14,884,263	26·97
Oct.	146	8,104,438	18·09	Nov.	206	23,579,407	20·25
Nov.	177	15,591,516	13·49	Dec.	152	18,101,112	14·69
Dec.	175	18,438,723	15·49				
1937				1938			
Jan.	110	13,222,882	15·92	Jan.	107	13,832,382	19·90
Feb.	208	27,956,588	8·95	Feb.	202	29,792,378	5·52
March ...	307	53,554,168	12·52	March ...	337	56,721,336	9·19
April	245	31,712,217	23·36	April ...	225	28,481,318	17·19
May	255	25,053,946	14·09	May	320	45,915,238	11·42
June	265	43,924,563	21·19	June	260	38,076,415	11·09
July	193	15,260,299	19·62	July	181	16,530,811	3·44
Aug. ...	62	6,042,402	9·41	Aug.	81	8,300,386	*a* 1·16

* After debenture interest. (*a*) Decrease.

The range of industries covered last month was fairly wide, and only 5 out of the 16 groups represented show an increase. Moreover, the shortfall itself was tempered by the good results of iron, coal and steel companies. Our figures confirm that the trend of profits has now been reversed.

* * *

Fine Cotton Spinners' Scheme.—In the spring of 1937 the directors of Fine Cotton Spinners hoped that the results of the Association would justify the publication of the long-expected capital reconstruction scheme. An improvement, it is true, was recorded in profits during the year to March last, and some degree of hope was expressed by the chairman at the meeting in May. Yet it may be doubted whether the "slimming process" which the directors now propose is sufficiently rigorous to provide a new and stable trading basis for the association. The circular frankly points out that the present charge for dividends on the preference and preferred ordinary stocks, both in arrears from March 31, 1931, is largely in excess of the present or prospective profit-earning capacity of the Association. That fixed charge amounts to £197,000 gross, and the effect of the scheme, therefore, must be related to earnings of such dimensions. Secondly, it is proposed to write down the share capital from £8,350,000 by £2,787,000, which, together with a sum of £751,947 from reserves, will suffice, in the directors' opinion, to reduce the book value of fixed assets to the proper level and to extinguish the debit balance at profit and loss, amounting to £212,538 at the date of the last accounts.

* * *

The effect of the proposed capital changes is summarised in the following table:—

Present Issue		Div. Arrears Gross	Proposed Exchange	Per cent. of Issue
	£	£		
5% cum. pref. stk....	3,000,000	1,050,000	£1,500,000 5% cum. pref. stk.	100
			£1,800,000 ord. stk.	44·30
5% cum. pref. ord. stk.	940,000	329,000	£940,000 ord. stk.	23·14
Ord. stk.	4,410,000	...	£1,323,000 ord. stk.	32·56
Present issued capital	8,350,000	Proposed issued capital.	£5,563,000	

Preference stockholders are asked to convert one-half of their holdings into ordinary stock, and to forego their dividend arrears. Compensation is provided by the transfer of £300,000 of ordinary stock to them (so that each holder will receive 10s. preference stock and 12s. ordinary stock for every £1 of preference stock now held) and by the formation of a preference stockholders' dividend reserve, amounting to £200,000, which will be earmarked from the balance of £340,075 remaining in reserve. The preferred ordinary stockholders lose their dividend arrears, and are asked to convert, £ for £, into ordinary stock, thus obtaining 23.14 per cent. of the new equity. Finally, ordinary stockholders, who have to provide the whole of the capital cut and also the transfer of £300,000 to the preference stockholders, receive 6s. new stock for every £1 held.

* * *

Effect of the Scheme.—The directors point out that a comparatively small improvement in trading results should permit the resumption of ordinary dividends. That is a matter of substantial prospective advantage for the ordinary stockholders, whose chances of obtaining anything, even on the most favourable assumptions, are utterly remote while preference and preferred ordinary dividend arrears remain to be satisfied. But at the prospective level of profits which the directors envisage the preference stock undoubtedly bears the brunt of the dividend burden, even after allowance for the dividend fund which is to be provided. At any normal level of earnings over £75,000, the preference stockholder will obtain less in the future than he would in the past, despite the award of 44.30 per cent. of the equity. Conversely, the preferred ordinary and ordinary stocks begin to rank for dividend when this point is passed, compared with £150,000 for the former and £197,000 for the latter under the old capitalisation. These points, moreover, take no account of the sacrifice of arrears. These anomalies are not corrected until the higher profit ranges of pre-depression times are reached, and if profits had been as satisfactory as this, the scheme obviously would not have been required. Finally, even on the assumption that the directors' maximum forecast of profits is realised, the resultant earnings on the ordinary capital would amount to no more than 3 per cent. on the ordinary capital. Such a rate of return is hardly compatible with a par quotation for the new equity, which a more drastic reduction might be expected to assure.

* * *

"Triplex" Safety Glass Meeting.—Three matters stand out in Mr Graham Cunningham's speech to the shareholders of "Triplex" Safety Glass at this week's meeting. In the first place, the company, although predominantly interested in the supply of safety glass to the motor industry, is not solely dependent upon that product or upon that industrial consumer. "Triplex" has developed an armament equity, by supplying bullet-proof glass and transparent resins—the latter to the aeroplane industry. Secondly, the market now has definite confirmation of the rumours, current some time ago, that the company has lost the Austin Motor contract, in the chairman's phrase "for the time being." He did not seek to minimise the importance of this loss of business (the extent of which, as a proportion of total turnover, was not disclosed), which appears to have occurred solely on the question of price. That another source of supply has developed on a scale sufficient to challenge "Triplex" is, of course, a matter of importance for its competitive position. But the third point suggests that the company is meeting the dual challenge of recession and of competition. Hitherto plate glass has been employed for the manufacture of safety glass. The company, however, has now developed a technique for toughening sheet glass satisfactorily, at smaller cost to the motor industry. This technical change, described by the chairman as having a "somewhat fundamental" effect upon the character of the company's output, may provide some reply to hotter competition of recent months. It would, however, be premature to construct a positive case for

the ordinary shares on the basis of this development alone, until the motor industry's prospects themselves are clearer.

* * *

Second Alliance Trust.—The latest results of the Scottish trust are in accordance with its steady record of recent years, for total income is 1 per cent. higher than in 1936-37. As the report itself emphasises, however, proper comparison of profits is difficult; for during the year £318,750 gross was subscribed by stockholders for 50,000 units, each consisting of two preference and one ordinary share, and in addition the debenture debt has been increased by £251,460. On the other hand, the new funds have been available for only part of the financial year; the last instalment on the new shares was paid in mid-March, and the balance sheet showed £24,700 of uninvested cash at the end of July. In 1936-37, moreover, total income included £9,000 arrears, while in 1937-38 only £1,000 was derived from this source. Since the latest year has not called for the repetition of the £10,000 provision for special tax reserve (which is still intact in the balance sheet), the ordinary stockholders fare better than the modest increase in total income would suggest. The following comparative table shows the allocation of profits in the past three years.

	Years ended July 31st 1936	1937	1938
	£	£	£
Income	191,318	213,859	216,519
Taxes	31,303	47,768	41,340
Other expenses.....	8,975	8,552	9,085
Interest	53,948	52,903	52,517
Preference dividend.....	24,478	24,084	25,144
Ordinary stock:—			
Earned	*72,614*	*80,552*	*88,433*
Paid	48,956	53,476	59,087
Earned %	*26·7*	*30·1*	*31·4*
Paid %	18	20	21†
To contingent reserve.....	25,000	25,000	25,000
Issue expenses	163	772	1,676
Carried forward	11,026	12,330	15,000

† Of which 12 per cent. final dividend on £400,000 (against £350,000) ordinary capital.

While the directors have still maintained the substantial margin between ordinary earnings and dividends, they have been able to increase the ordinary dividend by 1 per cent. —the final dividend of 12 per cent., moreover, being payable on £50,000 of new ordinary capital. In view of the heavy fall in security values during the past year, a market depreciation of no more than 1.04 per cent. on the portfolio appears satisfactory. In each of the past three years £25,000 has been placed to the contingent reserve fund (and presumably used for writing down the book value of securities), and in 1937-38 this fund was further augmented by £168,750 share premiums. Although the latest accounts are made up to a recent date, they probably do not reflect the decline in industrial profits to any important extent. No information, however, is provided in the accounts regarding the distribution of the portfolio. The full employment of over £500,000 of new money during the current year should offset any decline in industrial earnings. The current yield of £5 2s. per cent. on the ordinary stock, which stands at 412, reflects its high status.

* * *

D. Gestetner Report.—The half-yearly report which showed lower net profits and announced the reduction in the interim dividend from 17½ per cent. to 15 per cent., had prepared the market for stationary or lower earnings for the full year. Hopes were revived, however, by the recent announcement that the 40 per cent. total dividend (on an increased capital) was to be maintained. The full report shows that profits have not kept pace with the growth of the ordinary capital, following the 20 per cent. free bonus declared a year ago. They are, in fact, slightly lower at £236,722, but as the company is sensitive to cyclical changes in business activity, and as its accounts are promptly made up to a date as recent as August 31st (and thus reflect almost a full year of industrial recession) these results may be regarded as satisfactory. Apparently the second six months of the financial year were somewhat brighter than the first, for the interim report last March showed a drop in net profits of about £4,500, arising from higher manufacturing costs, whereas total profits for the year are reduced by less than £1,000—a negligible proportion out of £236,722. The course of profits in the past three years is given in the following table:—

	Years ended August 31st 1936	1937	1938
	£	£	£
Profit	194,082	237,623	236,722
Depreciation	14,245	15,072	15,248
Taxation	16,500	30,000	35,000
Other expenses	8,655	8,942	8,748
Preference dividend	18,375	18,375	18,375
Ordinary stock:—			
Earned	*136,307*	*165,234*	*159,351*
Paid	100,406	129,094	161,367
Earned %	*51·4*	*54·9*	*39·3*
Paid %	35	40	40
Capital bonus %	12½	25	Nil
To general reserve	35,859	45,683	Nil
Special credits (net)	...	11,427	1,285
Carry forward	19,731	21,615	20,884
Ordinary capital (end-year)	286,875	322,734	403,418

After providing an additional £5,000 for taxation, earnings for the ordinary stock are reduced from £165,234 to £159,351, and the 40 per cent. dividend is thus not quite covered. No allocation is made to general reserve, which now stands at £65,000 as the result of the share bonus in 1937-38. This is only the second occasion in seven years that the directors have not declared a scrip bonus. The balance sheet reveals that stocks have risen from £94,114 to £109,961, while cash holdings are reduced by nearly £50,000 to £290,768 and amounts due from subsidiaries from £110,205 to £78,353. The company has a progressive record, and may be expected to secure a good share of available business, although its volume may not be expanding at the moment. At the current price of 27s. 6d. the 5s. units yield £7 12s. 6d. per cent.

* * *

Qualcast Progress.—Following the favourable results for 1936-37, the further increase in Qualcast's profits is satisfactory. In a preliminary statement, the directors announce that net profits for the year to June 30th last amount to £80,070, against £74,900. It would seem that trading in the first half of the financial year is largely to be thanked for this result, for the interim report last February showed that the tonnage produced in that period exceeded that for the corresponding six months of 1936 by 21 per cent. A slight recession in business, however, was noted at the time the report was issued. In the latest financial year the company has had full use of the cash subscribed for the share issue of February, 1937. Earnings for the ordinary shares cannot be calculated until the accounts are issued, but the board's distribution policy has in recent years been conservative, for roughly two-thirds of available earnings have been distributed. Although the year's dividend is maintained at 30 per cent., the 7½ per cent. interim dividend for 1936-37 was paid on £25,000 less capital. The new interest in Follows and Bate will presumably not have affected the 1937-38 accounts, since its acquisition was announced only at the end of last July. Qualcast make a variety of specialised light castings,

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but its pre-eminence among lawn-mower makers is enhanced by this acquisition, and the company will in future control the world's largest output of lawn-mowers. The 5s. ordinary shares now stand at 24s. 4½d., to yield £6 8s. 6d. per cent. Their prospects depend, on the one hand, upon the level of costs (which in the metal trades show little sign of reduction) and, on the other hand, upon the effect of recession on demand. It is at this juncture, in fact, that the company's diversification policy is likely to prove useful.

* * *

Whitworth and Mitchell Position.—A considerable setback in profits was anticipated by the passing of the Whitworth and Mitchell ordinary dividend and by unsatisfactory news from the textile industry generally. Thus, the tenor of the full report brings no great surprise, but it does little to soften the blow of the non-payment of a dividend for the first time since the company became public. Trading profits, at £27,445, represent only 42 per cent. of those earned in the year to June 30, 1937, and though the 6 per cent. preference dividend has been paid in full, it was short-earned to the extent of £8,674. As we show in the following table, the carry forward has in consequence been reduced to a small sum. If net profits in the current year are no better, therefore, payment of the full preference dividend would necessitate a transfer from the general reserve fund, which stands at the high level of £160,000: —

	Years ended June 30th		
	1936	1937	1938
	£	£	£
Total profit	62,189	71,010	33,184
Tax	8,500	8,500	8,000
Depreciation	2,161	2,189	2,133
Fees	2,475	1,500	1,725
Preference dividend	30,000	30,000	30,000
Ordinary shares :—			
Earned	*19,053*	*28,821*	*Dr. 8,674*
Paid	19,531	25,000	Nil
Earned %	*4·4*	*7·0*	Nil
Paid %	4½	6	Nil
Carry forward	5,362†	9,183	509

† After crediting £636 profit on the sale of investments.

The chairman's review, which accompanies the accounts, states that the fall in profits is due, in the main, to the serious fall in cotton values, which entailed heavy provision against stocks. But an 11 per cent. reduction in turnover has also played its part. Lower trading activity appears to have been accompanied by sluggish movement of stocks, for although cotton has been written down, the book value of the total (the company uses rayon as well as cotton materials) has actually risen from £192,761 to £200,149. Meanwhile the company's liquid position remains impressive, for net liquid assets amount to £686,000 and represent well over half the balance sheet total. The directors have, in fact, been contemplating these large funds for which no profitable use can at present be found, but for the time the question of a return of capital to shareholders has been put aside. Only two months of the current financial year have elapsed, but present indications appear slightly more favourable. A year ago, demand was affected to some extent by rising prices, and their reduction has already brought some benefit to the company. The chairman reports that orders are better than a year ago, and it is reasonable to expect that unduly large sums will not again be required for writing down stock values. The immediate industrial outlook, however, does not encourage hope of a prompt resumption of higher profits. At present the £1 ordinary shares stand at 6s. 6d.

* * *

Odeon Theatres First Results.—While there is no standard of comparison by which the first results of this important cinema undertaking can be judged, the first preliminary statement seems reasonably satisfactory. Profits, after depreciation but before taxation and debenture interest, amount to £368,178 for the initial period (apparently of 54 weeks) to June 25th last. In the prospectus issued in July, 1937, an estimated annual profit of £460,000 was given, after £20,000 N.D.C. but before income tax. This profit estimate included £280,000 gross from the theatres directly owned by the company and £170,000 in fees and share of profits from the 71 cinemas managed but not directly owned. This latter estimate, however, was based on a full year's working, but certain properties were not in operation for the full year. The difference between the prospectus and the actual profits is sufficiently marked to suggest, though it does not prove, the possibility that expectations were not quite realised. After charging £60,000 for income tax and N.D.C., £94,630 for debenture interest, and £91,323 for preference dividend, the balance of £122,225 for the initial period represents just under 20 per cent. earned on the ordinary capital of £850,000. The latter receives 10 per cent., and the surplus provides £20,198 for reserve, £18,000 for writing off debenture discount, and £22,402 to be carried forward. The company's first results have been eagerly awaited in the market for a special reason. There are 1,465,000 6 per cent. £1 preference shares in issue, of which 499,850 were issued for cash at par, and the balance as part of purchase considerations. Permission to deal in these preference shares was obtained in the ordinary way over a year ago, but there was no actual market in them, since dealers decided not to do business until the first results were available. After a period in which the shares were quoted "0-⅝," dealings have now commenced at around 13s. 3d.—a somewhat anomalous quotation, compared with 6s. 6d. for the 5s. ordinary shares. Since Odeon Theatres owns or controls one of the largest cinema circuits in the country, and continues to grow, the full report will be awaited with considerable interest.

* * *

Modderfontein East.—For some time past, Modder East shares have tended to rise, apparently on the expansion in the monthly profits. The report of the consulting engineer provides an additional reason. He makes the important announcement that capital expenditure for the current year will amount to no more than about £20,000, compared with £121,000 during the past year. In such circumstances, a substantial increase in the rate of dividend may be in prospect; moreover, recent additions to the treatment plant will enable a still larger tonnage of ore to be dealt with. Last year the treatment of a larger tonnage of ore was accompanied by a reduction both in grade and costs, leaving the working profit a few pence per ton lower at 9s. 7d., but appreciably higher in the aggregate, as the following table shows: —

Years to June	Working Profit	Dividends Amount		Carried Forward	Ore Reserves Quantity	Value
	£	£	%	£	Tons	dwts.
1936	626,910	290,880	31½	157,610	5,514,300	4·6
1937	644,580	279,240	30	185,190	5,899,100	4·5
1938	662,250	279,240	30	145,670	6,329,100	4·3

Last year's outlay on plant, mentioned above, compares with £44,690 in the twelve months ended June, 1937. In order to maintain the dividend total at the previous year's reduced rate, a draft upon the carry-forward was accordingly necessary. Although development work, at 55,480 feet, showed a decrease of 10,120 feet as compared with that of 1936-37, the available reserves increased by 430,000 tons. The expansion in quantity would appear to be mainly due to the inclusion of ore not previously taken into account, as the material actually developed was no more than 22,600 tons in excess of the 1936-37 quantity. Dividend prospects have to some extent been discounted by the recent rise in the shares from just over £4 to the high level for 1938 of £4 10s.

* * *

Nourse Mines.—The operations of this old-established producer were of distinctly unexciting character last year. Owing to shortage of labour towards the end of the first half of the period, the tonnage of ore milled declined from 991,000 tons to 960,000 tons. The same factor, doubtless, was also responsible for a shrinkage in the quantity of payable ore developed. No appreciable

BEECHAMS PILLS LIMITED

(Incorporated under the Companies Acts 1908 to 1917.)

SHARE CAPITAL

Authorised :		*Issued or to be Issued :*
£2,000,000	in 2,000,000 10 per cent. Cumulative Preferred Shares of £1 each	£2,000,000
300,000	in 300,000 5 per cent. Redeemable Cumulative Preference Shares of £1 each	300,000
1,200,000	in 9,600,000 Deferred Shares of 2s. 6d. each	1,200,000
£3,500,000		£3,500,000

There are no Debentures or Debenture Stock outstanding.

The Subscription List will open and close on Wednesday, 14th September, 1938

for an ISSUE of

2,400,000 DEFERRED SHARES OF 2s. 6d. EACH AT 7s. 6d. PER SHARE,

Ranking for all Dividends declared after 6th September, 1938.

DIRECTORS:

PHILIP ERNEST HILL (Chairman).
LOUIS NICHOLAS (Vice-Chairman).
HENRY GREGORY.
J. STANLEY HOLMES, M.P. (Managing Director).
SIR ARTHUR HAROLD MARSHALL, K.B.E.
HUBERT A. MEREDITH.
GEORGE MORRISON (General Manager).

Points from the Prospectus:

(1) The Company was incorporated in 1928 to acquire the business of Beechams Pills, founded in 1842, and owns 98·89% of the Deferred Ordinary Shares in Veno Drug Company Limited as well as large holdings of Preference and Preferred Ordinary Shares in that Company.

(2) Since its incorporation, the interests of the Company have been greatly extended. "Beechams Powders" have been successfully marketed and the Company now controls the businesses of Yeast-Vite Limited, Phosferine (Ashton & Parsons) Limited, Natural Chemicals Limited ("Phyllosan"), The Cicfa Company Limited, Dinneford & Company Limited, The Iron Jelloid Company Limited, Holloway's Pills Limited, Phensic Limited, Prichard & Constance (Manufacturing) Limited ("Amami"), A. F. Sherley & Company Limited, and Lintox Limited.

(3) In July, 1938, the Company agreed to purchase 3,357,356 fully paid Ordinary Shares of 5s. each in Macleans Limited (out of its total issued Ordinary Share Capital of 3,400,000 Ordinary Shares of 5s. each) and since that date has agreed to acquire the remaining Ordinary Shares. The Company holds all the issued Ordinary Shares of Beecham Maclean Holdings Limited, and has agreed to re-sell to that Company all the Ordinary Shares in Macleans Limited so acquired by it and has also agreed unconditionally to guarantee the due payment of the dividend on the 1,500,000 5 per cent. Redeemable Cumulative Preference Shares of £1 each of Beecham Maclean Holdings Limited.

(4) The purpose of the present issue is to provide finance in connection with the completion of the purchase of the Ordinary Shares in Macleans Limited agreed to be acquired, and for the general purposes of the Company.

(5) The Profits of the Company for the last 3 years (as set out in the Auditors' Certificate appearing in the Prospectus) show progressive earnings and on the basis of those for the year ended 31st March, 1938 (after charging Expenditure on Development), the Directors are of opinion that the annual profits of the Company should be not less than £502,000. From this sum there must be deducted £215,000 (the dividend on 10% Cumulative Preferred Shares and dividend on 5% Redeemable Cumulative Preference Shares) and to this sum there must be added £120,000 (the estimated dividend receivable by the Company from Beecham Maclean Holdings Limited) leaving a sum available for reserves, redemption of 5% Redeemable Cumulative Preference Shares and dividend on the 9,600,000 Deferred Shares of the Company amounting to £407,000.

(6) **The above estimated profits of £407,000 are equivalent to earnings of approximately 34% on the Deferred Share Capital of the Company issued and now being issued, or should the 5% Redeemable Cumulative Preference Shares be redeemed out of profits by equal annual instalments, to earnings of over 31% upon such Deferred Share Capital, or over 10% on the issue price of the Shares now being issued at 7s. 6d. per Share.**

Copies of the Prospectus (upon the terms of which alone applications will be considered), and Forms of Application can be obtained on Monday from the

BANKERS:

COUTTS & CO., 440 Strand, London, W.C.2, or 15 Lombard Street, London, E.C.3, and Branches.
MIDLAND BANK LIMITED, Poultry, London, E.C.2, and Branches.
NATIONAL PROVINCIAL BANK LIMITED, 15 Bishopsgate, London, E.C.2, and Branches.

BROKERS:

JOSEPH SEBAG & CO., 22 Old Broad Street, London, E.C.2, and Stock Exchange, London.
MYERS & CO., 19 Throgmorton Avenue, London, E.C.2, and Stock Exchange, London.

THE COMPANY AT ITS REGISTERED OFFICE:
55-56 Pall Mall, London, S.W.1.

and from

PHILIP HILL & PARTNERS LIMITED,
Kingsbury House, King Street, St. James's, London, S.W.1.

change occurred in the average results, but working profit fell by £19,590. Payment of dividends totalling 20 per cent., against 22½ per cent. for each of the three preceding years, left a slightly increased balance to be carried forward. The year's operations are summarised below:—

Year to June	Working Profit £	Dividends Amount £	Dividends %	Carried Forward £	Ore Reserves Quantity Tons	Ore Reserves Value dwts.
1936	351,430	176,320	22½	134,420	4,132,800	4·4
1937	293,810	176,320	22½	156,720	4,001,500	4·4
1938	279,390	156,730	20	158,140	3,852,900	4·4

An encouraging feature of underground work was the increase in the average value of ore developed, which rose to 5.3 dwts. as compared with 4.5 dwts. As the work was carried out mainly in the south-eastern section of the property, upon which the future of the company now chiefly depends, the results may be regarded as encouraging. The consulting engineer gives no hint regarding the outlook for capital expenditure. Last year's total amounted to £40,280 as against only £6,370 in 1936-37. On the basis of last year's dividend, the return on the shares is slightly under 10 per cent. gross.

* * *

The Week's Company Profits.—The reports received this week from 16 companies (excluding two for which comparable figures are not available) show total net profits of £1,071,000, a decline of 6 per cent. compared with earnings of £1,143,000 for the preceding year. Net profits of 1,735 companies, whose reports have been received this year, amount to £238,446,000, still showing an increase of 11 per cent. over the net profits of £214,656,000 in the previous year. The profit and loss accounts are analysed on page 528, and individual results are discussed in preceding notes and on page 513 under the heading "Shorter Comments."

THE STOCK EXCHANGES

London

SETTLING DAYS

TICKET	ACCOUNT
SEPTEMBER 20	SEPTEMBER 22

THE Stock Exchange brought forward from the close of dealings at the end of last week a feeling of rather greater optimism regarding the political situation. On Monday, it evaporated once again, only to be revived for a brief period around mid-day on Tuesday. The rupture in the discussions between the Czech authorities and the Sudeten German leaders, however, provided the signal for renewed nervousness. In terms of prices, the effect of the ebb and flow of politics has been small. The "bears" covered their positions when the tension was lightened on Tuesday, but in every section of the market price movements have been fractional, and the volume of business remains extremely small.

Gilt-edged stocks were sold at first, undated stocks showing the chief falls. Prices recovered promptly on Tuesday, when the best gains were registered by undated issues and War Loan took the lead. In mid-week, a sharp fall, which exaggerated the volume of selling, resulted from renewed discouragement, and losses reached one-quarter of a point. Further falls were recorded on Thursday. Business in home corporation and Dominion issues remained small but prices followed the general trend.

In the *foreign bond market*, European issues reflected changes in political sentiment, although even on Tuesday the best gains were not held. Chinese issues were steadier for a time, but renewed selling, reported to come from the East, occurred in mid-week. Brazilian issues were sold further.

Business in *home rails* was extremely small. A sharp drop in Great Western and Southern preference issues was only partially made good. Some slight falls in the guaranteed list were corrected in mid-week, and among the ordinary stocks, Southern preferred and Great Western recovered after early falls. Small business was reported in Argentine rail stocks and prices scarcely moved, but Cordoba first debentures fell sharply on sales from holders whose patience is becoming strained.

In the *industrial market*, as elsewhere, the cat still did not know which way to jump, and the market has no natural spring. Investors and professional operators alike were waiting hourly on developments in the international situation, and business remained at a minimum. While sentiment varied with political news, both prices and the volume of business showed small consequential changes. Iron and steel shares became a little firmer as the week progressed, though the decision not to alter export prices had no market effect. Cammell Laird responded to the interim dividend announcement. Coal shares followed a similar trend. Electrical equipment issues were irregular and inclined to weaken, though Crompton, Parkinson were firmer. Motor shares became steady, after an inauspicious start, A.E.C. being one of the better features, while the aircraft section was unexciting but satisfactory. R.F.D. were active owing to interest in the balloon barrage. Textile shares were irregular, Whitworth and Mitchell declining on the report, and Fine Cotton Spinners ordinary weakening after publication of the capital scheme. No special trend emerged in the brewery section, and provision and catering issues also lacked incentive. In the stores group, British Home Stores went ahead in mid-week. Among miscellaneous shares, D. Gestetner improved on the dividend announcement, while Imperial Smelting fell sharply on the preference dividend reduction. Triplex lost ground after the meeting, the loss of the Austin contract being the deciding factor. Reactions to the Odeon Theatres report varied: the debentures hardened, the ordinaries weakened slightly, and dealings in the preference started at around 12s. 6d. Shipping shares were uninteresting but fairly steady.

The *oil market* followed the general trend. A thoroughly dull start, in which the amount of business was at the lowest ebb for months, gave way to improved prices on Tuesday, though there was little increase in business except among the leaders. The improvement was not maintained, and prices weakened slightly in mid-week. *Rubber shares* remained as idle as ever, but prices were well maintained on the whole, and *tea shares* were equally lifeless. In both markets the amount of business was too small to test prices.

Mining shares provided no exception to the general feeling of caution and operators showed unwillingness to enter upon new commitments. While sentiment improved on Tuesday, the volume of business was hardly affected, and the undertone became a little less satisfactory. Kaffirs showed few special features, and failed to respond to the higher price for gold. Modder East rose in anticipation of the report. West Africans were more active than in recent weeks, the Ashanti August return helping the improvement. Little interest was taken in Rhodesian copper issues, though Roan recovered some of the ground lost on initial disappointment with the dividend. Lead-zinc shares were hardly affected by the lead control scheme.

"FINANCIAL NEWS" INDICATORS

1938	Total Bargains‡	Corres. Day 1937	Security Indices: 30 ord. shares*	Security Indices: 20 fixed int.†
Sept. 2	5,210	*6,645*	82·6	128·1
Sept. 5	5,785	*6,925*	82·5	127·8
Sept. 6	5,525	*6,770*	82·8	127·9
Sept. 7	5,435	*8,045*	82·8	127·8
Sept. 8	5,555	*6,500*	82·6	127·8
1938 High...	...	...	*97·2 Jan. 12*	*131·0 Feb. 4*
Low ...	...	...	*79·4 Mar. 16*	*126·9 Mar. 17*

‡ Approx. total recorded in S.E. List. 1935 = 100. * July 1, † 1928 = 100.

ACTUARIES' INVESTMENT INDEX

As at Tuesday last (September 6th), the Actuaries' Index of 151 industrial ordinary share prices shows a trifling decline, standing at 63·3, against 63·5 a week ago, and 66·1 a month ago. The latest index, however, is only 0.1 point above this year's "low." The average yield of 5·97 per cent. is unchanged as compared with a week earlier, but a month ago it was 5·72 per cent. We give below a selection of the component indices:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100): Aug. 9, 1938	Prices (Dec. 31, 1928 = 100): Aug. 30, 1938	Prices (Dec. 31, 1928 = 100): Sept. 6, 1938	*Prices 1938 High*
Invest. trusts (10)	49·4	49·0	48·4	*52·9*
Building mats. (6)	81·1	77·3	77·8	*87·1*
Coal (9)	81·9	75·3	74·5	*106·7*
Elec. mfg. (12)	122·5	118·3	117·1	*129·7*
Motors (6)	35·6	33·4	32·7	*39·0*
Oil (4)	91·3	84·9	86·5	*92·1*
Stores, etc. (18)	59·9	57·1	56·5	*66·4*

ACTUARIES INVESTMENT INDEX—*cont.*

Group	Yield (%): Aug. 9, 1938	Yield (%): Aug. 30, 1938	Yield (%): Sept. 6, 1938	*Prices 1938 Low*
Invest. trusts	5·63	5·68	5·76	*46·8*
Building mats.	6·83	7·17	7·12	*75·0*
Coal	6·86	7·18	7·00	*74·5*
Elec. mfg.	5·52	5·71	5·76	*111·1*
Motors	6·72	7·11	7·26	*32·0*
Oil	6·63	7·13	7·02	*67·1*
Stores, etc.	5·40	5·75	5·80	*56·1*

New York

WALL STREET has behaved erratically this week, and though movements one way or the other have not been large, they have generally lacked conviction. In America no less than in Europe politics have been the centre of interest, and beneath apparent inaction and the need to wait and see what happens, the market's nerves are tense. A noticeable improvement at the end of the previous week was not maintained, and Monday's closure for Labour Day helped to stifle the improvement. Better political news early in the week, however, failed to arouse any response and prices tended to sag, Tuesday's turnover being no more than 420,000 shares. The weakness of sterling intensified the general attitude of caution. A sudden upswing in mid-week, when both prices and turnover were better, appeared to lack any solid basis. Steel shares showed no pronounced features, although Bethlehem more than regained Tuesday's loss. The Iron and Steel Institute estimates steel activity at 39.9 per cent. of capacity for the current week, the holiday accounting for the decline of 4.1 per cent. as compared with a week ago. New York, Chicago and St. Louis Railroad were weak on the commencement of proceedings by bondholders.

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).

WEEKLY AVERAGES

	1938 Low Mar. 30	1938 High Aug. 24	Aug. 24, 1938	Aug. 31, 1938	Sept. 7, 1938
347 Ind'ls.	75·9	109·2	109·2	105·1	107·9
32 Rails	19·0	31·4‡	28·2	26·6	27·1
40 Utilities	57·7	78·8‡	75·6	73·4	74·5
419 Stocks	63·7	90·7‡	90·5	87·2	89·3
Av. yield %	8·35 High	3·92 Low	3·92	4·06%	3·94%

* 50 Common Stocks † January 12th. ‡ July 20th.

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

Sept. 1	Sept. 2	Sept. 3	Sept. 5	Sept. 6	Sept. 7
119·0	122·6	123·4	Closed (*a*)	122·0	124·1

1938 High: 127·4 August 6th. Low: 83·6 March 31st. (*a*) Labour Day.

TOTAL DEALINGS IN NEW YORK

1938	Stock Exchange: Shares 000's	Stock Exchange: Bonds $000's	Curb Shares 000's
Sept. 1	510	3,790	95
" 2	550	3,830	70
" 3*	360	1,760	45
" 5	Closed (*a*)	Closed (*a*)	Closed (*a*)
" 6	420	3,440	71
" 7	890	4,420	112

* Two-Hour Session. (*a*) Labour Day.

New York Prices

	Close Sept. 1, 1938	Latest Sept. 8, 1938
1. Rails and Transport		
Atchison	35½	36½
Balt. & Ohio	7⅝	7½
B.M.T.	9⅛	9⅝
Can. Pacific	6⅜	6⅝
Ches. & Ohio	29	29⅝
G.N. Ry. Pf.	20¼	20½
Illinois Cent.	11⅝	11⅝
N.Y. Central	17⅝	18¼
Northern Pac.	11⅜	12
Pennsylv. R.	19⅛	19⅜
Southern Pac.	17½	18⅝
Southern Rly.	12¾	12¾
Union Pac.	*87½	91
Greyhound	16½	16¾
2. Utilities and Communications		
Am. W'works.	9⅝	10⅛
C'with. & S.	1⅛	1⅛
Con. Edison	26	26⅛
Col. Gas & El	6½	6¾
El Bond & Sh.	7⅛	7⅛
Nat Pwr & Lt.	6⅛	6¾
N. American	19½	19½
Pac. Gas & El	26	25⅞
Pac. Lighting	36¾	37½
Pub Serv N.J.	28⅞	29
Stan Gas & E.	3⅝	3½
United Corp.	2½	2⅝
Un. Gas Imp.	10	9⅞
Amer. Tel.	143	144¼
Internat. Tel.	8¼	8⅝
Westn. Union	29	28½
Radio	7⅝	7½
" B. Pref	59½	59½
3. Extractive and Metal		
Am. Rol. Mill	18⅞	18½
Beth. Steel	56⅞	59½
Beth. Steel P.	*100	100
Republic St.	18	18½
U.S. Steel	57½	59⅞
U.S. Steel Pf.	111⅝	113⅞
Alaska J'neau	10⅝	10⅝
Am. Metal	35⅜	36½
Am. Smelting	48⅝	48
Anaconda	33½	34⅛
Bohn Alum	26⅝	27⅞
Cerro de Pas.	44¼	45
Int. Nickel	48	49
Kennecott	39⅝	41⅛
Patino Mines	10⅞	11
Tex. Gulf. Sul.	35½	36½
U.S. Smelt.	63	62⅝
Vanadium	18¼	19¼
Atlantic Refg.	22⅞	23
Phillips Petr.	39½	39¾
Shell Union	15⅞	15½
Shell Un. Pf.	100½	105¼
Socony Vac.	13¾	13⅝
Stan. Oil Cal.	29⅞	30½
Stan. Oil N.J.	52¼	54¼
Texas Corp.	43¼	*44⅝
4. Manufacturing		
Briggs	34⅞	36½
Chrysler	71¾	75¼
Elec. Autolite	28½	33
Gen. Motors.	46¼	48½
Hudson Mtr.	8¾	8⅞
Nash Kelvntr	9⅝	10
Packard Mtr.	4⅞	4⅞
Bendix Avtn.	21½	23
Boeing Airpln	23½	23¾
Douglas Air.	46	46½
United Aircft.	26¼	26¾
Air Reduction	60¾	61⅝
Allied Chemi.	175	178
Col. Carbon	90	90
Dupont	130½	133¾
Un. Carbide	81½	83¾
U.S. Ind. Alc.	21¾	22½
Allis Chalmer	48½	*50½
Gen. Electric	41½	41¾
West'hseElec.	100½	104
American Can	98½	98
Addressogrph	*29½	29¼
Caterpillar	47	50
Cont. Can.	40¼	40¼
Ingersoll Rnd	93	97
Int. Harvester	59⅞	61¾
Johns Manvle	96⅛	99
Am. Radiator	15⅝	15¾
Corn Prods.	69⅛	70
J I Case & Co.	88⅛	91
Glidden	22	22½
G. Am. Trans	49	49
Allied Stores	10¼	10⅞
Celanese of A.	21¾	23⅜
Ind. Rayon	28¾	28½
Colgate Palm.	12	12
Eastm'n Kdk.	*169⅞	176
Gillette	9⅜	9¼
Lambert Co.	13⅞	13⅞
Loews	49⅞	51¾
20th Cen. Fox	26⅜	26⅜
5. Retail Trade, etc.		
Mont. Ward	45¾	47⅜
J. C. Penney	83	83½
Sears Roebck	70⅜	73
Walgreen	16¾	16
Woolworth	44¾	45⅜
Borden	15¾	16¼
Gen. Foods	35⅜	35⅞
Kroger Grcy.	16⅜	17⅜
Nat. Biscuit	25	24⅞
Nat. Dairy	13⅛	13
Stand. Brands	7¼	*7¼
Am. Tob. B.	86¼	88½
Lig. Myers B.	100	99
Lorillard	19¾	20¼
Reyn. Tob. B.	41½	42½
Nat. Distillers	24	25
Schenley Dis.	17½	18
6. Finance		
Comcl. Credit	49½	*50½
Atlas Corp.	7¾	7¾
Com Inv. Tr.	52¾	*52½

* xd.

Capital Issues

CAPITAL ISSUE TOTALS

Week ending September 10	Nominal Capital £	Conversions £	New Money £
To the Public	Nil	...	Nil
To Shareholders	12,498	...	37,494
By S.E. Introduction	Nil	...	Nil
By Permission to Deal	156,567	...	167,197
Sav. Certs., week ending September 3	*Dr100,000*	...	*Dr100,000*

Year to date	Including Conversions £	Excluding Conversions £
1938 (New Basis)	235,425,162	215,534,199
1937 (New Basis)	*451,796,934*	*403,126,039*
1938 (Old Basis)	172,634,427	153,723,559
1937 (Old Basis)	*257,289,184*	*211,687,768*

Destination (Excluding Conversions)

Year to date	U.K. £	Brit. Emp. ex U.K. Countries £	Foreign £
1938 (New Basis)	165,468,266	47,215,756	2,850,177
1937 (New Basis)	*346,337,883*	*53,529,797*	*3,258,359*
1938 (Old Basis)	130,174,256	20,729,231	2,820,072
1937 (Old Basis)	*193,922,270*	*16,272,998*	*1,492,500*

Nature of New Borrowing (Excluding Conversions)

Year to date	Deb. £	Pref. £	Ord. £
1938 (New Basis)	137,414,362	15,082,126	63,037,711
1937 (New Basis)	*204,671,510*	*26,210,279*	*172,244250*
1938 (Old Basis)	126,591,813	9,181,776	17,949,970
1937 (Old Basis)	*147,786,692*	*16,439,954*	*47,461,722*

NOTE.—"Old Basis" includes only public issues and issues to shareholders only; "New Basis" includes all new capital in which permission to deal has been granted.

FORTHCOMING ISSUE

Beechams Pills, Ltd.—Lists will open and close on Wednesday next, September 14th, for an issue of 2,400,000 deferred shares of 2s. 6d. each, at 7s. 6d. per share. The issue will provide finance for the completion of the purchase of ordinary shares of Macleans, Limited, and for general purposes. The prospectus will show that, on the basis of profits for the year to March 31, 1938, the directors are of opinion that the annual profits of the company should not be less than £502,000. After providing £215,000 for preference dividends, and adding £120,000 (the estimated dividend receivable from Beecham Maclean holdings) the estimated profits of £407,000 are equivalent to earnings of approximately 34 per cent. on the deferred capital issued or to be issued, or subject to the operation of annual sinking fund instalments on the redeemable preference shares, to over 31 per cent., and over 10 per cent. on the issue price.

UNIT TRUSTS

Domestic Investment Trust (Second Series).—Managers, Domestic Trust Managers, Ltd. Life, 20 years. Initial portfolio, over 120 securities. Also extensive list of further permitted securities. Limits, 5 per cent. of fund in any one security, 7½ per cent. in any one corporation (other than trustee stocks), and not over 2½ per cent. of any one issue may be held. Initial service charge, 6 per cent.; annual charge, ½d. per each unit. Selling price adjusted up to 3d., buying price down to 1½d. Meeting may be called by holders of 10 per cent. of units.

SHORTER COMMENTS

Company Results of the Week.—BARNSLEY BREWERY have fully maintained net profits, and the directors repeat the 16 per cent. dividend. Gross profits on sales last year were £3,300 higher at £153,039. INDUSTRIAL FINANCE & INVESTMENT CORPORATION has been affected by economic and political difficulties, and net profits are £32,000 lower at £62,898. A sum of £40,007 (against £31,211) is required from profits for depreciation and losses on sales of investments. The first report of KAY AND COMPANY, ENGINEERS, since its introduction to the public, shows trading profits for a full year of £47,461. Earnings amount to £29,177 net, after setting aside £2,281 earned before acquisition. An interest in another engineering business is being acquired. A satisfactory rise in net profits, from £53,008 to £60,203, is shown by KETTON PORTLAND CEMENT, whose dividend rises from 12½ per cent. to 15 per cent. The heavy industries continue to provide good results. HORSELEY BRIDGE AND THOMAS PIGGOTT, LTD., have earned £74,476, against £57,569, though the 10 per cent. dividend is unchanged. Turnover reached a new record, although there was some difficulty in obtaining steel supplies in the first half of the year.

MISCELLANEOUS

Sir J. L. Hulett and Sons.—Net profit year to April 30, 1938, £81,270 (after placing £116,000 to depreciation and reserve). Dividend 6 per cent. and bonus of 1 per cent. free of South African tax, compared with a dividend of 7 per cent. a year ago. (For year to April 30, 1937, net profit was £81,522, after £107,829 to depreciation and reserve.)

(*Continued on page 516*)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields of fixed interest stocks 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 increase or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1937 Highest	Prices, Year 1937 Lowest	Prices, Year 1938 Jan. 1 to Sept. 7, inclusive Highest	Lowest	Name of Security	Price, Sept. 7, 1938	Change since Aug. 31, 1938	Yield Sept. 7, 1938 £ s. d.
				British Funds			
84 13/16	73⅛	79¼	71	Consols 2½%	73¾x	− ⅛	3 7 10
113	105¾	111¾	107	Do. 4% (aft. 1957)	109¾	...	3 6 0n
101 5/16	94⅜	100¾	96	Conv. 2½% 1944–49	99	− ½	2 12 1
103 9/16	97⅜	103¼	99	Do. 3% 1948–53	101⅜	...	2 16 3
106 25/32	99	104⅝	98¼	Do. 3½% after 1961	101	− ¼	3 8 9n
108	105	105⅛	104 3/16	Do. 4½% 1940–44	104⅞	− ⅛	2 8 10
117½	111¼	115⅝	112¼	Do. 5% 1944–64	114⅜	− ⅝	2 12 6
92½	89	91 11/16	87⅝	Fund. 2½% 1956–61	91¼	...	3 1 0
96⅞	89⅞	97 13/16	94	Fund. 2¾% 1952–57	97	...	3 0 6
101⅝	92⅞	99 5/16	95⅛	Fund. 3% 1959–69	99	...	3 2 0
116⅜	109	114⅞	110½	Fund. 4% 1960–90	113	− ½	3 3 0
99 3/16	96	101 11/16	97¾	Nat. D. 2½% 1944–48	100½x	+ ¼	2 8 0
114¾	107⅛	112 13/16	107¾	Victory Bonds 4%	110	...	3 12 9f
105 13/16	99⅝	103⅝	99½	War L. 3½% af. 1952	101¾	− ⅝	3 9 0n
96⅞	84 5/16	90⅛	84⅛	Local Loans 3%	87x	...	3 9 0
102	99½	102	99½	Austria 3% 1933–53	101	...	2 18 9
72	62	68½	63¼	India 2½%	66x	− ⅝	3 15 9
85¼	74¼	82¼	75	Do. 3%	79x	−1¼	3 15 11
98¾	87	95⅝	88½	Do. 3½%	92½x	− ⅝	3 15 8
119½	112¼	117⅛	114¾	Do. 4½% 1958–68	117	...	3 7 9
				Dom. & Col. Govts.			
109⅞	105	108⅞	104¾	Austr. 5% 1945–75	106	...	4 1 9
105⅜	101	104 15/16	100¼	Canada 4% 1940–60	102x	...	2 19 2
118	114½	115	112⅞	Nigeria 5% 1950–60	114	...	3 11 3
110	104¼	108	101¾	N. Zealand 5% 1946	103	−1	4 13 11
107⅜	103¼	107 19/32	101	Queens. 5% 1940–60	101x	− ½	4 9 4
114⅛	110½	112 13/16	109¾	S. Africa 5% 1945–75	111	...	3 6 0
				Foreign Governments			
103	93	96½	84¼	Arg. 4½% Stg. Bds.	85½	−1½	5 6 6f
105½	97¾	102	24	Austria 1930 5%	46	+1	10 17 3
91¾	84¼	89	48	Do. 4½% 1934–59	67	+1	6 14 4
102⅛	95¼	99	95	Belgian 4% (36) 1970	96½	−1	4 4 6
33¼	24½	36	31½	Bulgaria 7½%	34½	...	7 4 11m
89¾	37	37½	16	Brazil 5% Fd. 1914	19	...	Nil
28	15	19⅝	16¼	Chile 6% (1929)	17½	...	4 9 0v
95¾	54½	60½	40½	China 5% (1912)	50	−1½	10 0 0f
101⅞	59	73½	43	Do. 5% (1913)	58	−2	8 12 3f
108⅜	101½	105¾	58	Czechoslovakia 8%	76	+7	10 10 6f
100	92½	99	94	Denmark 3%	97½	...	3 1 9
106½	100½	104	100¼	Egypt Unified 4%	101	...	3 16 0
18½	11	13	9¼	French 4% (British)	10½	...	5 10 0s
66	52¾	60	43½	Ger. Dawes Ln. 5%	51	+1	9 16 0
49¼	35	46	32½	Do. Young Ln. 4½%	37	+1½	12 3 2
40¾	30	34½	25	Greek 6% Stab. Ln.	30½	...	7 11 6w
62	47⅛	58½	30	Hungary 7½%	40	− ½	11 5 0h
88¾	53	60	38	Japan. 5½% 1936–65	44	...	12 10 0f
94¾	57½	64½	40	Do. 6% ('24) red. 1959	46	−1	13 1 0f
61½	40¾	50	36	Peru 7½% 1922	43	−2	...
83	56	75½	54	Poland 7%	75½	...	7 8 6s
20½	13	15¾	11	Roum. 4% Con. 1922	12½	...	15 0 0y
96⅜	88¼	92	78	U.K. & Arg. C. 3%	85½	...	3 10 2
				Corporation Stocks			
118	111½	115¾	110½	Bir'ham 5% 1946–56	111	...	3 8 2
118¾	112¾	117	112	Bristol 5% 1948–58	113	...	3 8 9
95¼	82½	87½	83	L.C.C. 3%	85	−1	3 10 7
101	93	97½	94	Liverpool 3% 1954–64	97	...	3 4 0
104⅜	100⅜	105¾	101½	Middx. 3½% 1957–62	103x	− ¼	3 5 9

Prices, Year 1938 Jan. 1 to Sept. 7, inclusive Highest	Lowest	Last two Dividends (a) (b) (c) %		Name of Security	Price, Sept. 7, 1938	Change since Aug. 31, 1938	Yield Sept. 7, 1938 £ s. d.
				Public Boards			
115½	110½	2½	2½	C. Elec. 5% 1950–70	113	...	3 12 9
				Lon. Pass. Transport			
119½	112	2¼	2¼	4½% "A" 1985–2023	117½	−1	3 15 0
129¾	125	2¾	2½	5% "A" 1985–2023	127½	−1	3 15 10
122⅝	116½	2½	2½	5% "B" 1965–2023	119½	...	3 17 0
84	72⅞	2¾b	1½a	"C" 1956 or after	74½	+ ½	5 14 1
92¼	85	1½	1½	Met. W.B. "B" 3%	90	...	3 6 6
118	114¼	2½	2½	P. of Lon. 5% 50–70	116	...	3 8 6
				British Railways			
65	32½	3½b	Nil a	G.W. Ord.	34	+1	10 5 9
4⅝	2⅛	Nil	Nil	L. & N.E.R. Def.	2¾	+ ¼	Nil
8⅜	3⅝	Nil	Nil	Do. 5% Pref. Ord.	4¼	+ ¼	Nil
97	44½	3¾b	Nil a	Do. 5% Pref. 1955	44½	−5	8 8 6f
27⅛	9¾	½c	1¾c	Do. 4% 2nd Pf.	10½	...	16 13 0
68¼	22½	3b	Nil a	Do. 4% 1st Pf.	26½	...	11 6 3
30⅛	12 11/16	1¼c	1½c	L.M.S. Ord.	13¼	+ ¼	11 6 4
70¼	24½	2b	Nil a	4% Pf. 1923	28½	...	7 0 4
82¼	48½	2b	2a	4% Pf.	52½	...	7 12 3
21⅜	11½	½c	1½c	Southern Def.	11¾	− ¼	12 15 3
87	49	3b	1a	Do. 5% Pf. Ord.	50½	...	7 18 5
115½	89¼	2½a	2½b	Do. 5% Pf.	90½	−3	5 10 6
				Dom. & Foreign Rys.			
14	7 7/16	Nil	Nil	Antofagasta Ord.	11	...	Nil
6½	3⅜	Nil	Nil	B.A. & Pac. Ord.	5	...	Nil
17	8¾	Nil	Nil	B.A. Gt. Sthn. Ord.	11½	...	Nil
12½	6⅛	Nil	Nil	B.A. West. Ord.	8	− ½	Nil
13¼	6½	Nil	Nil	C. Arg. Ord.	8½	− ½	Nil
8 7/16	5	Nil	Nil	Can. Pac. Com. $25	6½	...	Nil
28½	25¼	2c	2c	Costa Rica Ord.	25½	...	7 17 0
43/9	33/9	Nil	1c	Nitrate Rlys. £10	40/–	...	5 0 0
66	33	†2a	†2b	San Paulo Ord.	34½	...	11 11 9†
16/3	11/10½	1c	1c	Taltal Rly. Ord. £5	15/–	...	6 13 4
				Banks and Discount			
75/6	59/–	10b	7½a	Alexanders £2, £1 pd.	63/9	−1/3	5 9 0
35/–	32/6	5a	5b	Bk. of N. Zealand £1	33/9	...	4 14 8e
352½	330	6a	6b	Bk. of England	344½	−1	3 9 9
76/7½	71/3	7b	7a	Barclay B. £1	72/–	−6d	3 17 6
46/–	41/–	3¼b	3a	Barcl. (D.,&c.) A £1	44/6	...	2 16 3
8 9/16	7¼	4½b	3½a	Bk. of Aust. £5	8¼x	+1/16	4 17 0
£44½	£39½	8c	8c	Bk. of Mont. $100	44½	+£2	3 12 0e
26½	23½	5¼c	6c	Bk. of N.S.W. £20	24	− ½	3 19 0e
55/–	32/6	6c	Nil c	Brit. Overseas A £5	45/–	...	Nil
13⅛	11 5/16	7a	7b	Chtd. of India £5	12½	− ⅛	5 12 0
13/4½	12/–	3⅓a	3¾b	Com. Bk. of Aus. 10/–	13/1½	...	4 16 3e
53/9	50/–	5b	5a	District B. £1 fy pd.	52/6	...	3 16 3
90/–	74/6	3½b	3½a	En. S. & Aust. £5 £3p.	80/–	...	5 5 0
10⅜	9 13/16	10b	8a	Hambros £10, £2½ p.	10	...	4 10 0
£96¼	£82	£3b	£2½a	Hong. and S. $125.	£87½	...	6 5 9
64/6	56/9	6b	6a	Lloyds £5, £1 pd.	59/6	+1/–	4 1 0
9¾	8⅝	9b	7a	Martins £20, £2½ pd.	8⅝	...	4 12 6
89/3	78/3¾	8b	8a	Midland £1, fy. pd.	84/–	...	3 16 3
6 5/16	5¾	5a	5b	Nat. Dis. £2½ fy. pd.	6⅛	− ⅛	4 2 0
41	34	11b	4a	Nat. of Egypt £10	34½	− ½	4 7 0
41¼	37	9b	8a	N. of Ind. £25, £12½p	37x	−1½	5 9 3
3⅞	3 7/16	7½b	7½a	N. Prov. £5, £1 pd.	3 21/32	+1/16	4 2 6
488	444	8½a	8½b	Roy. Bk. of Scotland	458	...	3 14 3
16 13/32	13⅞	5a	10b	St. of S.A. £20, £5 pd.	15⅞	− ⅛	4 16 0
51/3	43/–	6¼b	3¾a	Union Dis. £1	45/–	...	4 9 10
99/–	90/–	11b	9a	West. £4, £1 pd.	96/–	...	4 4 0
				Insurance			
28⅝	24½	40a	50b	Alliance £1, fully pd.	27	...	3 6 6
16¼	12¾	†3/6a	†4/6b	Atlas £5, £1¼ pd.	15½	...	2 11 6†
10 3/16	9⅛	20a	20b	Com. Un. £1, fy. pd.	9⅞	+ ⅛	4 1 0
5½	4 5/16	1/6a	2/–b	Gen. Acc. £1, 5/– pd.	4⅞	...	3 11 9
31	26⅛	25a	25b	Lon. & Lanc. £5, £2pd.	28½	...	3 10 2
11⅞	9½	3/2a	3/1b	N.Brit.&Mer.£1¼,f.p.	11	...	2 16 3
20⅝	18½	†30b	†25a	Pearl (£1), fy. pd.	19	...	2 18 0†
16	13¾	6/–a	6/–b	Phœnix £1, fy. pd.	15¼	...	3 18 6
35 11/16	29½	†72¼b	†25a	Prudential £1 A	35	+ ¼	2 15 0†
106/–	81/3	†50c	†50c	Do. £1, with 4s. pd.	97/6	−1/3	2 1 0†
10 5/16	8¼	11a	19b	Royal Exchange £1	10	...	3 0 0
9 1/16	7½	3/3a	3/3b	Royal £1, 10/– pd.	8¾	...	3 14 3
17	15¼	6/6a	6/6b	S.U.&Nl.A £20, £1pd.	16¼	...	4 0 0
88/6	69/8¼	1/3a	1/6b	Sun In., £1 with 5/pd.	85/–	...	3 4 6
8 13/16	7¼	†10a	†10b	Sun. Lf. Ass., £1 fy.pd	8¼	...	2 8 6†
				Investment Trusts			
267	230	4a	8b	Anglo-Amer. Deb.	240	...	5 0 0
65½	45½	3c	3½c	Anglo-Celtic Ord.	47½	...	7 7 6
11/3	7/6	7½c	10c	Brit. Assets Trust 5/–	11/3	...	4 9 0
233	208	6b	4a	Debenture Corp. Stk.	215	...	4 13 0
75	55½	1½a	3b	For. Amer. &c., Def.	66½	...	6 15 3
137½	119½	4½b	2½a	Guardian Investment	120½	...	5 16 0
254	201	4a	8b	Ind. and Gen. Ord.	230	−6½	5 4 4
275½	223	5a	8b	Invest. Trust Def.	230	−4½	5 13 1
17/–	14/9	2½a	6½b	Lake View Inv. 10/–	15/6	...	5 16 0
252½	233	8½b	3½a	Mercantile Inv.	241½	...	4 19 5
154	122½	4½b	3a	Merchants Trust Ord.	122½	...	6 2 5
251½	223	7b	5a	Metropolitan Trust	229½	...	5 4 6
5/–	3/4½	2½c	4c	Scottish Inv. 5/–	4/6	...	4 9 0
218	178	3½a	6b	Scottish Mort., &c.	178½	...	5 6 5
221	190½	3a	9b	Trustees Corp. Ord.	205½	...	4 17 6p
193	167	6b	4a	United States Deb.	177½	...	5 12 9
				Financial Trusts, &c.			
11/9	6/3	2½c	4c	ArgentineLand,&c.10/	9/4½	...	8 11 5
35/–	22/9	10c	13⅓c	Brit. S.Afr. 15/–fy. pd.	25/3	...	7 18 6
23/9	15/7½	10c	10c	Charterhouse Inv. £1	20/–	...	10 0 0
16/10½	13/10½	2a	2b	C. of Lond. R. Pty. £1	15/–	...	5 6 9
33/9	25/7½	†2½a	†8¾b	Daily Mail & Gen. £1	27/6	+3d	8 3 6†
7	6 1/16	4¼b	3a	Dalgety £20 £5 pd.	6⅜	...	5 14 0
23/6	18/–	3a	6b	Forestal Land £1	19/–	...	9 9 3
25/10½	19/–	Nil c	e 4 (c)	Hudson's Bay Co. £1	21/–	−6d	3 16 0
20/–	13/9	2½a	5b	Java Invest. £1	17/6	...	8 11 6
5⅜	2¼	Nil	Nil	Peru. Corp. Pref.	2½	− ½	Nil
10/6	7/–	3c	3½c	Primitiva Hold. £1	8/6	...	8 5 0
17/3	12/6	7½c	7½c	Staveley Trust £1	13/9	...	10 1 9
34/10½	23/9	10c	12½c	Sudan Plant. £1	30/–	...	8 6 9
				Breweries, &c.			
77/6	61/3	12½b	5a	Ansell's Brewery £1	68/6	+6d	5 1 9
32/–	21/9	5½b	2½a	Barclay Perkins £1	25/–	...	6 8 0
131/–	103/9	†20b	†5a	Bass Ratcliff Ord. £1	124/–	+1/–	4 0 0†
67/–	51/–	3a	12b	Charrington & Co. £1	58/6	...	5 2 0
82/6	70/–	14b	6a	Courage Ord. £1	74/–	+6d	5 8 0
107/9	85/–	7½a	15b	Distillers Ord. £1	96/–	+6d	4 13 3
125/–	102/6	12a	17b	Guinness Ord. £1	113/6	+6d	5 1 0
113/6	91/–	20b	7½a	Ind. Coope & All. £1	101/6	...	5 19 0
43/–	34/–	3½a	7½b	Meux's Ord. £1	36/–	+6d	6 2 0
93/–	76/3	15b	8a	Mitchells&Butlers £1	83/–	...	5 10 0
75/–	63/9	5a	12½b	Ohlsson's Cape £1	68/6	...	5 2 9
78/–	65/–	14b	4a	Simonds (H.&G.) £1	67/6	−6d	5 7 0
108/6	87/6	†5a	†17½b	S. African Bws. £1	107/–	+1/–	4 4 0†
42/–	30/–	6b	4a	Taylor Walker Ord. £1	35/6x	+3d	5 11 0
26/3	19/4½	5½b	2a	Walker (P.)&R.Cain £1	21/9	+9d	6 19 6
77/9	62/6	6a	12b	Watney CombeDef.£1	67/6	+6d	5 7 0
				Iron, Coal and Steel			
24/6	19/3	4a	6b	Allied Ironfound. £1.	20/–	...	10 0 0
44/–	36/6	4a	6b	Babcock Wilcox £1	36/10½	...	5 8 0
9/4½	4/7½	10c	10c	Baldwins 4/–	5/3	+3d	7 12 6
46/3	36/–	4a	10b	Bolsover Col. Ord. £1	36/3	...	7 14 6
32/3	24/9	†5a	†12½b	Brown (J.) Ord. 10/–	26/6	+9d	6 12 0†
36/7½	26/–	†2a	†6b	Butterley Co. Ord. £1	26/3	...	6 1 7†
11/3¾	6/9	8⅓c	4a	Cammell Laird 5/–	7/9	+3d	5 6 0
25/7½	19/3	3a	5b	Colvilles Ord. £1	20/7½	...	7 15 0
11/10½	7/3¾	7½c	10c	Consett Iron Ord. 6/8	7/6	−3d	8 13 3
87/6	78/6	5a	15b	Cory, William, Ord.£1	82/6	...	4 17 0
34/3	19/3	6c	10c	Dorman Long Ord. £1	20/7½	...	9 13 9
55/3	34/3	14c	18c	Do. Pref. Ord. £1	37/6	...	9 12 0
70/–	62/6	†6a	†11½b	Firth Brown £1	65/–	...	5 7 0†
31/1½	22/6	†3a	†4½b	GuestKeen&c. Ord.£1	23/–	+3d	6 10 0†
33/9	26/6	15b	7½a	Hadfields 10/–	27/–	...	8 6 6
31/4½	21/6	6½b	2½a	Horder Collieries £1	23/1½	...	7 16 0
29/–	25/–	5c	9½c	Lambert Bros. Ord. £1	27/6	...	6 19 0
2/4½	2/1½	2c	3½c	Ocean Coal, &c. 4/–	2/3	...	6 4 0
12/3	8/6	5c	10c	Pease and Partners 10/–	8/9	...	11 8 6
23/9	15/7½	2a	5½b	Powell Duffryn £1	16/–	−3d	9 8 0
48/4½	36/2¼	†5a	†7½b	Sheepbridge C.&I.£1	38/9x	+2/9	6 8 0†
35/4½	24/4½	3½a	8½b	Shipley Coll. Ord. £1	25/–	...	9 12 0
40/–	28/9	12c	13c	S. Durham } Ord. £1	30/–	...	8 13 3
20/–	12/–	6c	7c	Steel & Iron } B Ord £1	12/6	...	11 4 0
47/–	38/4½	4a	6b	Stanton Iron. £1	39/4½	...	5 1 7
58/–	41/10½	†3a	†8b	Staveley Coal, etc. £1	42/6x	−9d	5 3 0†
40/3	31/6	7½c	12½c	Stewarts & Lloyds £1	35/–	...	7 2 8
28/9	23/3	4a	6b	Swan, Hunter £1	26/3	...	7 12 3
10/10½	2/4½	15c	5c	Thomas(Rich.) 6/8	2/9	...	?

(a) Interim dividend. (b) Final dividend. (c) Dividends for full year. (d) Paid in £N.Z. (e) Allowing for exchange. (f) Flat yield. (h) Yield on 4½% basis. (m) Based on payment of 2½%. (n) To redemption at par, in year shown. (v) Yield on 15/8% basis. (s) Yield worked on a 5½% basis. (w) Yield based on 40% of coupon.

Prices, Year 1938 Jan. 1 to Sept. 7, inclusive Highest	Lowest	Last two Dividends (a) (b) (c) %		Name of Security	Price, Sept. 7, 1938	Change since Aug. 31, 1938	Yield Sept. 7, 1938 £ s. d.
				Iron, Coal, &c.—cont.			
25/6	20/9	Nil	Nil	Thornycroft, John £1	23/9	...	Nil
$64	$38½	1c	Nil c	U. States Steel $100	$60½	+$1	Nil
27/6	20/–	6b	3a	Un. Steel Cos. Ord. £1	22/6	+9d	8 0 0
27/6	19/6	10c	10c	Vickers 10/–	20/–	...	5 0 0
29/6	21/–	10c	3¾a	Ward (Thos. W.) £1	23/9	...	8 8 4
36/6	33/1½	10 4/9c	12 2/5c	Weardale S. etc. Df £1	34/4½	...	7 3 0
5 15/16	4	12½a	22½b	Whitehead I. & S. £1	4⅛	...	8 8 6
51/3	40/7½	15c	15c	Yarrow & Co. £1	47/6	...	6 6 3
				Textiles			
5/9	2/9	Nil	Nil	Bleachers £1	3/–	...	Nil
5/6	2/10½	Nil	Nil	Bradford Dyers £1	4/–	...	Nil
5/4½	2/3	Nil	Nil	Brit. Cel. Ord. 10/–	3/6	...	Nil
7/6	4/–	Nil	Nil	Calico Printers £1	4/9	...	Nil
41/9	32/6	10c	10c	Coats, J. & P. £1	37/3	...	5 7 0
48/1½	26/9	7⅔b	1½a	Courtaulds £1	31/3	+6d	5 16 3
39/9	26/9	2½a	7½b	English Swg. Ctn. £1	28/–	+6d	7 2 0
6/9	3/3	Nil	Nil	Fine Cotton Spin. £1	3/6	−3d	Nil
33/9	25/–	5½b	3a	Linen Thread Stk. £1	28/1½	−7½d	6 0 0
49/4½	36/3	†12½c	†10c	Patons & Baldwins £1	46/3	+7½d	4 6 0†
18/9	5/7½	Nil a	Nil b	Whitworth & Mit. £1	7/–	...	Nil
				Electrical Manufactg.			
45/3	34/9	10c	10c	Associated Elec. £1	37/–	...	5 8 0
95/6	77/6	5a	15b	British Insulated £1	90/–	...	4 8 6
103/3	78/9	5a	15b	Callenders £1	95/–	−2/6	4 4 3
32/6	18/9	6½b	6a	Crompton Park. A 5/–	25/–	−1/3	2 7 6
31/10½	24/4½	Nil c	10c	English Electric £1	29/6	−1/–	6 16 3
79/3	67/–	17½c	20c	General Electric £1	77/–	+6d	5 4 0
21/3	16/–	15b	5a	Henleys (W. T.) 5/–	20/–x	−4½d	5 0 0
41/3	34/–	5a	7½b	Johnson & Phillips £1	38/–	...	6 11 0
30/6	22/3	7½c	7½c	Siemens £1	23/1½	−7½d	6 9 9
				Electric Light, &c.			
$13 11/16	$7⅜	Nil	$1c	Brazil Trac., no par	$11¾	+ ⅝	8 10 3
68/–	62/6	9b	6a	Bournemouth & Ple.	66/3	...	4 12 3
39/3	24/6	5b	2a	British Pow. & Lt. £1	29/–	...	4 16 9
34/3	32/6	4b	3½a	City of London £1	33/–	...	4 10 9
42/–	33/6	5b	3a	Clyde Valley Elec. £1	37/6x	+1d	4 5 4
51/–	45/3	7½b	3a	County of London £1	48/6x	...	4 7 0
27/9	26/–	4a	5b	Edmundsons £1	26/6	...	4 10 6t
35/–	31/3	2½a	5b	Lancashire Elec. £1	32/–	...	4 12 6
32/4½	28/9	4b	3a	Lond. Ass. Elec. £1	30/7½	+7½d	4 11 0
50/9	43/6	9b	3a	Metro. Electric £1	49/6	...	4 17 0
39/–	33/3	2½a	5½b	Midland Counties £1	38/6	...	4 4 0
33/10½	26/6	4½b	2½a	North-East. Elec. £1	32/–x	...	4 7 6
49/–	44/6	6b	4a	North Metro. £1	48/9	...	4 2 0
38/9	34/–	2½a	5½b	Scottish Power £1	38/–	...	4 5 0
41/10½	37/6	5b	3a	Yorkshire Electric	41/6	...	3 17 0
				Gas			
25/–	21/6	2⅘a	2⅘b	Gas L. & C. £1	22/9	...	4 18 0
138	113½	4a	6b	Imp. Cont. Stk.	115½	...	8 13 9
23/9	21/6	2⅞b	2½a	Newc.-on-Tyne £1	23/6	...	4 11 6
109¾	101¾	3b	2½a	S. Metropolitan Stk.	106½	...	5 3 3
				Motors and Cycle			
51/3	36/3	15c	12½c	Albion Motors Ord. £1	40/–	...	6 5 0
39/4½	31/–	†7½c	†2½a	Assoc. Equip. Ord. £1	32/6	−2/6	4 12 4†
32/6	21/10½	50c	50c	Austin 5/–	24/4½	...	10 5 0
23/3	18/3	Nil	Nil	Birm. Sml. Arms £1	22/–	+1/6	Nil
24/0¾	17/9	83⅓b	33⅓a	Dennis 1/–	18/9	−1/3	6 3 0
23/1½	16/3	6c	5c	Ford Motors £1	17/–	...	5 19 0
57/6	48/–	12½b	2½a	Lucas, J. (£1)	52/6	−1/3	5 14 3
89/4½	71/3	20c	25c	Leyland Motors £1	80/7½	+7½d	6 4 0
33/3	24/9	45c	45c	Morris Motors 5/– Od.	27/9	+3d	8 2 0
61/3	36/3	20b	5a	Ral. Cycle Hold. £1	37/6	+1/3	13 6 6
104/3	81/3	6a	16½b	Rolls-Royce £1	98/9	+1/3	4 10 6
16/7½	9/9	25c	40c	Stand. Motor 5/–	13/–	...	7 14 0k
				Shipping			
7 3/16	3⅞	5a	15b	Clan Line Steam. £1	4½	...	4 9 0
4/6	2/6	Nil	Nil	Cunard £1	3/–	...	Nil
24/6	15/3	3c	5c	Furness, Withy £1	16/–	...	6 5 0
24/6	17/6	4c	2½a	P. & O. Def. £1	20/–	...	4 0 0
23/7½	16/9	4½c	5c	Royal Mail Lines £1	18/–	...	5 11 0
22/3	13/6	Nil c	Nil c	Union Castle Ord. £1	15/–	...	Nil
				Tea and Rubber			
18/6	9/6	2½c	5c	Allied Sumatra £1	15/6	−3d	6 8 0
30/–	18/1½	4a	5b	Anglo-Dutch £1	28/6	...	6 6 0
29/4½	18/3	5a	10b	Bah Lias £1	27/6	...	10 18 0
27/–	22/6	2a	6b	Jhanzie Tea £1	23/9	...	6 14 9
38/6	31/6	5a	7½b	Jorehaut Tea £1	35/–	...	7 2 9
37/6	29/6	2½a	10b	Jokai (Assam) £1	35/–	...	7 2 9
18/10½	10/–	5c	5c	Linggi Plant. £1	17/6	...	5 14 3
3/10	2/0¾	5a	7½b	London Asiatic 2/–	3/7½	...	6 19 0
30/10½	17/6	4a	6b	Rubber Trust £1	29/6	−3d	6 15 0
3/8¼	2/–	5a	10b	United Serdang 2/–	3/3	...	9 4 0
				Oil			
113/1½	67/–	5a	20b	Anglo-Iranian £1	103/1½	−7½d	4 17 0
32/6	24/9	32½a	12½b	Apex (Trinidad) 5/–	28/3	−3d	8 0 0
45/–	25/–	Nil	Nil	Attock £1	40/–	...	Nil
6 1/16	4	5a	25b	Burmah Oil £1	4½	−1/16	4 9 3k
12/10½	3/7½	10d ps c	11d ps c	Mexican Eagle M.$4	4/2	−2d	...
£42	£33⅞	6a	11b	Royal Dutch fl.100	£37⅞	+ ⅛	4 18 0e
5 1/16	3½	†7½a	†12½b	Shell Transport £1	4 7/16	...	4 9 6†
5⅜	4 1/16	20b	10a	Trinidad Lease. £1	4 15/16	−1/16	6 4 0
				Miscellaneous			
20/6	17/3	5c	5c	Aerated Bread £1	20/–	...	5 0 0
25/–	20/–	9c	8c	Allied News. £1	20/3	...	7 18 6
25/9	18/–	7c	7c	Amal. Metal £1	22/6	...	6 4 5
16/6	11/3	5a	3b	Amal. Press 10/–	13/6	...	5 19 0
15/–	11/–	10a	10b	Assoc. Brit. Pic. 5/–	13/–	+6d	7 14 0
17/9	10/3	26⅔c	25c	Assoc. News. Df. 5/–	11/9	+9d	10 12 0
88/1½	67/6	7½a	15b	Assoc. P. Cement £1	77/6	...	5 16 0
72/6	54/7½	10b	5a	Barker (John) £1	56/3	...	5 6 9
65/7½	41/3	85c	17½a	Beechams Pills Df. 5/–	57/6x	+2/1½	7 7 6
49/9	37/6	m 29c	s32⅓c	Boots Pure Drug 5/–	40/7½	+10½	4 6 0
29/9	23/1½	7½c	10c	Borax Deferred £1	24/4½	−7½d	8 4 2
17/9	11/9	9c	Nil c	Bow. Paper Mills £1	12/3	+6d	Nil
57/10½	44/3	7½a	17½b	Bristol Aero. 10/–	52/–	...	4 16 0
53/1½	40/6	4a	8½b	Brit. Aluminium £1	48/9	...	5 2 0
36/3	31/–	2¾a	5b	British Match £1	33/–	...	4 14 0
5 7/16	4 13/16	†20c	†21¼c	Brit.-Amer. Tob. £1	5¼x	+1/10	4 2 9†
84/4½	64/4½	7a	10b	British Oxygen £1	68/9	−2/6	4 8 7
62/–	46/3	17½b	7½a	Brockhouse (J.) £1	47/6	...	10 11 0
68¾	43	Nil c	4c	Cable & Wir. Ord.	44½	−1	8 19 3
7½	6	20b	15a	Carreras A Ord. £1	7⅝	−1/16	4 15 0
14/–	8/3	20c	25c	Crittall Mfg. Ord. 5/–	10/–	−1/–	12 10 0
47/6	38/3	10c	12½c	De Havilland Air. £1	45/–	...	5 11 0
33/–	25/3	9c	9c	Dunlop £1	27/–	+3d	6 12 6
38/6	32/10½	10b	5a	Eastwoods Ord. £1	33/9	...	8 17 9
16/3	9/9	10c	10c	Elec. & Mus. Ind. 10/–	11/6	−6d	8 14 0
26/3	17/–	15a	20b	Ever Ready Co. 5/–	18/3	−3d	9 11 9
26/4½	17/–	10c	†12½c	Fairey Aviation 10/–	23/3	...	5 7 6†
56/9	45/–	5a	7½b	Finlay (Jas.) & Co. £1	53/9	...	4 13 0
6 21/32	5 5/16	7½a	20b	Gallaher Ltd. Ord. £1	6⅝	+1/16	4 6 6
7/–	3/9	Nil c	Nil c	Gaumont-Brit. 10/–	4/6	...	Nil
20/6	10/9	8a	8b	Gen. Refract's 10/–	11/3	−3d	14 4 6
35/3	23/–	15a	22b	Gestetner (D) (5/–)	27/6	...	7 12 5
90/7½	68/9	5a	20b	Harrisons&Cros.Df.£1	88/9	...	(d)
76/6	60/7½	13½b	5a	Harrods £1	63/9	...	5 14 0
30/–	19/10½	27½b	15a	Hawker Siddeley (5/–)	26/–	+1/3	7 18 0
28/3	21/–	8c	9c	Imp. Airways £1	27/6	...	6 11 0
35/3	27/6	3a	5½b	Imp. Chem. Ord. £1	30/9	+3d	5 9 0
13/7½	6/3	5c	Nil c	Imp. Smelting £1	6/3	−3/9	Nil
7¾	6	†17½b	†7½a	Imp. Tobacco £1	7	+ ⅛	3 11 6†
$53½	$38⅞	c$1·30	c$2·25	Inter. Nickel n.p.	$50½	+ ¾	3 19 3n
12/9	8/7½	5a	5b	International Tea 5/–	10/–	...	5 0 0
40/3	32/9	4a	6b	Lever & Unilever £1	36/3	−1/9	5 10 4
60/–	43/9	22½c	20c	London Brick £1	53/1½	...	7 10 6
5 13/16	5	8⅓a	14⅙b	Lyons (J.) Ord. £1	5⅜	...	4 4 0
60/7½	42/6	15a	27½b	Marks & Spen. 'A' 5/–	56/3	+1/10½	3 13 0
4 11/16	3⅜	12½b	7½a	Murex £1 Ord.	3 15/16	+ ⅛	5 1 7
37/–	32/0¾	2½a	9⅜b	Phillips (Godfrey) £1	32/6	−7½d	7 4 6
35/6	26/3	10b	7½a	Pinchin Johnson 10/–	28/9x	+9d	6 2 0
42/9	26/3	12½a	37½b	Prices Trust Ord. 5/–	36/3	...	6 19 0
58/9	42/6	11⅞b	3⅛a	Radiation Ord. £1	51/3	...	5 17 0
5 15/32	4⅞	22½c	22½c	Reckitt & Sons Ord.£1	5⅜x	+1/–	4 4 0
14/3	9/4½	†8⅓b	5a	Sears (J.) Ord. 5/–	10/–	...	8 5 0
14/6	8/9	2½c	4c	Smthfld.&Arg.Mt.£1	9/6	−3d	8 8 0
60/6	51/6	2½a	12½b	Spillers Ord. £1	56/6	+6d	5 4 0
26/10½	21/–	Nil	Nil	Swed. Match. B.kr.25	25/7½	+7½d	Nil
83/–	70/–	14b	4¼a	Tate and Lyle £1	76/10½	...	4 16 3
48/3	36/6	5b	5a	Tilling, Thos. £1	44/4½	+4½	4 10 3
68/4½	52/6	11b	5a	Tob. Secrts. Ord. £1	66/3	...	4 16 6
53/–	29/9	35c	25c	Triplex Safety G. 10/–	30/7½	...	8 3 0
89/4½	74/4½	16¼b	10a	Tube Investments £1	78/9	...	6 14 0
87/6	70/–	16¼b	3¾a	Turner & Newall £1	77/6	+1/3	5 3 3
57/4½	46/3	7½b	5a	United Dairies £1	53/9	...	4 13 0
27/7½	18/4½	15b	7½a	United Molasses 6/8	20/7½	−1/4½	7 5 6
39/8¼	33/9	7½b	5a	W'llpapr Mfrs.Def.£1	35/7½	...	7 0 0
39/3	32/6	3a	7b	Wiggins, TeapeOrd.£1	35/9	...	5 12 0
70/–	60/6	15a	45b	Woolworth Ord. 5/–	63/–	...	4 15 0
				Mines			
73/6	52/6	95c	95c	Ashanti Goldfields 4/–	72/6	+5/–	5 5 0
12/10½	8/0¾	p6a	p4b	Burma Corp. Rs. 9	9/3	+1½d	9 6 0†
3/6	1/6	Nil c	Nil	Commnwlth. Mng. 5/–	2/4½	+1½d	Nil
81/3	62/6	32½c	6¼a	Cons.Glds.of S. Af. £1	75/7½	+7½d	5 5 0
17¾	14¾	95b	95a	Crown Mines 10/–	17⅜	+ ¼	5 10 0
13 5/16	6	50a	Nil b	De Beers (Def.) £2½	8⅜	+ ⅛	8 6 0
69/4½	47/9¾	20c	15c	Jo'burg. Cons. £1	50/–	−1/3	6 0 0
48/3	30/10½	11¼b	11¼a	Randfontein £1	37/6	...	12 0 0
12⅞	9⅜	37½b	25a	Rhokana Corp. £1	11⅜	− ¼	5 10 0
19⅞	12¾	Nil	Nil	Rio Tinto £5	13	− ½	Nil
21/7½	13/7½	10a	10b	Roan AntelopeCpr.5/–	17/6	+3d	5 18 0
11 15/16	9⅜	75a	75b	Sub Nigel 10/–	11⅝	+ ⅛	6 8 0
9 13/32	7	2/6a	6/–b	Union Cp. 12/6 fy pd.	9 5/16	− ⅛	4 12 0
9 25/32	5 13/16	Nil	Nil	W. Witwatersrand 10/–	7⅛	+ ¼	Nil
19/1½	5/2¼	10c	Nil c	Wiluna Gold £1	15/6	+2/6	Nil

NEW ISSUE PRICES

Issue	Issue price	Sept. 7, 1938	Change since Aug.31.	Issue	Issue price	Sept. 7, 1938	Change since Aug.31
Afr. Expl. 4%	100	104–105	+¼	Easterns 5% db.	100	¾–¼ dis	−¾
Do. 5½% pf.	21/–	2/6 pm	+3d	Ipswich 3¼%	98½	13/16–11/16 dis	−¼
Am. Pr. 4% db.	99	3¾–3¼ dis	−½	Luton 3¼%	98½	5/16–3/16 dis	...
Bechm. 5% pf.	1	par	+3d	Odhms(Wat.)			
Bootle 3¼%	98½	9/16–7/16 dis	−⅛	5% db.	100	1⅛–1⅜ pm	+½
Bnmth. 3¼%	98½	9/16–13/16 pm	−1/16	Pretoria 3½%	99	1⅛–1⅜ dis	−⅛
Bwtr 4½% db.	98	5¾–4¾ dis	−¼	S.Mt.El.4% Pf.	20/6	1½ dis	...
Brt. Ox. 5% pf	22/6	8¼d pm	−¾d	Do. 3½% db.	100	par	...
Brtn (M) 5% db	100	1¼–¾ dis	...	Stoke 3¼%	98½	1⅝–1⅛ dis	−⅛
Cov. GP 4% dbs	99	2½–1½ dis	−½	Wolrhptn 3¼%	98½	1 5/16–1 3/16 dis	−¼

UNIT TRUST PRICES

as supplied by managers and Unit Trusts Association
(Table does not include certain closed trusts)

Name and Group	Sept. 7, 1938	Change since Aug.31	Name and Group	Sept. 7, 1938	Change since Aug.31
Municipal & Gen.			**Keystone**		
For. Govt. Bond	12/9–13/9x	...	Gold 2nd Ser.	18/10½–19/10½	+1½d
Limited Invest.	18/3–19/–	...	Gold 3rd Ser.	13/7½–14/7½	...
Mid. & Southern	18/6–19/3	...	Keystone	15/9–16/9	...
Scottish & Northn.	16/6–17/3	...	Keystone 2nd	12/7½–13/7½	...
Bank-Insurance			Keystone Flex.	14/–15/–	...
Bank & Insur.*	18/9–19/9	...	Key. Consol.	13/10½–14/10½	...
Insurance*	20/3–21/3	...	**Allied**		
Bank*	17/6–18/6x	+3d	Amer. Indsts.	17/9–18/9	+3d
Invest. Trust*	13/6–14/3	...	Brit. Ind. 1st	16/6–17/6x	...
Scot. B.I.I.T.*	14/7½–15/6	...	Do. 2nd	14/6–15/6	...
Cornhill deb.*	21/–21/9	...	Do. 3rd	15/–16/–	+3d
Cornhill def.*	13/3–14/3	...	Do. 4th	15/3–16/3	...
			Elec. Inds.	15/9–16/9	−3d
National			Metals & Min.	13/9–14/9	+3d
National C.	17/3–18/3x	...	**Other Groups**		
National D.	16/–17/–	...	Brit. Emp. 1st Unit.	16/4½–17/4½	−1½d
Nat. Invest.	12/9–13/9	+1½d	Brit. Gen. "C"	14/4½–15/4½x	...
Amalgamated	20/–21/–	...	Rubber & Tin	1/1½–1/3	...
Century	16/7½–17/7½	+1½d	Brit. & Amer.	14/9–15/9	+3d
Gilt-edged	17/3–17/9	...	Producers	7/6–8/–	...
Scottish	16/6–17/6	...	Domestic	6/9–7/3	−3d
Universal	17/–18/–x	...	Do. 2nd Ser.	7/6–7/–	...
Protected 1st	17/–18/–x	...	Do. Priority	9/3–9/9x	...
Do. 2nd	15/–16/–	...	1st Prov. "A"	19/6–20/6	−3d
Do. 3rd	10/9–11/9	...	Do. "B"	14/9–15/9	+3d
			Do. Reserves	14/9–15/9x	...
"15 Moorgate"			Selective "A"	15/6–16/6	+1½d
Inv. Flexible	12/–13/–x	...	Selective "B"	15/3–16/3	+1½d
Inv. Gas & El.	12/9–13/9	+1½d	Brit. Trans.	11/9–12/9x	−3d
Inv. General	16/–17/–	+1½d	Bank, Ins. & Fin.	15/–16/–	...
Inv. 2nd Gen.	13/1½–14/1½	...	British Bank Shrs.	20/3–21/3	...
Inv. Gold	16/10½–17/10½	...	Do. Insur. Shrs.	16/3–17/3x	...
Hundred	17/–18/–	...	Brit. Dom. In.	15/6–16/6	...
Provident	13/3–14/3	...	Four Square	19/3–20/3	...
Savings Unit	8/7½–9/3	+1½d	Brewery	13/9–14/9	...
Security First	13/4½–14/4½	...			

* Bid and offered prices are free of Commission and Stamp Duty. (a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (k) Yield on 20% basis. (m) Including bonus of 5% free of tax. (n) Yield worked on a $2 basis. (p) Annas per share. Latest annual dividend equal to about 6·945% tax free. (e) Allowing for rate of exchange. (s) 81⅓% paid free of income tax. † Free of Income Tax. (t) Yield worked on 6% basis. (d) 17½% cash dividend and 7½% in deferred ordinary stock.

Industry and Trade

Further Increase in Employment.—While evidence of the course of business activity during the next few months is still inconclusive, the employment and unemployment returns for July and August are certainly re-assuring. The rise in employment and the fall in unemployment during the past two months cannot be ascribed to seasonal influences. Our index of employment, adjusted for seasonal variations, rose from 109 (1935 = 100) in June to 110 in August. Similarly, the seasonally corrected index of changes in the total number of registered unemployed, which we have added to the table below, fell from 91·0 (1935 = 100) in June to 86·4 in August. While various changes in the unemployment insurance scheme and in the method of counting the unemployed render our new index of *unemployment* less reliable than the index of *employment* as an indicator of long-term movements, it reflects month-to-month changes more accurately than the latter, which is based, not on monthly returns, but on estimates subject to revision at the end of each year. The two indices will henceforth be printed each month; together they provide the best possible guide to the significant movements of total unemployment and employment. If allowance is made for changes in the method of counting the unemployed introduced in September last year, the number of registered unemployed on August 15th was 451,000 higher, and the number of insured persons in employment 320,000 less, than in the corresponding month last year:—

EMPLOYMENT AND UNEMPLOYMENT IN GREAT BRITAIN

	Unemployment				Employment	
	Registered unemployed aged 14 and over (incl. agriculture)			Percentage of insured persons (aged 16-64) unemployed (excl. agriculture)	Insured persons aged 16–64 employed (excl. agriculture)	
	Total		Of whom wholly unemployed			
	Number	Index, adjusted for seasonal variations			Number	Index, adjusted for seasonal variations
	'000	1935 = 100	'000	%	'000	1935 = 100
1937						
July 26	*1,379*	*67·9*	*1,069*	*9·9*	*11,623*	*112*
August 23	*1,359*	*66·6*	*1,089*	*9·7*	*11,672*	*112½*
Sept. 13*:						
Old basis	*1,389*	*68·5*	*1,119*	*9·8*	*11,662*	*112½*
New basis	1,339	66·1	1,091	9·5	11,706	112½
Oct. 18	1,390	68·5	1,160	9·9	11,659	112
Nov. 15	1,499	73·4	1,228	10·7	11,573	111½
Dec. 13	1,665	83·5	1,284	11·8	11,437	109½
1938						
Jan. 17	1,828	83·5	1,419	12·9	11,309	110½
Feb. 14	1,810	84·0	1,405	12·8	11,324	110
March 14	1,749	85·8	1,350	12·5	11,380	109½
April 4	1,748	87·9	1,321	12·5	11,390	109
May 16	1,779	89·5	1,314	12·7	11,375	109
June 13	1,803	91·0	1,269	13·0	11,333	109
July 18	1,773	87·4	1,244	12·9	11,371	109½
Aug. 15	1,759	86·4	1,262	...	11,402	110

* Method of counting unemployed changed in September, 1937.

Between July and August unemployment declined in all districts with the exception of South-Eastern and North-Western England and the Midlands. There was an improvement in the coal-mining, building, public works contracting and footwear industries. On the other hand, unemployment showed an increase in many important trades, including the cotton, woollen and worsted, iron and steel and engineering industries. The returns for September should indicate more accurately the direction in which the wind is blowing.

* * *

Recession in Coal-Mining.—The coal-mining industry has not remained unaffected by the slowing down of the wheels of industry. There is normally a seasonal fall in the demand for household and central heating coals in the second quarter of the year, but this year the decline was accentuated by a reduction in industrial requirements and in export business. The quantity of saleable coal raised in April-June was only 54·0 million tons, against 60·5 millions during the corresponding period last year, and exports were 1,972,000 tons lower than in the second quarter of 1937. The credit balance per ton in the second quarter, as estimated by the Mines Department, was 9d., against 1s. 11½d. in the first quarter and 11·08d. in the corresponding period of 1937. The reduction in the credit balance per ton was caused, in the main, by an increase in the cost of production, provisionally estimated by the Mines Department at 1s. 1d. per ton between the first and second quarters this year. The time lost through lack of business in the second quarter is estimated by the Mines Department at 10¾ days, compared with 3¾ days in the first quarter, and 4⅓ days in April-June, 1937. During the second quarter of the year, wages benefited from the exceptionally favourable trading results in the first three months, and the cash earnings per man-shift worked averaged 11s. 3d., compared with 11s. 1½d. in the first quarter and 10s. 9¾d. a year ago. Moreover, the agreements providing for holidays with pay became operative in most of the coalfields of the country in the second quarter, and in the month of June this new concession involved an additional charge in the Yorkshire coalfield of 2·73d. per ton. The industry was unable on a falling market to raise its prices. There was a further advance of about 5d. per ton in the declared average f.o.b. price of export coal, but this increase was due to long-period contracts, and the export trade now accounts for only about 22 per cent. of the national output, compared with over 35 per cent. in pre-war years. In the inland trade, the usual seasonal reductions in the prices of house coals became operative, and quotations for industrial coals were also lower. The average pit-head proceeds ar eestimated by the Mines Department to have been about 1½d. per ton less than in the first quarter. Contrary to experience in recent years, the coalfields wholly or mainly dependent on the inland trade suffered heavier reductions in credit balances than the export districts. For the month of June the audits for Yorkshire, Leicester, Cannock Chase and Nottinghamshire showed losses, and the Yorkshire credit balance for the second quarter was only £198,737, compared with £1·1 millions in the previous three months. Unfortunately, there are no signs of an early improvement, for the seasonal expansion in demand has so far been disappointing.

* * *

Aircraft Expansion.—The announcement that the British Air Mission to Canada has concluded an agreement for the manufacture, under a long-range programme, of bombers, and possibly of other aircraft in that country, represents a further step in the Government's drive to increase the aircraft "war potential." It is additional evidence, too, that the increase in the scope of the Air Force programme which was announced after the annexation of Austria, went a good deal further than was suggested by Government statements at that time. Like other expansions in the programme, it had a dual purpose. In the first place, it called for an immediate increase in output. And this necessity was largely met by the allocation of orders, to each of the principal manufacturers, sufficient to keep the industry working at full capacity for at least eighteen months to two years. For the first time since the initial expansion started, the industry is now satisfied that its productive capacity is being fully and smoothly used by the Government. At the same time, steps were taken to increase productive capacity. This is being done mainly by a considerable extension of the "shadow" factory system. In some cases new factories are to be erected. There is, for instance, to be a factory for the production of Rolls-Royce engines, of carburettors which will be managed by Standard Motors, of bomber aircraft which will be managed by A. V. Roe, and of "Spitfire" fighters which will be supervised by Lord Nuffield. In other cases existing factories are being extended—an example of this is the planned expansion of the Rootes airframe works at Liverpool. Finally, one or two of the aircraft manufacturers, such as Bristol, are expanding their own works with the help of Government finance. It is noticeable that Government finance, or the Government's guarantee, of any capital expenditure is playing an increasingly important part in aircraft output. The professional industry itself appears to be approaching the limit of its own unaided expansion.

* * *

Steel Cartel Prices Unchanged.—At its meeting in London on Tuesday, the Commission of Comptoirs of the International Steel Cartel, which regulates the export market policy for the individual steel producers, decided to leave present export prices unchanged. In view of the reduction of prices for thick plates a few weeks ago, it had been expected in some quarters that the prices of other products would also be lowered. The Commission, however, maintained that such a step would create uneasiness among consumers and that, moreover, there have recently been signs of an improvement in demand and of a diminution of American competition. With regard to the latter, it is to be noted that a resumption of the negotiations with the American steel producers is expected shortly, and it is possible that an Anglo-European delegation will sail to the United States in order to try to come to an agreement which includes the present outsiders. Moreover, the meeting of the Iron and Steel Institute, which will take place in New York at the beginning of October, may offer a further opportunity for a discussion of the world's steel position and of the future relations between the industry on both sides of the Atlantic.

* * *

The Oil Outlook.—Despite the maintenance of demand in the principal consuming countries at a level substantially in excess of that obtaining a year ago, prices of petroleum products on the world market have recently tended to fall. Petrol prices for shipment from the Gulf, for instance, are now almost 25 per cent. lower than at this time last year, while those of some of the heavier products have fallen even more severely. The proximate cause of the unsatisfactory trend of Gulf prices is to be found in a deterioration of the statistical position of the market in refined products. At 70,514,000 barrels, total stocks of petrol in the United States are now 3,466,000 barrels, or 5 per cent., above the level of a year ago, while stocks at the Gulf actually show an increase of around 27 per cent. Total American stocks of gas and fuel oil, moreover, amount to 147,646,000 barrels, an increase of 34,203,000 barrels, or 30 per cent., on the year. The growth of stocks on the American export market is not due to a decline in demand, for United States exports of liquid oil products (including crude oil) during the present year have exceeded the comparable total for 1937 by no less than 27 per cent.; shipments of petrol, indeed, have risen by almost 40 per cent. In short, the trouble is traceable to the tendency to over-production of finished products in the United States.

* * *

In the first half of the current year the throughput of the American refineries (570,757,000 barrels) was about 1 per cent. higher than in January-June, 1937. Although it has since been reduced below last year's high level, refinery activity—especially in those centres from which Gulf exporters draw their supplies—is still too high; and it is consequently impossible to work off the excessive stocks which are depressing the market. The crude oil position, however, offers a striking contrast. The regulation of output in those States which adhere to the Inter-State Oil Compact was responsible for a 3 per cent. cut in United States crude oil output between January-June, 1937, and the corresponding period of this year, and production is still being kept within reasonable limits. Thus, American stocks of crude oil now amount to no more than 285,137,000 barrels, against 309,669,000 a year ago. The decision to re-introduce the five-day week in Texas, discussed in *The Economist* of August 27th, on page 429, is further evidence of the determination of the authorities to defend the crude oil price structure by every means in their power. This is all to the good; for any general reduction in the price of crude oil might well result in the demoralisation of the oil markets. Moreover, a sufficiently drastic curtailment of crude oil production must ultimately bring about the required reduction in refinery operations. If this occurs, and if the gradual improvement in general business activity in the United States is continued, it should be possible to take a more hopeful view of prices than is justified at the present time.

* * *

Germany's Raw Material Imports.—The early months of 1938 brought in Germany an increase in

SHORTER COMMENTS

(*Continued from page 513*)

Beechams Pills Meeting.—At the meeting of deferred shareholders this week, Mr Philip E. Hill explained the importance of the Macleans Ltd. acquisition. Apart from dividends to be received, there should be a saving in expenses and benefit from pooling management experience. Announcing proposals for the new issue of deferred shares (to which reference is made on page 513), he reported that negotiations were in progress which might shortly lead to "interesting developments."

Foreign Government Bond Trust.—Distribution of 5·20d. per bond-unit, free of tax, or £5 18s. 0d. gross per cent. per annum on initial price of £1. This distribution has been made possible by the encashment of two coupons in arrears of the Roumanian Monopolies Institute Loan. No Greek coupons have been encashed.

Blakey's Boot Protectors.—Profit for year to June 30, 1938, £36,722 against £34,232. Tax and N.D.C., £12,715 (£10,400). Ordinary dividend, 15 per cent. as before, but on an increased capital. Carry-forward raised from £5,742 to £15,989.

Incorporated Accountants' Examinations.—The next examination of candidates for admission to the Society of Incorporated Accountants and Auditors will be held on October 31st, November 1st, 2nd and 3rd. Particulars and forms are obtainable at the office of the Society, Incorporated Accountants' Hall, Victoria Embankment, London, W.C.2.

Cammell Laird and Company.—Interim ordinary dividend 4 per cent., payable October 4th. This is the first interim payment for many years. For 12 years prior to 1935 no dividends were paid on the ordinary shares. Capital was reconstructed in 1932. Ordinary dividends for whole years: 1935, 3½ per cent.; 1936, 5 per cent.; 1937, 8½ per cent.

Imperial Smelting Corporation.—Final dividend on the 6½ per cent. cumulative preference shares is 1¼ per cent., making 4½ per cent. for the year, against the full 6½ per cent. for previous year, when 5 per cent. was also paid on the ordinary shares. This 1¼ per cent. payment will suffer no deduction for tax, owing to Dominion Income Tax relief.

Roan Antelope Copper Mines.—Final dividend on 5s. ordinary shares 10 per cent., making 20 (against 80) per cent. for year on a capital increased by a 200 per cent. scrip bonus in October, 1937; payable October 19th to holders as at September 23rd. The report and accounts will be posted October 7th, and the meeting will be held October 18th.

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industrial activity, which had already reached very high levels in 1937. One result has been the shortage of labour, particularly of skilled labour, which has become very marked in the last few weeks; another result is reflected in the increased imports of industrial raw materials. The table below gives the imports into Germany (excluding those from Austria) of various raw materials in the first seven months of 1937 and 1938 :—

IMPORTS OF IMPORTANT COMMODITIES
(In Millions of Kilogrammes)

	1937 Jan.–July	1938 Jan.–July
Iron ore	14,467	13,581
Non-ferrous metallic ores	782	981
Pig iron, etc.	383	801
Semi-manufactured steel	141	199
Non-ferrous metals	265	286
Petroleum and tar	622	705
Rubber	73	68
Wheat	825	575
Maize	769	955
Vegetable oils	859	987
Oilcakes	50	120

There has been a very considerable increase in the imports of pig iron and semi-manufactured steel and of non-ferrous metals. The shortage of animal feeding-stuffs during the current year led to an expansion in the imports of maize and oilcakes, which are included in the table given above; imports of wheat, however, were smaller in the first seven months of 1938 than in the corresponding period of last year.

★ ★ ★

Shipping Freight Rates Steadier.—Following a headlong fall, from 169·8 (1898–1913 = 100) in September, 1937, to 113·7 last April, tramp shipping freight rates have shown a steadier tendency. Since April, the index has moved within narrow limits, and the figure for August, which, incidentally, was almost the same as that for the corresponding month of 1929, confirms reports of a slight improvement on the freight markets :—

The Economist INDEX OF FREIGHT RATES
(1898 – 1913 = 100)

	Average, 1913	Aug., 1937	May, 1938	June, 1938	July, 1938	Aug., 1938
European waters	110·0	178·7	109·2	107·3	106·2	103·8
North America	113·1	125·9	111·0	108·0	108·5	110·1
South America	123·4	154·2	132·3	127·0	119·9	124·8
India	106·3	180·2	111·7	111·9	112·3	110·0
Far East and Pacific	117·4	170·6	106·2	104·7	105·2	106·2
Australia	127·9	161·1	113·0	112·8	112·5	113·0
Total	116·3	161·8	113·9	111·9	110·8	111·3
1913 = 100	100·0	139·0	97·8	96·1	95·2	95·7

As the next table shows, the improvement was by no means general, rates on some routes registering a further fall between July and August :—

	Index No.	Inc. or dec. Points		Index No.	Inc. or dec. Points
Home trade	95·9	− 6·9	South America :—		
Bay—outwards	99·1	+ 1·9	Outwards	96·2	+10·7
Bay—homewards	137·1	+ 1·6	Homewards	124·8	+ 4·9
Mediterranean :—			India—outwards	94·7	+ 2·1
Outwards	76·9	− 3·7	India—homewards	125·3	− 2·5
Homewards	117·7	− 0·8	Far East, etc.	106·2	+ 1·0
North America	110·1	+ 1·6	Australia	113·0	+ 0·5

The improvement on the freight markets noticeable last month may be attributed, in part, to the previous rise in the prices of many primary products, but it does not necessarily portend a change of trend. The prospects of an expansion in international trade, which is essential for a sustained improvement in freight rates, are still uncertain. In the circumstances, the reluctance of shipowners to place orders for new ships is scarcely surprising.

★ ★ ★

A Lead Cartel.—No section of the economic community of the world suffered more from the depression of 1929-32 than the primary producers. With this experience behind them, the onset of declining prices and declining demand has this time resulted almost in a race among raw material producers to conclude agreements designed to speed-up the adjustment of supply to changes in demand. Such an agreement has just been concluded among a section of the lead industry which controls some 75 per cent. of world production outside the United States. The newly constituted Lead Producers' Association apparently includes the Australian group of mines, the Trepca group, the Burma Corporation, Consolidated Mining and Smelting of Canada, and American Smelting and Refining, which has interests in Mexico, Newfoundland and Australia. After reaching £37 per ton in the spring of last year, the price of lead has fallen sharply, and now stands at £14-£15 per ton. According to the latest issue of *Metal Statistics*, published by the Metallgesellschaft A.G., the world's smelter production and consumption of lead in 1937 were 1,691,700 tons and 1,722,000 tons, respectively. On the basis of these estimates there was no disequilibrium between output and consumption last year. Since then, however, production is believed to have run appreciably above consumption. As the Lead Producers' Association, with its present membership, includes only part of the world's output, it may find the adjustment of supplies to demand no easy task; but the market, in an optimistic frame of mind, has already raised prices by a few shillings per ton.

INDUSTRIAL REPORTS

THE flow of new orders to industry remains disappointing for this time of the year. Our Cardiff coal correspondent can discover no signs of the normal seasonal expansion in demand, and our Glasgow correspondent is no more cheerful. Similarly, the official report of the London Iron and Steel Exchange states that markets show no marked signs of an early improvement. Output of pig iron may have to be further reduced and stocks of semi-finished steel in the hands of consumers and producers remain substantial. A slight improvement in the demand for iron and steel products has been noticeable in the Glasgow district. Business in cotton goods and most other textiles remained dull. The political crisis in Czechoslovakia is partly responsible for the hesitancy of buyers.

Coal

Sheffield.—In consequence of the fall in demand, the output quota for the Midland (Amalgamated) District has been reduced by 5 per cent. to 50 per cent. of the standard tonnage. Domestic demand for industrial coal is slow. Considerable stocks of small coals are in hand and prices are inclined to ease. Heavier deliveries are being made to electricity generating plants, but coke and brickworks' requirements are small.

The market in house coal was very active towards the end of August, and it was impossible to fulfil all orders before September 1st, when prices were increased. Some of the South Yorkshire collieries advanced ordinary qualities by 1s. 8d. per ton, best by 2s. 2d. to 2s. 4d., and best selected by 3s. per ton. Other South Yorkshire collieries have not yet notified higher prices. Derbyshire collieries have raised prices for the winter season by about 2s. per ton and West Yorkshire pits by 1s. 8d.

Business in coke is quiet, and output is being reduced. Blastfurnace coke can be obtained at 20s. per ton at ovens for inland, and patent-oven coke, large and graded, at 27s. per ton at Sheffield depots, with lower prices by some non-federated makers.

Export trade is as dull as ever.

★

Newcastle-on-Tyne.—Inquiry on the north-east coal market is improving. Scandinavian countries are interested in steam coals and home demand for this class of fuel is much better. Durham manufacturing coal moves very slowly, but during the past week several cargoes have been sold to Germany for delivery over this and next month. Coal prices are unaltered.

★

Glasgow.—Shipments were down by 40,000 tons during the past week, and the total decline for the year to date is 1,427,000 tons, the present year's figure being 6,910,000 tons, against 8,337,000 tons last year. All markets have shared in this decline. Business is still moving quietly, and some collieries are on short time. Nevertheless, prices are being maintained, with nuts if anything firmer, owing to the reduction in the output of large coal. The London trade is not yet as brisk as it was in earlier months, and there has been a slower demand in most sections of the home market. Forward business is dull.

★

Cardiff.—There is no indication yet of the normal autumn expansion in demand. Sluggish conditions continue on the Cardiff coal market, and as contract commitments are insufficient to absorb current production, stocks are increasing. Shipments in the foreign and coastwise trades at the South Wales ports last week totalled 373,200 tons, compared with 422,600 tons the previous week and 458,822 tons in the correesponding week last year. Sized coals are relatively scarce, but supplies of other qualities are abundant.

Prices are nominally unchanged. In view of the heavy drop in the credit balance of the coalfield in the June quarter, and prospects of heavier costs, it is considered improbable that there will be any downward revision of the Control Board's prices in the near future. Coke is weak, and the patent fuel trade continues to languish. Reports are current on the market that the French authorities are taking measures to secure for Great Britain an effective import quota of 49.5 per cent., but they are not yet confirmed.

Iron and Steel

London.—The report of the London Iron and Steel Exchange indicates that the markets fail to show any marked signs of an early improvement. Although the volume of inquiry has increased, only a comparatively small proportion has led to business, and consumers in practically all branches appear to have adopted a policy of restricting their purchases to early needs.

There is a poor demand for pig iron, as some of the more important consuming industries are passing through a period of quiet trade and are able to satisfy their needs either from stocks on hand or from deliveries against contracts entered into some months ago. It seems likely that the production of some descriptions of pig iron will be further curtailed to bring it more into line with the restricted demand.

Conditions in the semi-finished steel department are disappointing and although inroads have been made into stocks, many consumers and some of the producers have accumulations on hand which stand in the way of the transaction of new business. Imports, however, are carefully controlled and a revival in the demand for finished steel would quickly be reflected in an improvement in the semi-finished section. Irregular conditions rule in the market for finished steel. The heavy steel makers have enough work in hand to keep them operating at a fair rate of capacity, but the amount of business coming forward is not sufficient to make good completed contracts. A few signs of increased activity are noticeable in the lighter sections of the trade, in which, however, there is a certain amount of unemployed plant. Export business is restricted but there has been a slight increase in the inquiry.

★

Sheffield. Stocks of forge and foundry pig iron at works appear to be ample for present requirements, and such transactions as take place are of small weight. Forward business is at a minimum. There is some inquiry for hematites, but generally users are well covered by contract. Business in bar iron is quiet, and the mills are working irregularly.

There has been further contraction in the demand for basic and acid steel billets, and a general easing in other sections of the market. Business in steel scrap is virtually at a standstill pending the outcome of the meetings to decide on the future of price control, which runs until the end of the present month. It is expected that the period will be extended to December 31st.

While in some of the lighter industries there is a good deal of short time, the heavy engineering and machinery branches are fully employed. Shipbuilding and armament work is increasing.

★

Middlesbrough.—As a result of the cessation of imports and the reduction in local production of pig iron, there is a more hopeful feeling. Small transactions in pig iron have taken place which, with deliveries to be made under existing contracts, are hoped to prevent any increase in makers' stocks. Rather more basic iron is being used at producers' own steelworks. It is expected that foundries which have been using the supplies of Continental pig iron purchased some time ago will enter the market for their requirements within the next two or three months.

Re-rollers are not experiencing any better demand, but finished steel is being specified a little more freely. Makers of heavy steel are well occupied and there is a slightly better request for lighter material.

★

Glasgow.—Conditions show little change this week. For all classes of material the slight improvement which has been in evidence lately is maintained. The tonnage on books is quite considerable. In this district makers of metal containers are particularly busy and makers of metal fitments for use in various types of institutions are also fully employed and have many months' work on books. Tube makers, who have had a very quiet time of late, report that they are finding new business slightly more plentiful.

★

Cardiff.—There has been no material change during the past week in the condition of the tinplate industry. Production is at 48.15 per cent. of capacity, compared with 77.25 per cent. during the corresponding period last year; and shipments last week totalled 3,387 tons, compared with 5,402 tons a year ago. Prices are nominally unaltered. The market for steel sheets is also quiet, and there has been no alleviation of the depressed state of the heavier branches of the industry.

Textiles

Cotton (Manchester).—Business has been overshadowed by the serious political situation, and in these circumstances merchants have not been prepared to enter into fresh commitments. Cotton prices have tended to sag, with the uncertainty concerning the effect of the second crop estimate by the American Government. Trade demand has been small. Advices relating to the crop in Egypt have been less satisfactory.

The yarn market remained dull. Users of American and Egyptian counts have purchased from hand to mouth. Practically all the mills in Bolton have extended the usual short holiday.

Business in cloth for foreign outlets has been decidedly featureless. There has been some inquiry, but merchants have been indifferent buyers, with most offers quite impracticable. Unemployed cotton operatives now number 123,752, against 116,964 a month ago.

★

Jute (Dundee).—The market has been under the influence of a "short crop" scare. According to the final forecast, the jute crop is expected to be 23 per cent. less than last year. The first returns estimated a reduction of 47½ per cent. and, although it was suspected that the estimates for the districts showing the biggest decreases had been published first, spinners here were impressed and bought fairly freely, paying as much as 15s. to 20s. per ton more. The value of Daisee-2/3 was rushed up to £19 17s. 6d. per ton for full group and £20 7s. 6d. was paid for good marks, but prices reverted to £19 2s. 6d. and £19 15s. respectively, October/November.

The rise in raw jute prices made no impression on buyers of yarns and cloth. They made no more inquiries and they were reluctant to pay any advance in prices. Spinners and manufacturers, however, were already in an unsatisfactory position in that they were compelled to accept prices which were insufficient to meet the cost of production. They therefore raised their quoted rates and 2s. is now the lowest for common 8-lb crops, while for 10 oz. 40 in. hessians 2¼d. is the minimum and 2d. for 8 oz.

Calcutta goods have shown only a slight change and buyers there have refused to follow any advance. The position of the Indian mills remains unchanged; two firms are still refusing to sign the agreement to restrict production, and stocks are increasing.

THE COMMODITY MARKETS

OWING to the crisis in Czechoslovakia, the commodity markets were subdued this week. Consumers were hesitant and prices drifted downwards.

Copper prices, exceptionally, showed a rise on the week, and lead prices were advanced on the news of the formation

(*Continued on page 522*)

BRITISH WHOLESALE PRICES

	Aug. 31, 1938	Sept. 7, 1938
CEREALS AND MEAT		
GRAIN, etc.—		
Wheat—	s. d.	s. d.
No. 2, N. Man. 496 lb.	33 3	30 3
Eng. Gaz. av., per cwt.	5 11	5 5
Liv. Oct., per cental	5 2⅞	4 9⅛
Flour, per 280 lb.—		
Straights, d/d London	27 0	26 6
Manitoba, ex store	26 6 – 28 0	24 9 – 26 3
Barley, Eng. Gaz. av. per cwt.	10 5	10 3
Oats, „ „ „	7 1	6 9
Maize, La Plata, landed, 480 lb.	27 9	26 9
Rice, No. 2 Burma, per cwt.	9 0	9 0
MEAT—		
Beef, per 8 lb.—		
English long sides	4 4 – 5 0	4 0 – 4 10
Argentine chilled hinds	4 5 – 4 8	4 3 – 4 8
Mutton, per 8 lb.—		
English wethers	4 4 – 5 0	4 4 – 5 0
N.Z. frozen wethers	3 0 – 3 8	3 0 – 3 8
Lamb, per 8 lb.—		
N.Z. frozen	4 10 – 5 0	4 10 – 5 6
Pork, English, per 8 lb.	6 0 – 6 8	6 4 – 7 4
BACON (per cwt.)—		
English	99 0	99 0
Danish	99 0	99 0
Dutch	95 0	95 0
Irish	90 0 – 99 0	90 0 – 99 0
HAMS (per cwt.)—		
Canadian	102 0 – 104 0	98 0
United States	92 0 – 96 0	88 0 – 90 0
OTHER FOODS		
BUTTER (per cwt.)—		
Australian	118 0	121 0
New Zealand	121 0	124 0
Danish	136 0 – 137 0	135 0 – 136 0
CHEESE (per cwt.)—		
Canadian	78 0 – 80 0	78 0 – 80 0
New Zealand	72 6 – 73 0	73 0
English Cheddars	86 0 – 85 0	86 0 – 88 0
Dutch	51 0 – 56 0	52 0 – 56 0
COCOA (per cwt.)—		
Accra, g.f	24 3 – 24 6	24 9 – 24 6
Trinidad	36 0 – 44 0	36 0 – 44 0
Grenada	34 0 – 36 0	34 0 – 36 0
COFFEE (per cwt.)—		
Santos supr. c. & f.	32 0	33 0
Costa Rica, medium to good	42 0 – 62 0	44 0 – 65 0
Kenya, medium	50 0 – 70 0	50 0 – 70 0
EGGS (per 120)—		
English (15–15½ lb.)	18 6 – 19 0	19 6 – 20 0
Danish (15½ lb.)	13 9 – 14 0	14 6 – 14 9
FRUIT—		
Oranges, S. African boxes	9 9 – 13 0	10 0 – 13 0
„ Brazilian Peras...boxes	10 0 – 12 3	8 9 – 12 6
Lemons, Naples ..... boxes	21 0 – 33 0	18 6 – 30 0
„ Sicilian ..... boxes	17 6 – 25 0	17 9 – 24 0
Apples, Amer. (var.).....barrels	...	30 0
„ Californian Gravenstein Boxes	... – 13 6 – 14 9	32 0 – 11 3 – 12 6
Grapes, Almeria .....barrels	...	...
Grapefruit, S. African	... – 8 0 – 14 0	... – 6 6 – 12 3
LARD (per cwt.)—		
Irish, finest bladders	56 0 – 62 0	50 0 – 56 0
U.S.	46 0 – 49 0	46 0 – 48 6
PEPPER, per lb.—		
Black Lampong (in Bond)	0 2⅝	0 2⅝
„ „ (Duty paid)	0 3⅛	0 3⅛
White Muntock (in Bond)	0 3¾	0 3¾
„ „ (Duty paid)	0 3⅞	0 3⅞
	0 4⅜	0 4⅜
	0 4½	0 4½
POTATOES (per cwt.)—		
English King Edward	5 6 – 6 0	5 0 – 6 0
SUGAR (per cwt.)—		
Centrifugals, 96°, prpt. shipm. c.i.f. U.K./Cont.	5 5¼	5 5¼
REFINED London—		
Yellow Crystals	18 9	18 9
Cubes	23 0 – 23 6	23 0 – 23 6

* Weeks ended Aug. 25th and Sept. 1st.

	Aug. 31, 1938	Sept. 7, 1938
SUGAR (per cwt.)—cont.	s. d.	s. d.
Crushed	21 3	21 3
Granulated	19 1½ – 20 0	20 0
Home Grown	19 0 – 19 3	19 0 – 19 3
TEA* (Auction Average) (per lb.)—	d.	d.
N. India	16·64	15·97
S. India	12·91	12·95
Ceylon	14·79	15·42
Java	12·85	12·08
Sumatra	11·74	10·83
Africa	11·08	10·21
Total	15·33	15·27
TOBACCO (per lb.)—	s. d.	s. d.
Virginia stemmed and unstemmed, common to fine	0 8 – 2 6	0 8 – 2 6
Rhodesian stemmed and unstemmed	0 9 – 1 10	0 9 – 1 10
Nyasaland stemmed and unstemmed	0 7 – 1 4	0 7 – 1 4
East Indian Stemmed	0 6 – 2 0	0 4 – 1 7
East Indian Unstemmed	0 5 – 1 6	0 5 – 1 6
TEXTILES		
COTTON (per lb.)—	d.	d.
Raw, Mid-American	4·87	4·69
„ Sakellaridis, F.G.F.	7·77	7·69
„ Giza, F.G.F.	7·42	7·34
Yarns, 32's Twist	9⅝	9¼
„ 40's Weft	10¼	10⅛
„ 60's Twist (Egyptian)	17¼	17¼
Cloth, 32 in. Printers, 116 yds., 16×16, 32's & 50's	s. d. 16 7	s. d. 16 5
„ 36 in. Shirtings, 75 yds., 19×19, 32's & 40's	23 0	22 10
„ 38 in. ditto, 38 yds., 18×16, 10 lb.	9 9	9 8
„ 39 in. ditto, 37½ yds., 16×15, 8¼ lb.	8 9	8 8
FLAX (per ton)—	£ s.	£ s.
Livonian ZK	66 0 – 66 10	65 0 – 66 0
Pernau HD	67 0	66 0
Slanetz Medium, 1st sort	90 0	88 0 – 90 0
HEMP (per ton)—		
Italian PC	70 0	70 0
Manilla, Sept.–Nov. "J2"	21 0	21 0
JUTE (per ton)—	£ s.	£ s.
Native 1st mks., c.i.f. H.A.R.B., Aug.–Sept.	19/2/6	19/6/3
Daisee 2/3 c.i.f. Dundee, Oct.–Nov.	18/15/0	19/5/0
SISAL (per ton)—	£ s.	£ s.
African, Sept.–Nov.	15 0 – 17 0	14 10 – 16 10
SILK (per lb.)—	s. d.	s. d.
Canton	7 3	7 3
Japan	7 3 – 8 0	7 3 – 8 0
Italian, raw, fr. Milan	8 0 – 7 3	8 0 – 7 3
WOOL (per lb.)—	d.	d.
English, Southdown, greasy	12½	12½
„ Lincoln hog, washed	11	11
Queensland, scd. super combg.	24	24
N.S.W. greasy, super combg.	13	13
N.Z., greasy, half-bred 50–56	11	11
„ Crossbred 40–44	10	10
Tops—		
Merinos 70's average	27½	27
„ 64's „	26	25
Crossbred 48's	16	16
„ 46's	15½	15½
MINERALS		
COAL (per ton)—	s. d.	s. d.
Welsh, best Admiralty	19 6 – 22 6	19 6 – 22 6
Durham, best gas, f.o.b. Tyne	18 9 – 19 0	18 9 – 19 0
Sheffield, best house, at pits	22 0 – 24 0	22 0 – 24 0
IRON AND STEEL (per ton)—		
Pig Cleveland No. 3, d/d.	109 0	109 0
Bars, Middlesbrough	265 0	265 0
Steel rails, heavy	202 6	202 6
Tinplates .....per box	21 6	21 6
NON-FERROUS METALS (per ton)—		
Copper—		
Standard cash	40/6/3 – 40/7/6	41/0/0 – 41/1/3
Three months	40/10/0 – 40/11/3	41/5/0 – 41/6/3
Tin—		
Standard cash	192/15/0 – 193/0/0	190/15/0 – 191/5/0
Three months	193/15/0 – 194/0/0	191/15/0 – 192/0/0
Lead, soft foreign—		
Cash	14/5/0 – 14/7/6	14/13/9 – 14/16/3
English, pig	16/5/0	16/15/0
Spelter, G.O.B.—		
Spot	13/8/9 – 13/13/3	13/2/6 – 13/3/9
Aluminium, ingots and bars	94/0/0	94/0/0
„ rolling billets	102/0/0	102/0/0
Nickel, home and export	180/0/0 – 185/0/0	180/0/0 – 185/0/0
Antimony, Chinese	50/0/0	50/0/0
Wolfram, Chinese .....per unit	s. d. 57 0 – 59 0	s. d. 57 0 – 59 0
Platinum, refined .....per oz.	£ s. d. 8/0/0	£ s. d. 8/0/0
Quicksilver .....per 76 lb.	13/18/0 – 13/18/6	13/18/0 – 13/18/6

	Aug. 31, 1938	Sept. 7, 1938
	s. d.	s. d.
GOLD, per fine ounce	142 9¼	143 8½
SILVER (per ounce)—		
Cash	1 7¼	1 7⅛
MISCELLANEOUS		
CEMENT, best Eng. Portland, d/d site, London area, in paper bags 20 to ton (free, non-returnable)—		
4-ton loads and upwards	42s. per ton	
CHEMICALS—	s. d.	s. d.
Acid, citric, per lb., less 5%	1 0 – 1 0¼	1 0 – 1 0¼
„ Nitric	0 2 – 0 3	0 2 – 0 3
„ Oxalic, net	0 5 – 0 6	0 5 – 0 6
„ Tartaric, English, less 5%	0 6 – 1 1	0 6 – 1 1
Alcohol, Plain Ethyl	1 1¼ – 12 0	1 1¼ – 12 0
Ammonia, carb. ton	20 0 0 – 21 0 0	20/0/0 – 21/0/0
„ Sulphate	7 5 0	7 5/0
Arsenic, lump .....per ton	35 0 0	35/0/0
	s. d.	s. d.
Borax, gran. ..... per cwt.	13 6	13 6
„ powder	15 0	15 0
Nitrate of soda ..... per cwt.	8 0	8 0
Potash, Chlorate, net	0 4 – 0 4½	0 4 – 0 4½
„ Sulphate ..... per cwt.	10 0	10 0
Soda Bicarb. ..... per cwt.	10 0 – 11 0	10 0 – 11 0
Crystals ..... per cwt.	5 0 – 5 3	5 0 – 5 3
Sulphate of Copper..... per ton	18 5 0	18/5/0
COPRA (per ton)—		
S.D. Straits, c.i.f.	10/16/3	10/12/6
HIDES (per lb.)—	s. d.	s. d.
Wet salted, Australian	0 4 – 0 4⅞	0 4 – 0 4⅞
West Indian	0 3 – 0 3¼	0 3 – 0 3¼
Cape	0 4¼ – 0 5	0 4¼ – 0 5
Dry and Drysalted Cape	0 6½ – 0 7½	0 6½ – 0 7¼
Market Hides, Manchester—		
Best heavy ox and heifer	0 4⅛ – 0 5⅜	0 4⅛ – 0 5⅜
Best cow	0 4⅛ – 0 4⅜	0 4⅛ – 0 4⅜
Best calf	0 5 – 0 6⅜	0 5 – 0 6⅜
INDIGO (per lb.)—		
Bengal, g.d. red.-vio. to fine	5 0 – 6 0	5 0 – 6 0
LEATHER (per lb.)—		
Sole Bends, 8/14 lb.	1 0 – 1 10	1 0 – 1 10
Bark Tanned Sole	2 2 – 3 0	2 0 – 2 10
Shoulders from DS Hides	0 6 – 0 8	0 6 – 0 8
„ Eng. or WS do.	0 7½ – 1 3	0 7½ – 1 3
Bellies from DS do.	0 4¾ – 0 5¾	0 4¾ – 0 5¾
„ Eng. or WS do.	0 6 – 0 8	0 6 – 0 8
Dressing Hides	1 0 – 1 8	1 0 – 1 8
Ro. Eng. Calf, 20/35 lb. per doz.	3 6 – 4 6	3 6 – 4 6
PETROLEUM PRODUCTS (per gall.)—		
Motor Spirit No. 1, London	1 6	1 6
Petroleum, Amer. rtd. brl. Lond.	0 10	0 10
Fuel oil, in bulk, for contracts ex. instal. Thames—		
Furnace	0 3¼†	0 3⅝†
Diesel	0 4½†	0 4⅛†
ROSIN (per ton)—		
American	13/15/0 – 18/0/0	13/5/0 – 17/15/0
RUBBER (per lb.)—	s. d.	s. d.
St. ribbed smoked sheet	0 8	0 7 15/16
Fine hard Para	0 7¾	0 7¾
SHELLAC (per cwt.)—		
TN Orange	38 6 – 41 6	38 6 – 41 6
TALLOW (per cwt.)—		
London town	17 9	17 6
TIMBER—		
Swedish u/s 3×8 ..... per std.	21/10/0	21/0/0
„ 2½×7 ... „	21/0/0	20/10/0
„ 2×4 ..... „	18/10/0	18/0/0
Canadian Spruce, Dls. „	22/10/0	22/10/0
Pitchpine .....per load	13/10/0	13/10/0
Rio Deals ..... per std.	35/0/0	35/0/0
Teak .....per load	25/0/0	25/0/0
Honduras Mahogany logs c. ft.	0/12/0	0/12/0
English Oak Planks ... „	0/6/0	0/6/0
English Ash Planks ... „	0/7/0	0/7/0
VEGETABLE OILS (per ton net)—		
Linseed, naked	21/12/6	21/7/6
Rape, refined	32/0/0	31/10/0
Cotton-seed, crude	19/0/0	18/0/0
Coconut, crude	15/0/0	14/17/6
Palm	13/15/0	12/15/0
Oil Cakes, Linseed, Eng.	9/2/6	9/2/6
Oil Seeds, Linseed—		
La Plata, Aug.	11/0/0	10/12/6
Calcutta	12/2/6	11/16/3
	s. d.	s. d.
Turpentine ..... per cwt.	32 9	32 3

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

COMMODITY STATISTICS

Coal

COAL OUTPUT ('000 tons)

District	Week ended Aug. 20, 1938	Week ended Aug. 27, 1938	Jan.–July 1937	Jan.–July 1938
Northumberld.	272·9	261·0	8,265·1	7,878·4
Durham	574·6	568·2	19,166·3	19,252·1
Yorkshire	785·5	648·8	26,419·7	25,133·8
Lancs, Cheshire and N. Wales.	324·7	315·1	10,394·6	10,296·9
Derby, Notts & Leicester	569·1	550·9	19,728·1	19,524·0
Staffs, Worcs, Salop & Warwick	351·0	375·4	11,997·2	11,962·1
South Wales & Monmouth	719·6	755·0	22,157·2	22,040·8
Other English districts*	113·8	114·6	3,189·4	3,227·7
Scotland	585·9	580·3	18,498·8	17,672·9
Total	4,297·1	4,169·3	139817·4	138109·7

* Including Cumberland, Gloucester, Somerset, and Kent.

Cotton

RAW COTTON delivered to Spinners ('000 bales)

Variety	Week ended Aug. 26, 1938	Week ended Sept. 2, 1938	Total Deliveries Aug. 1, 1937–Sept. 3, 1937	Total Deliveries Aug. 1, 1938–Sept. 2, 1938
American	14·8	13·4	99	85
Brazilian	3·5	2·1	35	15
Peruvian, etc.	1·4	1·5	13	8
Egyptian	3·1	6·2	22	24
Sudan Sakel	3·3	2·6	17	19
East Indian	10·0	6·5	40	66
Other countries	1·5	2·6	21	10
Total	37·6	34·9	247	227

Metals

SALES ON LONDON METAL EXCHANGE

	Week ending Aug. 31, 1938	Week ending Sept. 7, 1938	From Jan. 1 to Sept. 7, 1938
	Tons	Tons	Tons
Copper	5,950	4,350	316,825
Tin	1,170	690	58,150
Lead	5,550	6,300	238,000
Spelter	2,850	4,450	200,775

U.K. STOCKS

	Aug. 27, 1938	Sept. 3, 1938
	Tons	Tons
Copper (Br. official w'houses)	6,270	5,786
Refined	30,799	30,710
Rough	7,743	7,971
Tin (London and Liverpool)		

METALS—(cont.)

TINPLATE INDUSTRY

	Week ended Aug. 28, 1937	Week ended Aug. 20, 1938	Week ended Aug. 27, 1938
Production—per cent. of capacity	77·25	48·57	48·15
	Week ended Sept. 2, 1937 Tons	Week ended Aug. 25, 1938 Tons	Week ended Sept. 1, 1938 Tons
Shipments	5,402	3,193	3,387
Stocks (warehouse and in vans)	9,074	3,021	4,814
	Thirty-five Weeks ended Sept. 2, 1937 Tons		Thirty-five Weeks ended Sept. 1, 1938 Tons
Shipments	276,973		164,914

Foods

WORLD SHIPMENTS OF WHEAT AND FLOUR ('000 quarters)

	Week ended Aug. 27, 1938	Week ended Sept. 3, 1938	Season to Sept. 4, 1937	Season to Sept. 3, 1938
From—				
N. America	470	513	1,769	2,590
Argentina and Uruguay	196	181	573	721
Australia	322	270	810	1,444
Russia	444	296	187	1,855
Danube and dist.	101	35	679	329
India	28	41	318	353
Other Countries	...	...	138	...
Total	1,561	1,336	4,474	7,292
To—				
U.K.	185	209	1,193	1,426
"Orders"	513	390	816	2,317
France	16	47	21	148
Belgium	113	134	430	626
Holland	143	161	180	617
Italy	28	24	104	62
Greece	17	12	118	134
Scandinavia	35	23	147	83
Austria, etc.	45	18	98	202
Other European Countries	120	127	250	444
Ex-European Countries	346	198	1,108	1,233
Total	1,561	1,336	4,474	7,292

WORLD SHIPMENTS OF MAIZE AND MAIZE MEAL ('000 quarters)

From	Week ended Aug. 27, 1938	Week ended Sept. 3, 1938	From Apr. 1 to Sept. 4, 1937	From Apr. 1 to Sept. 3, 1938
Argentina	376	408	19,242	4,868
Atlantic America	524	269	4	9,783
Danube Region	32	31	2,009	2,093
S. & E. Africa	104	25	1,588	426
Indo-China, etc.	56	65	202	789
Total	1,092	798	23,045	17,959

OTHER FOODS

	Week ended Aug. 27, 1938	Week ended Sept. 3, 1938
BACON:		
Arrivals in London (bales)		
Danish	14,229	14,933
Canadian	4,826	4,486
Dutch	2,452	2,313
Lithuanian	1,414	1,509
Polish	3,108	2,714
COCOA:		
Movements in Lond. (bags):		
Landed	19,369	24,332
D/d for home consumption	6,128	8,987
Exports	413	1,683
Stocks, end of week	172,432	186,094

OTHER FOODS—(cont.)

	Week ended Aug. 27, 1938	Week ended Sept. 3, 1938
COFFEE:		
Movements in Lond. (cwt.)		
Brazilian—Landed	...	...
„ D/d for home consn.	32	51
„ Exports	...	1
„ Stocks, end of week	2,398	2,346
Central and S. American:		
Landed	1,022	144
D/d for home consumption	1,966	1,631
Exports	3,291	3,223
Stocks, end of week	119,464	114,754
Other kinds—Landed	42	975
„ D/d for home consn.	2,729	3,245
„ Exports	1,183	1,122
„ Stocks end of week.	78,153	74,761
MEAT:		
Supplies at Smithfield (tons):		
Total	8,252	9,043
Beef and veal	4,400	4,718
Mutton and lamb	2,634	2,921
Pork and bacon	685	807
Poultry, etc.	533	597
SUGAR:		
Movements, London and Liverpool (tons):		
Imports	11,034	3,551
Deliveries	15,106	17,121
Stocks, end of week	231,606	218,036
TEA:*		
Sales on Garden A/c. (pkgs.):		
N. India	40,064	46,862
S. India	9,955	9,823
Ceylon	27,201	27,052
Java	1,947	2,757
Sumatra	223	972
Africa	2,537	513
Total	81,927	87,979

* Weeks ended Aug. 25th and Sept. 1st.

Miscellaneous Commodities

MOVEMENTS OF RUBBER IN LONDON AND LIVERPOOL

	Week ended Aug. 27, 1938	Week ended Sept. 3, 1938
Landed ..... tons	1,394	1,424
Delivered ..... tons	1,381	1,079
Stocks, end of week ..... tons	99,380	99,725

WORLD SHIPMENTS OF LINSEED ('000 tons)

	Week ended Aug. 27, 1938	Week ended Sept. 3, 1938	From Jan. 1 to Sept. 4, 1937	From Jan. 1 to Sept. 3, 1938
Argentine to—				
U.K. and Orders	1·8	6·7	371·0	203·4
Continent	10·2	10·0	399·8	453·7
U.S.A. and Canada	...	2·1	582·7	226·8
Australia, Brazil, etc.	0·8	...	19·1	14·4
Calcutta to—				
U.K. and Orders	2·0	0·1	92·1	72·5
Continent	...	...	0·2	0·9
Bombay to—				
U.K. and Orders	7·2	3·5	42·1	115·3
Continent	...	2·5	10·5	6·3
Madras to U.K.	...	...	...	...
India to—				
Australia, etc.	...	...	11·1	10·4
U.S.A.	...	...	...	...
Sundries	...	...	0·2	...
Total	22·0	24·9	1528·8	1103·7

AMERICAN WHOLESALE PRICES

	Aug. 31, 1938 Cents	Sept. 7, 1938 Cents
GRAINS (per bushel)—		
Wheat, Chicago, Sept.	63	61 11/16
Winnipeg, Oct.	62¼	59
Maize, Chicago, Sept.	53	50⅝
Oats, Chicago, Sept.	23¾	23⅜
Rye, Chicago, Sept.	41⅝	40⅛
Barley, Winnipeg, Oct.	36⅜	33½
METALS (per lb.)—		
Copper, N.Y., Domestic spot	9·87½	9·90
Producers' export	10·20	10·22½
METALS (per lb.)—*cont.*		
Tin, N.Y., Straits spot	43·35	42·80
Lead, N.Y., spot	4·90	4·90
Spelter, East St. Louis, spot	4·75	4·75
MISCELLANEOUS (per lb.)—		
Cocoa, N.Y., Accra, Sept.	5·11	5·17
Coffee, N.Y., cash—		
Rio, No. 7	5⅜	5½
Santos, No. 4	8	8¼
Cotton, N.Y.–Am. mid., spot	8·42	8·18
MISCELLANEOUS (per lb.)—*cont.*		
Cotton, Am. Mid., Sept.	8·25	8·03
Lard, Chicago, Sept.	7·82½	7·57½
Petroleum, Mid-cont. crude 33 deg. to 33·90, at well, per barrel	116	116
Rubber, N.Y., smkd. sheet spot	16 7/16	16 1/16
Do. do. Oct.	16 7/16	16 5/16
Sugar, N.Y., Cuban Cent., 96 deg., spot	2·90	2·95

COMPANY MEETING

BEECHAMS PILLS

INCREASE OF CAPITAL APPROVED

MR PHILIP E. HILL'S SPEECH

A separate meeting of the deferred shareholders of Beechams Pills, Limited, was held, on the 7th instant, at the Hotel Victoria, Northumberland Avenue, W.C., to consider a resolution increasing the capital of the company by the creation of 3,600,000 deferred shares of 5s. each; capitalising £600,000 standing to the credit of general reserve to be distributed as fully-paid deferred shares of 5s. each to the existing deferred shareholders; subdividing each 5s. deferred share into two deferred shares of 2s. 6d. each; and altering the articles of association so as to maintain the existing balance of voting power between the three classes of shares.

Mr Philip E. Hill (Chairman of the company) presided.

The secretary (Mr B. L. Hobrow, A.C.A.) having read the notice convening the meeting,

The Chairman said: Ladies and gentlemen, since we last met my co-directors and I have evolved the scheme to which I referred at our annual meeting, for making the deferred shares of the company a more marketable unit at a price within the reach of all classes of our customers and the general public. I wrote to you on August 15th giving full particulars as to how this was to be effected, and, judging from the numerous letters I have received from shareholders and others, and from the comments of the financial Press, the scheme appears to be generally acceptable.

PURCHASE OF MACLEANS LTD.

You will also have noticed from my letter that we have purchased the whole of the ordinary share capital of Macleans, Limited, the well-known manufacturers of Maclean Stomach Powder, Fynnon Salts, Macleans Peroxide Tooth Paste, and a large number of other pharmaceutical and branded products. I consider this acquisition as one of the most important made by this company, not only from the point of view of the dividends we shall receive from Beecham Maclean Holdings, Limited, the company formed by Beechams Pills, Limited, to hold these shares, but from the savings in expenditure which should result from the acquisition and the benefit of the pooling of the management experience of this highly successful business.

You will have seen from the notices sent you that the balance of voting power of the three classes of shareholders in the company has been maintained. Trading conditions continue to be satisfactory, and, as you are aware, we have just paid the same interim dividend as last year on the increased capital. Upon the proposals of the directors receiving your assent to-day, it is proposed to make an issue of 2,406,000 deferred shares of 2s. 6d. each, on attractive terms, almost immediately. Preferential consideration in allotment will be given to holders of shares of all classes in the company and its subsidiaries.

INTERESTING DEVELOPMENTS

During the past seven years your company has shown an expansion of business and profits, and there appears to be no reason why this progress should not continue. At the moment we have negotiations in progress which may shortly lead to interesting developments. The prospectus, when published, will give all the necessary information to enable shareholders to form their own views with regard to the attractiveness of the proposals.

The chairman concluded by moving the resolution, which was seconded by Mr J. Stanley Holmes, M.P. (managing director), and carried unanimously.

At a subsequent extraordinary general meeting of the company the proposals were also approved.

(*Continued from page 519*)

of a lead cartel. Tin and spelter, as well as rubber, linseed oil, cotton and wheat were marked down in price.

A similar trend was noticeable in the United States. Moody's index of the prices of staple commodities (December 31, 1931 = 100) fell from 143.7 to 143.1 during the week ended last Wednesday; a month ago the index stood at 146.0, and a year ago at 194.9.

Metals

Copper.—In spite of the political tension, the standard cash price for copper improved by 13s. 9d. this week to close at £41 per ton, though the turnover on the market was small. The comparative strength of the copper price level during the last few days is interpreted in market circles as a favourable barometer for the copper price outlook in the autumn.

★

Tin.—The price of tin fell by £2 to close the week at £190 15s. per ton. The demand for the metal declined further and on Monday the turnover on the L.M.E. reached the lowest daily level for a number of years. There are possibilities that a revival of the United States tinplate and automobile industries may help to improve the tin position in the next few weeks. At the moment, however, the situation is definitely unfavourable. According to Messrs A. Strauss and Company, Limited, the total visible supply of tin rose last month by another 1,216 tons to 30,717 tons; in addition, the world's invisible tin stocks are at present larger than for several years past, so that the total stocks of the metal must be at least as high as 45,000 tons. New supplies amounted to only 6,562 tons in August against 8,758 tons in July, a direct effect of the lower quota for the third quarter of this year. On the other hand, deliveries fell further from 6,854 tons in July to 6,107 tons in August, and reached the lowest level for several years.

★

Lead and Spelter.—While spelter declined by 6s. 3d. to £13 2s. 6d. per ton, lead improved by 8s. 9d. to £14 13s. 9d. per ton. The decline in spelter was due to a lack of consumers' buying, while the improvement in lead was the direct result of the announcement that a Lead Producers' Association has been formed this week with the object of regulating the supply to the demand. As far as can be ascertained, no definite restriction agreement has been agreed upon so far, but the market expects that the new lead scheme will be more or less on the same lines as the present copper scheme.

Grains

COMPARED with a week ago, wheat prices on Wednesday were 1s. 6d. to 3s. per quarter lower and the fall was most marked for near positions. Selling pressure from Russia and the Danube district, combined with the declaration of the United States Government of their intention to export 100 million bushels this season, had a depressing effect on the market, in which demand is very slow. The Federal Surplus Commodities Corporation has already bought some five million bushels and sold about two millions, at a loss estimated at 4 to 7 cents per bushel. Maize prices also declined during the week, but demand still remains poor, as this grain is barely competitive as a feeding-stuff with wheat and barley. Barley has been affected by selling pressure from Canada, Russia and Irak and compared with last week the price has declined by more than 1s. per quarter.

Other Foods

Provisions. — Dominion butters were advanced in price by 3s. per cwt. during the week and egg prices rose by about 1s. per 120. Elsewhere the markets were quiet. The trade in fresh meat was slow, except for pork; demand for chilled and frozen meat was good.

★

Colonial Produce.—After brisk sales at the end of last week, demand at the tea auctions has been somewhat less active, and prices weakened at the close. Other markets have been steady.

★

Fruit and Vegetables.—Heavy supplies of potatoes at the Borough were cleared with difficulty, but prices were unchanged. The market for vegetables was very slow after the week-end, but English apples and plums sold well.

Miscellaneous Commodities

Oils and Oilseeds.—In sympathy with the grain markets, prices for oils and oilseeds have tended to fall. Demand is exceptionally light and crushers are not inclined to enter into forward contracts. Plate linseed is again cheaper; private estimates forecast an increase of 10 per cent. in the area under linseed in the Argentine and weather conditions are reported to be favourable.

★

Rubber.—The market has been dominated by the political uncertainty, and very little business was transacted during the week. Compared with the previous Wednesday, prices showed a fall of ⅛d. per lb.; while demand is small, sellers are also reserved.

CURRENT STATISTICS

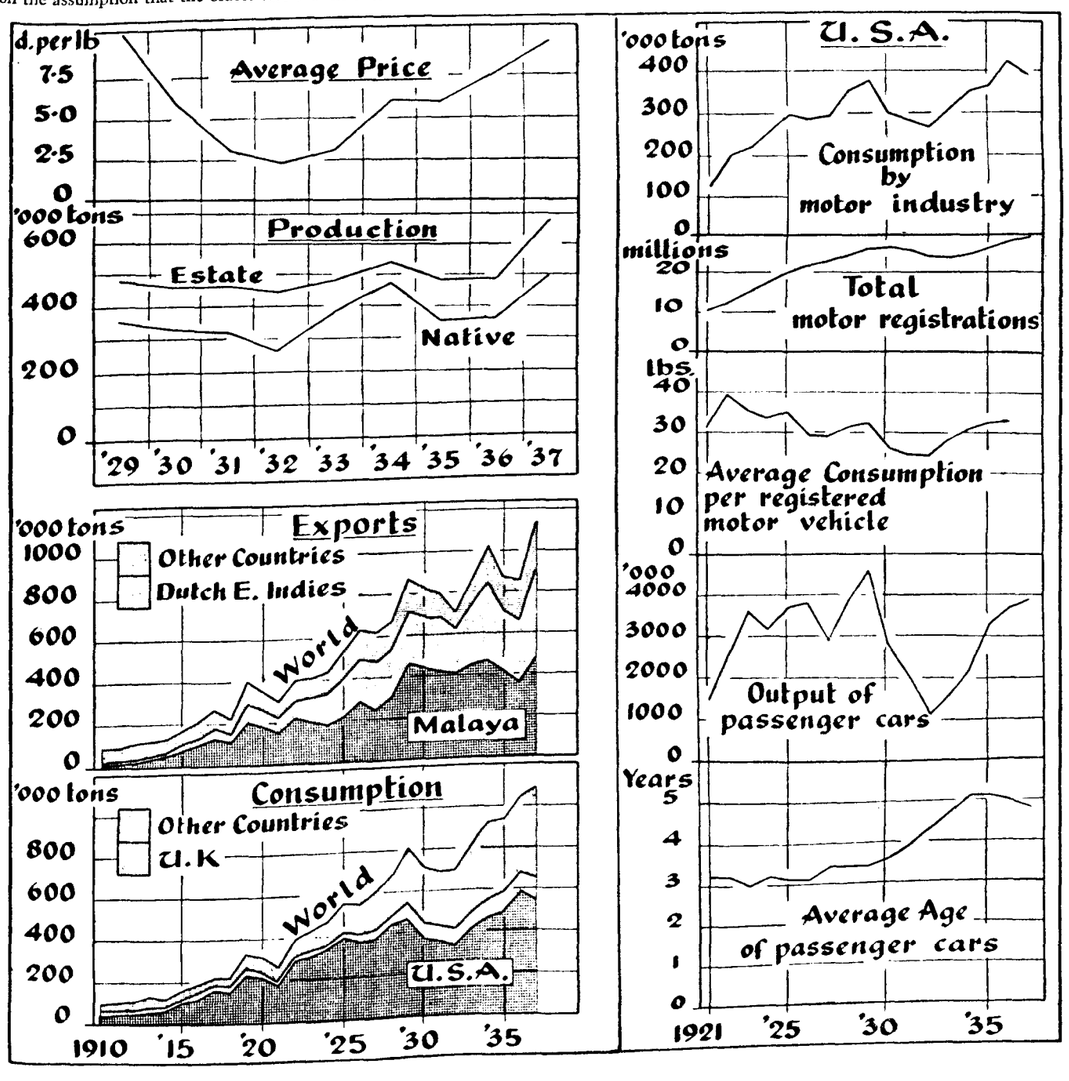
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All tables appear regularly except those whose titles are printed in italics, which are special to this issue.

Rubber

In the following charts we present a number of facts about the rubber industry, with special reference to the United States, which last year consumed nearly half the world's output. All the statistics have been taken from "The Statistics of the Rubber Industry," by George Rae, D.Sc. (*Journal of the Royal Statistical Society, 1938, Part II*). The average prices shown are those of ribbed smoked sheet, London. The figures of consumption are net imports adjusted where possible for changes in stocks. The average age of cars in the U.S.A. is computed on the assumption that the oldest cars are the first to be discarded.



Finance

GOVERNMENT RETURNS

For the week ended September 3, 1938, total ordinary revenue was £11,154,000, against ordinary expenditure of £25,245,000. Thus, excluding sinking fund allocations, the deficit accrued since April 1st last is £141,620,000, against a deficit of £86,780,000 a year ago.

ORDINARY AND SELF-BALANCING REVENUE AND EXPENDITURE

Revenue	Receipts into the Exchequer (£ thousands) Estimate, 1938–39	April 1, 1937, to Sept. 4, 1937	April 1, 1938, to Sept. 3, 1938	Week ended Sept. 4, 1937	Week ended Sept. 3, 1938
ORDINARY REVENUE					
Inc. Tax ...	‡341150	48,610	49,444	3,329	4,256
Sur-tax.....	62,000	6,380	7,770	140	100
Estate, etc., Duties.....	88,000	40,760	33,100	3,540	1,220
Stamps.....	24,000	7,780	8,290	150	...
N.D.C.....	20,000	...	5,450	...	450
Other In. Rev. Duties	1,250	140	480	...	...
Total I. Rev.	536,400	103,670	104,534	7,159	6,026
Customs ...	227,950	94,547	93,989	4,378	4,416
Excise	116,150	46,263	45,915	792	761
Total Cust. and Excise	344,100	140,812	139,904	5,170	5,177
Motor Duties.....	36,000	8,362	8,219	...	...
P.O. (Net Receipt)...	8,670	7,450	5,840	280	*Dr.650*
P.O. Fund	2,400	...	...	...	...
Crown Lds.	1,330	590	620	...	...
Rec. from Sun. Loans	5,250	3,405	3,926	68	81
Misc. Rec.	10,500	3,731	2,838	629	520
Total Ordinary Revenue	944,650	268,020	265,381	13,306	11,154
SELF-BAL. REVENUE Post Office and Broadcasting* ...	80,442	28,900	30,610	1,020	2,000
Total ...	1025092	296,920	296,491	14,326	13,154

Expenditure	Issues out of the Exchequer to meet payments (£ thousands) Estimate, 1938–39	April 1, 1937, to Sept. 4, 1937	April 1, 1938, to Sept. 3, 1938	Week ended Sept. 4, 1937	Week ended Sept. 3, 1938
ORDINARY EXPEND. Int. & Man. of Nat. Dt.	230,000	105,173	105,125	8,432	8,376
Payments to N. Ireland	8,900	3,070	3,021	257	...
Other Cons. Fund Serv.	5,239	1,522	1,276	11	22
Total.....	244,139	109,765	109,422	8,700	8,398
Supply Serv.	†702409	245,036	298,079	13,309	16,847
Total Ordy. Expend....	§946548	354,801	407,501	22,009	25,245
SELF-BAL. EXPEND. P.O. and Broadcasting Votes	80,442	28,900	30,610	1,020	2,000
Total.....	1026990	383,701	438,111	23,029	27,245

* Revenue required to meet expenditure.

† Excluding Post Office and Broadcasting and £112,900,000 under Defence Loans Act.

‡ After concessions of £100,000 made during passage of Finance Act.

§ After adding Navy and Air Supplementary Estimates, Consol. Fund increase under Eire Act and reduction by revised Civil Estimate (net increase, £2,150,000).

After raising Exchequer balances by £154,661 to £2,622,054, the other operations for the week (as shown below, but excluding £1,821,000 issued to sinking funds), raised the gross National Debt by £16,066,000 to about £8,287 millions.

WEEK'S CHANGES IN DEBT

(£ thousands)

NET INCREASES IN DEBT		NET REPAYMENTS, ETC.	
Treasury Bills ...	17,901	Public Dept. Adv.	1,645
Land Settlement	20	Nat. Savings Certs.	100
Tithe Act	170	P.O. & Tel. (Mon.) Acts	250
		N. Atl. Shipping ...	30
	18,091		2,025

AGGREGATE ISSUES AND RECEIPTS

The aggregate issues and receipts from April 1, 1938, to September 3, 1938, are shown below :—

(£ thousands)

Ordinary Exp. ...	407,501	Ordinary Rev. ...	265,881
Increase in balances	258	Eire receipts* ...	5,000
		Gross borr.	141,410
		Less Sinkg. Fds.	4,532
		Net borrowing ...	136,878
	407,759		407,759

* Receipts under Sec. 2 (3) of Eire (Confirmation of Agreement) Act, 1938.

FLOATING DEBT

(£ millions)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt	Floating Assets
1937						
Sept. 4	573·0	289·0	35·0	...	897·0	324·0
Dec. 31	889·7*		39·4	55·7	984·9	...*
1938						
May 28	570·0	281·4	40·8	...	892·2	322·2
June 4	575·0	308·7	43·9	2·0	929·6	352·6
„ 11	580·0	310·7	41·6	...	932·3	352·3
„ 18	585·0	303·4	40·1	...	928·5	343·5
„ 25	583·0	305·7	44·7	...	933·4	350·4
„ 30	851·0*		42·4	41·5	934·9	...*
July 9	573·0	298·3	43·1	...	914·5	341·4
„ 16	568·0	302·3	40·7	...	911·1	343·0
„ 23	568·0	304·1	37·2	...	909·4	341·3
„ 30	565·0	309·1	46·6	...	920·7	355·7
Aug. 6	560·0	320·1	44·2	...	924·3	364·3
„ 13	555·0	303·4	44·1	...	902·5	347·5
„ 20	555·0	296·2	41·9	...	893·1	338·1
„ 27	555·0	294·0	45·7	...	894·7	339·7
Sept. 3	550·0	316·9	44·1	...	911·0	361·0

* Owing to inequalities between Treasury bill payments and maturities at the end of the quarter, it is impossible to separate tender and tap issues or to calculate floating assets.

TREASURY BILLS

(£ millions)

Date of Tender	Amount Offered	Amount Applied for	Amount Allotted	Average Rate %	Per Cent. Allotted at minimum Rate
1937				s. d.	
Sept. 3	45·0	88·2	45·0	10 2·53	45
Dec. 31	50·0	80·5	50·0	10 11·59	47
1938					
May 27	45·0	69·0	45·0	10 9·37	57
June 3	50·0	83·1	50·0	12 1·04	51
„ 10	50·0	86·0	50·0	12 9·19	58
„ 17	50·0	80·5	48·0	11 5·68	69
„ 24	45·0	66·7	45·0	10 9·18	57
July 1	45·0	84·8	45·0	10 5·33	40
„ 8	45·0	85·2	45·0	10 5·43	40
„ 15	45·0	90·7	45·0	10 5·21	37
„ 22	45·0	88·3	42·0	10 5·03	32
„ 29	40·0	82·4	40·0	10 1·90	58
Aug. 5	35·0	78·6	35·0	10 1·80	40
„ 12	30·0	76·8	30·0	10 1·50	30
„ 19	35·0	82·2	35·0	10 1·51	32
„ 26	40·0	87·6	40·0	10 1·53	36
Sept. 2	45·0	74·6	45·0	10 5·87	37

Bills are paid for during following week, on any working day at applicant's option. When normal length is 92 days, bills paid for Saturday are 91-day bills and there are no Monday maturities. When normal length is 90 days, bills paid for on Monday are 89-day bills. Bills paid for in February are 89-day bills, except those paid for each Tuesday, which are 88-day bills.

On September 2nd, applications at £99 17s. 4d. per cent. for bills to be paid for on any day of the following week were accepted as to about 37 per cent. of the amount applied for. Applications at higher prices were accepted in full. £45·0 millions of Treasury bills are being offered on September 9th.

NATIONAL SAVINGS CERTIFICATES

Sales in	Number	Purchase Price
33 weeks to :—		
Aug. 21, 1937† ...	20,929,181	15,696,886
Aug. 20, 1938 ...	21,105,187	15,828,896
Week to :—		
Aug. 21, 1937 ...	509,386	382,040
Aug. 13, 1938 ...	519,909	389,932
Aug. 20, 1938* ...	522,557	391,918

* Net Exchequer receipts, week ended August 20, 1938, Nil.

BANK OF ENGLAND RETURNS

SEPTEMBER 7, 1938

ISSUE DEPARTMENT

	£		£
Notes Issued :		Govt. Debt ...	11,015,100
In circuln.	480,114,598	Other Govt. Securities ...	188,729,195
In Bnkg. Department ...	46,299,077	Other Secs. ...	244,097
		Silver coin ...	11,608
		Amt. of Fid. Issue ...	200,000,000
		Gold Coin & Bullion ...	326,413,675
	526,413,675		526,413,675

BANKING DEPARTMENT

	£		£
Props. capital	14,553,000	Govt. Secs. ...	101,336,164
Rest	3,666,597	Other Secs.	
Public Deps.*	32,151,128	*Discs. etc. ...*	*5,353,719*
Other Deps. :		*Securities ...*	*22,072,852*
Bankers ...	*91,259,444*		27,426,571
Other Accs.	*34,852,399*	Notes	46,299,077
	126,111,843	Gold & Silver Coin	1,420,956
	176,482,768		176,482,768

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

THE WEEK'S CHANGES

(£ thousands)

Both Departments	Amt. Sept. 7, 1938	Compared with Last Week	Compared with Last Year
COMBINED LIABILITIES			
Note circulation	480,115	– 318	– 9,034
Deposits : Public	32,151	+ 4,393	+ 20,182
Bankers'.....	91,250	– 3,481	+ 14,443
Others.....	31,852	– 1,524	+ 1,403
Total outside liabilities	638,378	– 933	– 4,697
Capital and rest	18,220	+ 12	– 26
COMBINED ASSETS			
Govt. debt and securities	301,081	– 780	– 5,371
Discounts and advances	5,354	– 16	+ 233
Other securities	22,317	– 198	+ 608
Silver coin in issue dept.	12	– 0	– 1
Gold coin and bullion....	327,835	+ 74	– 192
RESERVES			
Res. of notes & coin in banking department...	47,720	+ 392	+ 8,842
Proportion of reserve to outside liabilities—			
(a) Bnkg. dept. only ("proportion")	30·1%	+ 0·4%	+ 4·9%
(b) Gold stocks to deposits and notes ("reserve ratio")	51·1%	– 0·1%	+ 0·3%

COMPARATIVE ANALYSIS

(£ millions)

	1937	1938			
	Sept. 8	Aug. 17	Aug. 24	Aug. 31	Sept. 7*
Issue Dept. :					
Notes in circ.	489·1	482 6	478·7	480·4	480·1
Notes in banking dept.....	37·3	43·8	47·7	46·0	46·3
Govt. debt and securities ...	199·3	199 5	199·2	199·0	199·7
Other secs. ...	0·7	0·5	0·7	0·2	0·2
Gold	326·4	326·4	326·4	326·4	326·4
Deposits:					
Public	12·0	20·1	24·0	27·8	32·2
Bankers'.....	105·7	105 7	101·6	94·7	91·3
Others	36·3	34·1	34·1	36·4	34·8
Total	154·0	159·9	159 6	158·9	158·3
Bkg. Dept. Secs.:					
Government ..	107·1	104·6	101·9	102·1	101·3
Discounts, etc.	5·1	6·5	6·3	5·4	5·4
Other	21·0	22·0	20·6	22·3	22·1
Total	133·3	133·1	128·8	129 8	128·8
Banking dept. reserve.....	38·9	45·0	48·9	47·3	47·7
"Proportion"	25·2	28·1	30·6	29·7	30·1
Reserve ratio†	51·0	51·0	51·3	51·2	51·4

† Gold stocks in both departments to deposits and notes in circulation. * At this date, Government debt was £11,015,100 : silver coin in Issue Department,

OVERSEAS BANK RETURNS

NOTE.—A return of the Bank of Spain appeared in *The Economist* of May 28th last. The latest return of the Banque Mellie Iran appeared in *The Economist* of August 20th; and the Banks of Argentina, Danzig, Egypt, Greece, India, Latvia and Lithuania, of August 27th; Bulgaria, Estonia, Finland, Japan, Java, Jugo-Slavia, Norway, South Africa and Sweden, of September 3rd.

BANK FOR INTERNATIONAL SETTLEMENTS.—(Million Swiss gold francs of 0.29 grammes)

	Aug. 31, 1937	June 30, 1938	July 31, 1938	Aug. 31, 1938
ASSETS				
Gold in bars	10·9	29·3	27·4	30·9
Cash	23·7	41·1	34·9	48·1
Sight funds.....	21·1	15·3	16·5	15·7
Bills and acceptances :				
(a) Commercial bills	122·6	141·8	140·8	152·7
(b) Treasury bills ...	170·8	106·6	81·4	70·7
Time funds at interest	45·7	54·7	55·8	53·9
Sundry bills & invests.	310·2	257·9	258·6	252·9
Other assets	1·3	1·1	0·9	1·6
LIABILITIES				
Capital paid up	125·0	125·0	125·0	125·0
Reserves	23·2	24·3	24·3	24·3
Long-term commitmts :				
(1) Annuity trust account deposits...	153·1	153·6	153·3	152·9
(2) Govt. deposits...	112·5	103·6	103·2	102·6
Short term and sight deposits :				
(1) Central banks : Own account	234·6	182·9	158·9	166·1
(2) Central banks : For acct. others ...	4·4	1·8	2·4	2·4
(3) Other deposits...	7·4	2·8	2·6	6·1
Sight deposits—gold...	8·8	9·8	9·2	9·1
Miscellaneous items ...	37·2	36·2	37·6	38·0
Profits (dist. July 1) ...	...	7·9	...	...

U.S. FEDERAL RESERVE BANKS

Million $'s

12 U.S.F.R. BANKS	Sept. 9, 1937	Aug. 11, 1938	Sept. 1, 1938	Sept. 8, 1938
RESOURCES				
Gold certifs. on hand and due from Treas.	8,831	10,633	10,632	10,631
Total reserves	9,111	11,036	11,026	10,996
Total cash reserves ...	271	394	386	356
Total bills discounted	24	7	7	7
Bills bt. in open mkt.	3	1	1	1
Total bills on hand ...	27	7	8	8
Industrial advances ...	21	16	16	16
Total U.S. Govt. secs.	2,526	2,564	2,564	2,564
Total bills and secs. ...	2,574	2,587	2,588	2,587
Total resources	12,370	14,250	14,261	14,241
LIABILITIES				
F.R. notes in actual circulation	4,295	4,136	4,169	4,212
Aggregate of excess mr. bank res. over reqts.	760	2,920	2,940	3,030
Deposits — Member-bank reserve account	6,710	8,046	8,179	8,269
Govt. deposits	130	839	720	561
Total deposits	7,154	9,249	9,212	9,147
Cap. paid in and surplus	306	309	309	309
Total liabilities	12,370	14,250	14,261	14,241
Ratio of total res. to deposit and F.R. note liabs. combined	79·6%	82·4%	82·4%	82·3%
U.S.F.R. BANKS AND TREASURY COMBINED RESOURCES				
Monetary gold stock...	12,604	13,033	13,135	13,237
Treasury and Nat. Bk. currency	2,587	2,723	2,730	2,729
LIABILITIES				
Money in circulation...	6,597	6,466	6,503	6,579
Treasury cash and deposits with F.R. Bks.	3,886	3,206	3,200	3,140

NEW YORK FEDERAL RESERVE BANK.—Million $'s

	Sept. 9, 1937	Aug. 11, 1938	Sept. 1, 1938	Sept. 8, 1938
Total gold reserves ...	3321·2	4639·1	4658·4	4598·6
Total bills discounted	15·8	1·1	2·1	2·3
Bills bt. in open mkt.	1·1	0·2	0·2	0·2
Total U.S. Govt. secs.	725·0	780·0	780·1	780·1
Total bills and securts.	747·3	785·1	786·2	786·3
Deposits — Member-bank reserve account	2846·0	3798·1	3936·2	3995·9
Total res. to dep. and Fed. Res. note liabilities combined ...	83·6%	86·9%	87·0%	86·7%

FEDERAL RESERVE REPORTING MEMBER BANKS.—Million $'s

ASSETS	Aug. 25, 1937	July 27, 1938	Aug. 17, 1938	Aug. 24, 1938
Loans, total	9,958	8,161	8,223	8,217
Investments	12,357	12,395	12,409	12,496
Reserve with Federal Reserve banks	5,191	6,675	6,568	6,639
Due from domestic bks.	1,654	2,423	2,437	2,419
LIABILITIES				
Deposits : demand (adjusted).....	14,950	15,160	15,020	15,214
Time	5,282	5,200	5,215	5,217
U.S. Government ...	569	441	425	421
Inter-bank	5,474	6,153	6,273	6,200

BANK OF FRANCE.—Million francs

ASSETS	Sept. 2, 1937	Aug. 4, 1938	Aug. 25, 1938	Sept. 1, 1938
Gold	55,718	55,808	55,808	55,808
Advances on gold coin	1,099	...	...	...
Bills : Commercial ...	8,540	6,819	8,786	8,360
Bought abroad	881	726	726	726
Advances on securities	3,945	3,675	3,545	3,693
Thirty-day advances ...	1,142	826	331	766
Loans to State without interest : *(a)* general	3,200	3,200	3,200	3,200
(b) provisional	26,018	†40134	†40134	†40134
Negotiable bonds,	5,637	5,574	5,570	5,570
Sinking Fund Dept.	4,226	4,111	4,188	4,560
Other assets				
LIABILITIES				
Notes in circulation ...	90,002	101351	99,065	101760
Deposits : Public	2,284	3,172	2,891	2,539
Private ...	14,721	13,506	17,602	15,805
Other liabilities	3,400	2,841	2,731	2,713
Gold reserve to sight liabilities	52·0%	47·2%	46·7%	46·4%

† Of which fcs. 18,050 millions under Conventions whose permissible limit is fcs. 30,000 millions.

REICHSBANK

Million Reichsmarks

ASSETS	Aug. 31, 1937	July 30, 1938	Aug. 23, 1938	Aug. 31, 1938
Gold	69·9	70·8	70·8	70·8
Of which depstd. abroad	20·0	20·3	10·6	10·6
Res. in foreign currencs.	6·0	5·2	5·9	5·5
Bills of exchange and cheques	5316·0	6264·2	5790·2	6648·3
Silver and other coin...	138·4	135·7	207·1	129·9
Advances	51·7	48·5	27·9	35·2
Investments	403·4	847·1	847·5	847·8
Other assets	766·6	1149·1	1140·4	1137·7
LIABILITIES				
Reserves	493·0	514·4	514·4	514·4
Notes in circulation ...	5115·5	6649·5	6143·3	6868·5
Other daily maturing obligations	736·0	919·8	977·3	1032·9
Other liabilities	257·6	286·8	304·8	309·4
Cover of note circulatn.	1·48%	1·14%	1·25%	1·11%

AUSTRALIAN COMMONWEALTH BANK.—Million £'s

ASSETS	Sept. 6, 1937	Aug. 8, 1938	Aug. 29, 1938	Sept. 5, 1938
Gold and English stg.	16·01	16·01	16·01	16·01
Other coin, bullion, &c.	5·40	5·52	5·01	5·76
Money at short call—London	33·85	23·62	23·27	22·30
Short-term loans	3·18	...	...	...
Secrts. and Treas. bills	76·99	89·62	90·54	90·14
Discounts and advances	10·39	14·02	14·10	14·20
LIABILITIES				
Notes issued	47·53	49·03	49·03	49·03
Res. pm. on gold sold	7·75	7·75	7·75	7·75
Deposits, etc.....	92·65	84·97	85·28	84·65

NATIONAL BANK OF BELGIUM

Million belgas

ASSETS	Aug. 4, 1938	Aug. 18, 1938	Aug. 25, 1938	Sept. 1, 1938
Gold	2,972	3,066	3,047	3,085
Silver and other coin...	45	46	47	46
Foreign exchange, etc.	867	917	927	927
Bills and securities.....	666	608	604	590
Advances	58	48	43	56
LIABILITIES				
Notes in circulation ...	4,233	4,226	4,223	4,297
Deposits : Govt.	13	8	15	31
Other	275	364	344	289

BANK OF CANADA

Million $'s

ASSETS	Aug. 31, 1937	Aug. 3, 1938	Aug. 24, 1938	Aug. 31, 1938
Reserve, of which	207·9	205·6	208·6	207·9
Gold coin and bullion	179·5	180·7	180·5	180·1
Securities	160·1	170·7	174·0	173·7
LIABILITIES				
Note circulation	148·1	155·3	159·8	161·4
Deposits : Dom. Govt.	26·6	14·6	14·3	12·8
Chartered banks ...	185·3	196·6	202·4	202·2
Reserves to notes and deposit liabilities ...	57·7%	55·2%	55·2%	55·1%

NATIONAL BANK OF CZECHOSLOVAKIA.—Million Cz. kr.

ASSETS	Aug. 31, 1937	July 31, 1938	Aug. 23, 1938	Aug. 31, 1938
Gold	2,574	2,653	2,653	2,653
Balance abroad and foreign currencies ...	371	246	212	202
Discounts and advances	2,236	3,430	3,500	4,001
State notes debt.....	2,014	2,006	2,005	2,005
LIABILITIES				
Bank notes in circulatn.	6,250	7,641	7,387	8,087
Deposits	128	259	503	138

RESERVE BANK OF NEW ZEALAND

Million £'s

ASSETS	Aug. 30, 1937	Aug. 1, 1938	Aug. 22, 1938	Aug. 29, 1938
Gold	2·80	2·80	2·80	2·80
Sterling exchange	20·55	15·32	14·51	13·69
Advances to State	4·79	6·54	6·51	6·63
Investments	2·91	2·73	2·73	2·73
LIABILITIES				
Bank notes	12·79	13·60	13·76	13·70
Demand liabs. : State	6·27	5·50	4·30	3·99
Banks and others ...	10·56	7·06	7·19	6·86
Reserves to sight liabs.	78·8%	69·2%	68·5%	67·2%

NATIONAL BANK OF DENMARK

Million kroner

ASSETS	Aug. 31, 1937	June 30, 1938	July 31, 1938	Aug. 31, 1938
Gold coin and bullion	117·9	117·7	117·7	117·7
Foreign bills & balances	12·9	88·5	95·2	109·3
Home bills, securities and loans	203·7	279·8	281·8	290·9
Emergency fund	114·3	82·1	79·7	69·6
Advances to Treasury	96·8	51·1	20·7	26·7
LIABILITIES				
Notes in circulation ...	376·5	413·9	403·3	396·6
Deposits	53·0	93·8	77·0	101·7
Foreign liabilities	14·4	1·9	2·8	1·9

NATIONAL BANK OF HUNGARY

Million pengo

ASSETS	Aug. 31, 1937	July 31, 1938	Aug. 23, 1938	Aug. 31, 1938
Metal reserve :				
Gold coin and bullion	84·1	84·1	84·1	84·1
Foreign exchange ...	57·8	73·6	75·5	75·6
Res. of token money ...	5·1	6·5	6·3	5·3
Inl. bills, wts., & secs.	416·4	391·1	378·7	398·8
Advances to Treasury	111·5	148·2	150·1	150·1
LIABILITIES				
Notes in circulation ...	453·3	581·3	532·5	606·3
Current accounts, deposits, etc.	191·4	180·2	230·3	176·0
Cash certificates.....	92·9	69·7	69·7	69·7

NETHERLANDS BANK

Million florins

ASSETS	Sept. 6, 1937	Aug. 8, 1938	Aug. 29, 1938	Sept. 7, 1938
Gold	1265·9	1480·8	1480·5	1500·1
Silver	18·3	20·5	20·9	
Home bills, etc.....	11·0	9·3	9·7	9·3
Foreign bills	2·5	5·0	5·0	4·9
Loans and advances in current account...	179·6	296·7	295·9	295·5
LIABILITIES				
Notes in circulation ...	845·5	921·1	939·2	952·2
Deposits : *(a)* Govt. ...	78·4	182·7	167·0	875·9
(b) Other ...	575·8	727·1	723·5	

BANK OF POLAND

Million zloty

ASSETS	Aug. 31, 1937	July 31, 1938	Aug. 20, 1938	Aug. 31, 1938
Gold	429·4	447 2	447·7	448·0
For. exch. and balances	32·0	11·9	10 9	12·0
Bills discounted	536·5	686·4	674·3	714·8
Loans against securities	26·2	32·7	29·2	36·7
Treas. bills discounted	49·4	36·7	34·7	39·7
Securities	135·3	127·6	127·7	127·7
LIABILITIES				
Notes in circulation ...	1021·8	1123·5	1081·4	1149·2
Sight liabilities :				
(a) Government.....	15·7	54·2	36·1	40·4
(b) Others	233·0	209·3	240·8	208·3

BANK OF PORTUGAL

Million escudos

ASSETS	Aug. 4, 1937	July 6, 1938	July 27, 1938	Aug. 3, 1938
Gold	916·8	917·5	917·6	917·6
Balances abroad.....	626·8	586·2	572·9	575·8
Discounts	316·0	370·9	377·9	391·8
Securities	124·4	120·6	120·5	120·5
Government loans.....	1042·2	1039·6	1039·6	1039·6
LIABILITIES				
Notes in circulation ...	2070·4	2063·7	2016·4	2054·5
Deposits : Government	426·3	466·0	479·5	507·9
Bankers' ...	686·9	638·2	652·3	618·7
Other	59·0	48·1	55·3	42·3
Foreign commitments	52·4	105·0	101·1	98·9

NATIONAL BANK OF ROUMANIA

Million lei

ASSETS	July 10, 1937	June 25, 1938	June 30, 1938	July 9, 1938
Gold and gold exchange	15,891	16,872	16,872	16,879
Clearing and other for. exchange.....	3,535	1,715	1,605	1,327
Commercial bills	6,054	6,977	7,171	7,237
Agric. & urban advncs.	2,067	1,949	1,944	1,938
Treasury bills issued agnst. losses on credits	6,433	4,871	4,801	4,802
State debt and adv. to Treasury.....	4,619	5,607	5,601	5,601
Secs. and participatns.	962	1,545	1,643	1,644
LIABILITIES				
Notes in circulation ...	26,336	29,886	30,103	29,824
Other sight liabilities...	12,488	12,879	12,633	12,648
Long-term liabilities...	3,006	3,061	3,060	3,137

SWISS NATIONAL BANK

Million francs

ASSETS	Aug. 31, 1937	July 30, 1938	Aug. 23, 1938	Aug. 31, 1938
Gold	2544·0	2786·0	2844·7	2836·8
Foreign exchange	203·1	384·5	382·6	374·2
Discounts, etc.	7·0	5·0	5·0	13·6
Advances	27·6	20·4	19·6	19·9
Securities	15·9	95·0	94·7	94·7
LIABILITIES				
Notes in circulation ...	1411·1	1540·7	1492·2	1554·5
Deposits	1358·3	1723·1	1831·5	1762·9

N.B.—Exchange Equalisation Fund and assets included in returns December 31, 1936, onwards at 538,583,653 frs.

BANK CLEARINGS

LONDON

(£ thousands)

	Month of August			Week ended Wednesday		Aggregate from January 1 to	
	1937	1938	Change †	Sept. 8, 1937	Sept. 7, 1938	Sept. 8, 1937	Sept. 7, 1938
Number of wkg. days:	25	26	%	6	6	209	210
Town	2,706,649	2,734,864	— 2·8	577,267	624,618	25,816,815	23,169,625
Metropolitan	161,802	157,725	— 6·3	40,915	39,739	1,507,378	1,441,895
Country	295,490	285,833	— 7·0	84,240	77,168	2,631,329	2,546,899
Total	3,163,941	3,178,422	— 3·4	702,422	741,525	29,955,522	27,158,419

† Based on average working day.

PROVINCIAL

(£ thousands)

	Month of August			Week ended Saturday		Aggregate January 1 to	
	1937	1938	Change †	Sept. 4, 1937	Sept. 3, 1938	Sept. 4, 1937	Sept. 3, 1938
No. of working days:—	25	26	%	6	6	207	208
BIRMINGHAM	9,116	8,165	−13·9	3,249	2,592	93,960	83,885
BRADFORD	4,121	3,040	−29·1	933	708	37,346	27,864
BRISTOL	5,017	5,222	+ 0·1	1,304	1,267	45,160	44,322
HULL	3,638	3,406	−10·0	935	823	32,310	29,652
LEEDS	3,341	3,262	− 6·1	1,159	903	36,148	34,023
LEICESTER	2,732	2,467	−13·1	930	722	26,806	24,628
LIVERPOOL	26,153	20,091	−26·1	5,825	4,799	248,294	184,246
MANCHESTER	43,974	36,166	−20·9	12,675	9,774	391,658	326,761
NEWCASTLE	6,483	5,822	−13·7	1,837	1,659	52,244	53,419
NOTTINGHAM	1,916	1,788	−10·2	592	549	18,496	17,620
SHEFFIELD	4,442	3,902	−15·6	1,613	1,252	39,303	38,593
Total: 11 Towns	110,933	93,331	−19·1	31,053	25,048	1,021,725	865,013
DUBLIN	...	...	...	6,053	4,726	204,755‡	220,626‡

† Based on average working day. ‡ 36 calendar weeks.

MONEY RATES

LONDON

	Sept. 1, 1938	Sept. 2, 1938	Sept. 3, 1938	Sept. 5, 1938	Sept. 6, 1938	Sept. 7, 1938	Sept. 8, 1938
Bank rate (changed from 2½% June 30, 1932)	% 2	% 2	% 2	% 2	% 2	% 2	% 2
Market rates of discount							
60 days' bnkrs.' drafts	17/32	17/32	17/32	17/32	17/32	17/32	17/32
3 months' do.	17/32	17/32	17/32	17/32	17/32	17/32	17/32
4 months' do.	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	17/32–9/16	9/16	9/16
6 months' do.	9/16	9/16	9/16	9/16	9/16	9/16–5/8	9/16–5/8
Discount Treasury Bills							
2 months'	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	17/32	17/32
3 months'	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	1/2–17/32	17/32	17/32
Loans—Day-to-day	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1
Short	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1
Deposit allwncs.; Bk.	1/2	1/2	1/2	1/2	1/2	1/2	1/2
Discount houses at call	1/2	1/2	1/2	1/2	1/2	1/2	1/2
At notice	3/4	3/4	3/4	3/4	3/4	3/4	3/4

Comparison with previous weeks

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1938	%	%	%	%	%	%	%
Aug. 11	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 18	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 25	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
Sept. 1	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 8	1/2–1	17/32	9/16	9/16–5/8	2–2 1/2	2 1/4–2 1/2	2 1/2–3

NEW YORK

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

	Sept. 8, 1937	Aug. 10, 1938	Aug. 17, 1938	Aug. 24, 1938	Aug. 31, 1938	Sept. 7, 1938
	%	%	%	%	%	%
Call money	1	1	1	1	1	1
Time money (90 days' mixed coll.)	1	1	1	1	1	1
Bank acceptances:—	1 1/4	1 1/4	Selling Rates			
Members—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Non-mem.—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Commercial accept., 90 dys.	1	1	1	1	1	1

EXCHANGE RATES

LONDON—SPOT

(a) Active Exchanges

(Range of the day's business)

London on	Par of Exch. per £	Sept. 2, 1938	Sept. 3, 1938	Sept. 5, 1938	Sept. 6, 1938	Sept. 7, 1938	Sept. 8, 1938
New York, $	‡4·86 2/3	4·84 1/2–85 1/2	4·84 1/4–85 1/4	4·82 1/8–84	4·81 3/8–83 5/8	4·81 5/8–82 5/8	4·82 1/4–83
Montreal, $	4·86 2/3	4·85 1/4–86 1/2	4·85–86 1/4	4·83 1/4–85 1/4	4·82 1/2–84	4·82 3/4–84	4·83 1/4–84
Paris, Fr.	124·21	178 1/4–7/16	178 1/4–7/16	178 5/16–7/16	178 5/16–7/16	178 5/16–7/16	178 5/16–7/16
Brussels, Bel.	35·00a	28·71–77	28·68–74	28·50–70	28·48–60	28·50–69	28·60–68
Milan, L.	92·46	92–92 5/8	92–92 5/8	91 7/16–92 1/16	91 5/8–7/8	91 7/16–13/16	91 9/16–13/16
Zurich, Fr.	25·22 1/2	92·25i	92·25i	92·25i	91·70i	91·70i	91·70i
Athens, Dr.	375	21·27 1/2–30	21·28–30	21·26–29	21·27 1/2–33 1/2	21·29 1/2–32	21·29 1/2–32
Amst'd'm, Fl.	12·107	540–55	540–55	540–55	540–55	540–55	540–55
Berlin, Mk.	20·43	8·91 1/2–92 1/2	8·91 3/4–92 1/2	8·91 1/2–93	8·91 3/4–94 1/4	8·92–93 1/8	8·92–93 1/4
Registered Marks		12·09–13	12·09–11	12·02–09	12·01–06	12·01–05	12·02–05
Br. India Rup.	(c) †18d.	55 1/2–60 1/2	56–61	56 1/2–61 1/2	56 1/2–61 1/2	56–61	56 1/2–61 1/2
Hong Kong, $	†	1/4 7/8–15/16	1/4 7/8–15/16	1/4 7/8–15/16	1/4 7/8–15/16	1/4 7/8–15/16	1/4 7/8–15/16
Shanghai, $	†	8–9(l)	8–9(l)	8–9(l)	8–9(l)	8–9(l)	8–9(l)
Rio, Mil.	†5·899d.	22 3/32*m	22 5/32*m	22 9/32*m	22 9/32*m	22 3/32*m	22 9/32*m
B. Aires, $	11·45	18·94–19·02g	18·96–19·04g	18·87–19·05g	19·00–10g	19·02–09g	19·04–11g
Valparaiso, $	40	16·12h	16·12h	16·12h	16·12h	16·12h	16·12h
Montevideo, $	†51d.	122 e(l)	122 e(l)	121 e(l)	121e(l)	121e(l)	121e(l)
Lima, Sol.	17·38	19 3/4–20 3/4	19 3/4–20 3/4	19 3/4–20 3/4	19 1/2–20 1/2	19 1/2–20 1/2	19 1/2–20 1/2
Mexico, Pes.	9·76	22·25–23·25(l)	22·25–23·25(l)	22·50–23·50(l)	22·50–23·50(l)	22·50–23·50(l)	23–24(l)
Manila, Pes.	†24·66d.	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd
Moscow, Rbls.	...	24 1/4–5/8	24 1/4–5/8	24 1/4–5/8	24 3/8–7/8	24 3/8–7/8	24 3/8–7/8
		25·71 7/8–72 1/2	25·70 1/2–71 1/8	25·57 3/8–58 1/2	25·57 3/8–58 1/8	25·54 5/8–55 1/4	25·56 3/8–57 1/4

Usance: T.T., Rio de Janeiro, Lima, Valparaiso (90 days). * Sellers. † Pence per unit of local currency. ‡ Par 8·23 1/32 since dollar devaluation on February 1, 1934. (a) Prior to devaluation on April 2, 1935. (c) Per cent. discount. (e) Latest "export" rate. (g) Official rate is $15 sellers. (h) Average remittance rate for importers. (i) Rate for payments to the Bank of England, for account Controller of Anglo-Italian debts. (l) Nominal. (m) Official.

(b) Other Exchanges

London on	Par of Exch. per £	Sept. 2, 1938	Sept. 7, 1938	Sept. 8, 1938
Helsingfors, M.	193·23	226 1/2–227	226 1/2–227	226 1/2–227
Madrid, Pt.	25·22 1/2	100–200(l) 77j	100–200(l) 77j	100–200(l) 77j
Lisbon, Esc.	110	110–110 3/8	110–110 3/8	110–110 3/8
Budapest, Pen.	27·82	24 3/4–7/8	24 1/8–5/8	24 1/4–3/4
Prague, Kc.	$164 1/2§	140 1/4–3/4	139 1/4–140	139 1/2–140
Danzig, Gul.	25·00	25 5/8–26 1/8	25 5/8–7/8	25 5/8–7/8
Warsaw, Zl.	48·38	25 5/8–26 1/8	25 5/8–7/8	25 5/8–7/8
Riga, Lat.	25·22 1/2	24 3/4–25 3/4	24 3/4–25 3/4	24 3/4–25 3/4
Bucharest, Lei	813·8	660–680	660–680	660–680
Constantinople, Pst.	110	610* 614k	608* 610k	608* 606k
Belgrade, Din.	276·32	209–219	209–219	209–219
Kovno, Lit.	48·66	28 1/2–29 1/2	28 1/2–29 1/2	28 1/2–29 1/2
Sofia, Lev.	673·66	390–420	390–420	390–420
Tallinn, E. Kr.	18·159	17 3/4–18 3/4	17 3/4–18 3/4	17 3/4–18 3/4
Oslo, Kr.	18·159	19·85–95	19·85–95	19·85–95
Stockholm, Kr.	18·159	19·35–45	19·35–45	19·35–45
Copenhagen, Kr.	18·159	22·35–45	22·35–45	22·35–45
Alexandria, Pst.	97 1/2	97 3/8–5/8	97 3/8–5/8	97 3/8–5/8
Kobe, Yen	†24·58d.	13 1/32–14 1/16	13 1/32–14 1/16	13 1/32–14 1/16
Singapore, $	† 28d.	27 7/8–28 1/8	27 7/8–28 1/8	27 13/16–28 1/16
Batavia, F.	12·11	8·89–92	8·90–93	8·90–93
Bangkok, Baht	†21·82d.	22–22 1/4	22–22 1/4	22–22 1/4

Usance: T.T., except Alexandria (Sight). * Sellers. † Pence per unit of local currency. § Par, 197·10 1/16 since koruna devaluation on February 17, 1934. Rate for payments to the Bank of England: (j) Under Anglo-Spanish Agreement. (k) Under Anglo-Turkish Agreement. (l) Nominal.

LONDON—FORWARD

(Closing quotations)

London on		Sept. 2, 1938 Per £	Sept. 3, 1938 Per £	Sept. 5, 1938 Per £	Sept. 6, 1938 Per £	Sept. 7, 1938 Per £	Sept. 8, 1938 Per £
New York, cent.	1 Month	(p) 11 3/32–9/32	(p) 5/8–1/4	(p) 9/16–7/16	(p) 1/2–3/8	(p) 9/16–7/16	(p) 1/2–5/8
	2 „	9/16–1/2	5/8–1/2	13/16–11/16	7/8–3/4	7/8–3/4	7/8–3/4
	3 „	13/16–5/4	7/8–3/4	1 1/4–1	1 5/8–1 1/8	1 5/8–1 1/8	1 3/8–1 1/8
Paris, francs	1 Month	(d) 11 3/4–11 4/4	(d) 11 4/4–11 5/8	(d) 11 4/4–11 5/8	(d) 11 4/4–11 3/8	(d) 11 4/4–11 3/8	(d) 11 8/4–11 4/4
	2 „	21 1/2–25/4	21 1/2–23/4	21 1/2–23/4	21 1/2–23/4	21 1/2–23/4	27/16–21 11/16
	3 „	35 8/4–37/8	31 11/16–31 5/16	31 11/16–31 5/16	31 11/16–31 5/16	31 11/16–31 5/16	39/16–31 5/16
Amsterdam, cent.	1 Month	(p) 1–1 1/2	(p) 1–5/8	(p) 1 1/4–3/4	(p) 1 1/4–3/4	(p) 1 1/4–3/4	(p) 1 1/8–5/8
	2 „	1 3/4–1 1/4	1 3/4–1 1/4	2–1 1/2	1 7/8–1 5/8	2–1 1/2	1 7/8–1 3/8
	3 „	2 7/8–2 1/8	2 1/4–2 1/4	2 7/8–2 1/8	3–2 1/2	3–2 1/2	3–2 1/2
Brussels, cent.	1 Month	(d) 5–7	(d) 5–7	(d) 5–7	(d) 5–7	(d) 7–10	(d) 11–15
	2 „	15–19	16–20	15–19	15–20	25–30	27–31
	3 „	30–35	31–35	31–35	35–39	43–48	52–56
Geneva, cent.	1 Month	(p) 2 1/4–1 1/4	(p) 2–1	(p) 3–2	(p) 4–3	(p) 3–2	(p) 3 1/4–2 1/4
	2 „	3 3/4–2 3/4	3 3/4–2 3/4	4 1/2–3 1/2	6 1/2–5 1/2	4 1/2–3 1/2	6–5
	3 „	6–5	6–5	6 1/2–5 1/2	8–6	6 3/4–5 3/4	7 1/2–6 1/2

(p) Premium. (d) Discount.

EXCHANGE RATES—cont.

NEW YORK

New York on	Par of Exch. per cent.	Sept. 1, 1938	Sept. 2, 1938	Sept. 3, 1938	Sept. 5, 1938	Sept. 6, 1938	Sept. 7, 1938
London:—	Old Par	4·84 29/32	4·84 25/32	4·83 25/32		4·81 29/32	4·82 5/32
60 days	4·8666	4·85 1/16	4·85 1/16	4·84 1/4		4·82 1/16	4·82 11/16
Cables	New Par	4·85 7/16	4·85 5/16	4·84 1/4		4·82 5/16	4·82 9/16
Demand	8·2397	4·85 9/16	4·85 5/16	4·84 1/8		2·70 5/8	2·70 7/8
Paris, Fr.	6·63	2·72 1/4	2·72 1/4	2·71 7/8		16·91	16·86
Brussels, Bel.	23·53	16·87 1/2	16·88 1/2	16·87		22·65 1/2	22·66
Switz'l'd. Fr.	32·67	22·80 1/2	22·80 1/2	22·75		5·26 1/4	5·26 1/4
Italy, Lira	8·91	5·26 1/4	5·26 1/4	5·26 1/4		40·04	40·08
Berlin, Mk.	40·33	40·07	40·06	40·05	Markets Closed	...	...
Vienna, Sch.	23·82	...	...	...		54 08 1/2	54·05
Madrid, Pt.	32·67	...	...	...		21·53	21·56
Amst'd'm Gldr	68·06	54·42	54·40 1/2	54·30		24·24 1/2	24·25 1/2
Cop'h'gn, Kr.	145·37	21·67	21·67	21·62		24·87 1/2	24·89
Oslo, Kr.		24·39 1/2	24·39	24·34		0·88 5/8	0·88 5/8
St'h'lm, Kr.		25·03 1/2	25·03	24·97 1/2		99·710	99·750
Athens, Dr.	1·29	0·89 5/8	0·89 1/8	0·88 7/8		28·15	28·16
M'treal, Can. $	169·31	99·855	99·825	99·780		17·30	17·40
Yo'hama, Yen	84·40	28·34	28·30	28·25		29·93	29·95
Shanghai, $	...	17·40	17·40	17·35		5·90	5·90
B. Aires, Peso	...	30·11	30·10	30·04			
Rio, Ms. †	11·96	5·90	5·90	5·90			

Usance: T.T. * Dollars per £1. † Official.

IMPORTS AND EXPORTS OF GOLD AND SILVER

Week ended September 7, 1938

Imports From	Bullion	Coin	Exports To	Bullion	Coin
GOLD	£	£	GOLD	£	£
British S. Africa	1,054,374	...	Palestine	...	24,466
British India	...	382,612	Sweden	805,064	199
New Zealand	30,420	...	Norway	6,293	...
Germany	1,263,204	...	Netherlands	399,564	145,174
Netherlands	19,251	21,363	Switzerland	997,883	34,947
Belgium	4,538,317	...	Morocco	...	9,705
Switzerland	49,167	86,046	United States	15445931	...
Total*	7,005,142	504,259	Total*	17663524	263,856
SILVER			SILVER		
British S. Africa	5,471	...	Bermuda	...	4,000
Australia	1,406	150	Lithuania	1,392	...
Germany	2,803	...	Denmark	2,645	...
Belgium	16,598	426	Egypt	1,610	...
France	16,030	1,366	United States	214,496	860,000
Morocco	...	6,180	Central & S.America	263	...
Japan	10,218	...	Other countries	675	...
Total*	52,646	8,859	Total	221,081	864,000

* Including other countries.

Investment

TRANSPORT RECEIPTS

BRITISH RAILWAY TRAFFICS

	Gross Receipts, week ended Sept 4 (£'000)					Aggregate Gross Receipts 35 weeks (£'000)				
	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts
L. M. & S.—										
1937	*630*	*502*	*241*	*743*	*1,373*	*18,763*	*17040*	*8,871*	*25,911*	*44,674*
1938	636	432	240	672	1,308	18,766	15711	8,654	24,365	43,131
L. & N. E. (a)—										
1937	*406*	*351*	*235*	*586*	*992*	*12,247*	*11730*	*8,570*	*20,300*	*32,547*
1938	411	317	217	534	945	12,151	10968	8,177	19,145	31,296
Great Western—										
1937	*271*	*215*	*114*	*329*	*600*	*7,982*	*6,909*	*3,886*	*10,795*	*18,777*
1938	267	181	104	285	552	7,894	6,425	3,730	10,155	18,049
Southern—										
1937	*414*	*69*	*30*	*99*	*513*	*11,854*	*2,185*	*1,062*	*3,247*	*15,101*
1938	404	63	32	95	499	11,778	2,097	1,045	3,142	14,920
Total—										
1937	*1721*	*1137*	*620*	*1757*	*3,478*	*50,846*	*37864*	*22,389*	*60,253*	*111,099*
1938	1718	993	593	1586	3,304	50,589	35201	21,606	56,807	107,396

(a) Week ended Sept. 3.

CUMULATIVE AND WEEKLY COMPARISONS

(000's omitted)

	L.M.S.	L.N.E.R.	Great Western	Southern
Cumulative Figures	£	£	£	£
Gross increase, second half 1937, over second half 1936	+ 1,443	+ 1,099	+ 647	+ 372
Gross decrease, first half 1938, over first half 1937	− 780	− 638	− 318	− 105
Gross decrease, second half 1938, over second half 1937:—				
9 weeks to Sept. 4, 1938	− 763	− 613	− 410	− 76
Weekly Figures				
Av. weekly decrease, 2nd half 1938	− 84·77	− 68·11	− 45·55	− 8·44
Latest week compared with 1937	− *65*	− *47*	− *48*	− *14*
Latest week compared with average 1927–30	*229*	*213*	*127*	*65*

IRISH RAILWAY TRAFFICS

Company	Gross Receipts, week ended Sept. 2 (£'000)			Aggregate Gross Receipts 35 weeks (£'000)		
	Pass.	Goods	Total	Pass.	Goods	Total
Belfast & Co. Down—						
1937	*3·5*	*0·5*	*4·0*	*96·6*	*17·1*	*113·7*
1938	3·3	0·4	3·7	93·0	15·0	108·0
Great Northern—						
1937	*16·2*	*9·8*	*26·0*	*397·9*	*330·2*	*728·1*
1938	16·2	10·0	26·2	393·2	309·0	702·2
Great Southern—						
1937	*54·3*	*41·9*	*96·2*	*1308·6*	*1413·0*	*2721·6*
1938	52·4	40·4	92·8	1307·6	1361·2	2668·8

AMERICAN RAILROADS

Company		Month of July, 1938	Compared with July, 1937	7 Months, 1938	Compared with 7 Months, 1937
		$	$	$	$
Baltimore and Ohio	Gross	11,325,000	− 3,095,000	72,937,000	29,495,000
	Net†	1,850,000	− 83,000	4,361,000	11,333,000
New York Central	Gross	22,891,000	− 7,830,000	161,834,000	55,719,000
	Net†	2,214,000	− 971,000	2,342,000	23,438,000
Pennsylvania Railroad	Gross	29,458,000	− 10,510,000	196,982,000	77,485,000
	Net†	5,015,000	− 2,307,000	23,950,000	20,967,000
Southern Pacific	Gross	17,018,000	− 2,500,000	109,943,000	22,082,000
	Net†	1,624,000	− 437,000	1,650,000	12,393,000
Union Pacific	Gross	12,881,000	− 1,138,000	75,181,000	13,995,000
	Net†	1,884,000	− 129,000	5,737,000	1,350,000

† Net operating income.

OVERSEAS WEEKLY TRAFFIC RECEIPTS

INDIAN

Name	Weeks	Ending	Gross Receipts for Week 1938	+ or −	Aggregate Gross Receipts 1938	+ or −
		1938	Rs.	Rs.	Rs.	Rs.
Bengal & N. Western	20	Aug. 20	‡6,47,751	− 1,73,172	1,48,94,620	− 10,29,369
Bengal-Nagpur	20	20	‡21,36,000	+ 396	3,56,73,840	− 6,39,069
Bombay, Bar. & C.I.	21	31	‡27,27,000	− 2,03,000	4,79,28,000	− 13,49,000
Madras & S. Mah.	18	10	‡17,64,000	+ 1,45,703	2,78,99,986	− 13,99,203
S. Indian	18	10	‡14,42,294	+ 13,242	2,02,81,800	+ 1,87,783

† 11 days. ‡ 10 days.

CANADIAN

		1938	$	$	$	$
Canadian National	34	Aug. 31	‡5,702,514	− 21,880	12,487,805	− 15657055
Canadian Pacific	34	31	‡4,554,000	+ 362,000	84,562,000	− 6,185,000

‡ 10 days.

SOUTH & CENTRAL AMERICAN

		1938				
Antofagasta	35	Sept. 4	£13,020	− 6,340	541,520	− 45,690
Argentine N.E.	9	3	‡£150,000	− 28,700	1,715,800	+ 92,700
			*£9,305	− 1,781	106,439	+ 5,749
B.A. and Pacific	9	3	‡$1,110,000	− 161,000	10,930,000	− 1,421,000
			*£68,859	− 9,987	678,042	− 88,149
B.A. Central	8	Aug. 20	$116,100	− 34,000	878,900	− 281,800
B.A. Gt. Southern	9	Sept. 3	‡$1,961,000	+ 196,000	18,716,000	+ 438,000
			*£121,650	+ 12,159	1,161,043	+ 27,172
B.A. Western	9	3	‡ 507,000	− 175,000	5,562,000	− 1,515,000
			*£31,452	− 10,856	345,036	− 93,985
Central Argentine	9	3	‡$1,488,500	− 435,100	15,480,400	− 5,713,550
			*£92,339	− 26,991	960,324	− 354,435
Central Uruguayan	8	Aug. 27	d137,340	+ 7,196	1,186,895	+ 48,578
			e£16,007	+ 1,179	138,327	+ 9,711
Leopoldina	35	Sept. 3	M2318000	+ 247,000	60,794,000	− 2,692,000
			£26,947	− 580	696,020	− 123,521
Mexican Railway	34	Aug. 31	f$392,200	− 95,600	2,347,200	− 322,100
Nitrate	34	31	a†£1,805	− 188	101,162	+ 4,819
United of Havana	8	27	£16,727	− 911	136,054	− 24,702

* Converted at average official rate 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." f 10 days.

SUEZ CANAL RECEIPTS

		1938	£	£	£	£
Transit Receipts‡	34	Aug. 31	303,200	− 7,700	6,434,600	− 969,300

‡ 10 days.

LONDON TRANSPORT BOARD

	Receipts	Compared with prev. Year
	£	£
Week ending Sept. 3, 1938, before pooling	554,100	− 3,200
Total, 10 weeks to date	5,586,500	+ 33,500
L.P.T.B. receipts, 52 weeks to June 25, 1938	29,388,200	+ 657,100
L.P.T.B. receipts, 52 weeks to June 26, 1937	28,732,000	+ 255,000
L.P.T.B. receipts, year to June, 1937, after pooling	30,247,378	+ 522,655
London Transport Pool receipts, year to June 30, 1937	41,377,929	+ 771,590

MONTHLY TRANSPORT & POWER RETURNS

Company	Months	Ending		Receipts for Month 1938	+ or −	Aggregate Receipts 1938	+ or −
Brazilian Traction	7	July 31	Gross	$3,269,882	− 304,820	21,743,007	− 366,300
			Net	$1,761,218	− 273,687	11,526,645	− 661,758
Canadian Nat.	7	July 31	Gross	$14,176,717	− 2,486,268	96,936,276	+ 14,723,023
			Net	*Dr.$96,958*	− 1,055,857	*Dr.5,776,941*	− 13,403,788
Canadian Pac.	7	July 31	Gross	$11,090,000	− 588,000	72,378,000	− 6,454,000
			Net	$507,000	− 952,000	3,188,000	− 6,168,000
Int. Rlys. C. Amer.	7	July 31	Gross	$444,329	− 26,759	3,454,817	− 89,141
			Net	$68,373	− 10,542	819,937	− 92,411
Manchester Ship Canal	7	July 31	Gross	£108,000	− 5,650	766,539	− 12,682
Peruvian Corp.	2	Aug. 31	Gross	£73,687	− 18,900	147,742	− 25,979
Suez Canal	8	Aug. 31	Gross	£806,500	− 27,800	6,434,600	− 969,300

THE WEEK'S COMPANY RESULTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation: Dividend: Prefce. Amount	Appropriation: Dividend: Ordinary: Amount	Appropriation: Dividend: Ordinary: Rate	Carried to Reserve, Depreciation, etc.	Balance Forward	Corresponding Period Last Year: Net Profit	Corresponding Period Last Year: Dividend
Breweries		£	£	£	£	£	%	£	£	£	%
Barnsley Brewery	July 31	21,381	76,059	97,440	6,600	32,000	16	36,238	22,602	75,286	16
Financial Land, etc.											
Industrial Finance & Invest.	June 30	10,476	62,898	73,374	23,969	...	...	40,00	9,398	95,307	2
National Industrial Credit...	June 30	...	22,341	22,341	3,863	3,219	5	8,387	6,874	(a)	(a)
Hotel, Restaurants, etc.								5			
United Caterers	July 2	2,416	7,174	9,590	3,262	1,087	6	1,059	4,182	9,034	6
Iron, Coal and Steel											
Horseley Bridge & T. Piggott	June 30	5,009	74,476	79,485	1,974	16,312	10	54,000	7,199	57,569	10
Kay and Co. (Engineers) ...	May 31	...	29,177	29,177	...	22,000	20	6,000	1,177	(a)	(a)
Tinsley Rolling Mills.....	June 30	1,974	10,692	12,666	1,254	2,901	10	4,500	4,011	9,220	7½
Rubber											
United Rubber and Coffee...	Mar. 31	2,382	16,392	18,774	...	8,460	11	6,250	4,064	16,641	12½
Textiles											
Whitworth and Mitchell	June 30	9,183	31,459	40,642	30,000	...	...	10,133	509	69,510	6
Trusts											
Capital and National Trust..	July 31	2,790	17,948	20,738	11,188	2,933	2	...	6,617	17,945	2
Second Alliance Trust.....	July 31	12,330	111,901	124,231	25,144	59,087	21	25,000	15,000	113,864(e	20
Tor Investment	July 31	...	14,865	14,865	6,800	4,001	5½	4,064	...	16,766	5½
Other Companies											
Blakey's Boot Protectors ...	June 30	5,742	27,769	33,511	431	13,329	15	3,763	15,988	27,353	15
Gestetner (D.), Ltd.	Aug. 31	21,615	229,259	250,874	18,375	161,367	40	50,248	20,884	242,866	40(b)
Hickson, Lloyd & King.....	June 30	7,016	10,175	17,191	7,375	2,790	1½	...	7,026	16,568	3½
Initial Services	June 30	14,735	305,156	319,891	32,000	169,050	25	102,623	16,218	277,694	25
Ketton Portland Cement.....	June 30	17,360	60,203	77,563	15,469	22,062	15	20,000	20,032	53,008	12½
Lafarge Aluminous Cement.	Mar. 31	1,632	(c) 13,766	15,398	3,938	2,175	10	7,600	1,685	44,561(d)	10
Total Profits, 1938, in £'000s:	*No.ofCos*										
To September 3	*1,719*	*64,683*	*237,375*	*302,058*	*38,894*	*125,802*	...	*66,449*	*70,913*	*213,513*	...
To September 10	*1,735*	*64,819*	*238,446*	*303,265*	*39,082*	*126,300*	...	*66,814*	*71,069*	*214,656*	...

(a) No comparable figure. (b) Absorbed £129,094. (c) After setting aside £18,698 for income tax and N.D.C.
(d) After setting aside £4,043 for income tax. (e) Before £10,000 tax reserve.

DIVIDEND ANNOUNCEMENTS

Rates are actual, unless stated per annum or shown in cash per share. Rate for previous year refers to total dividend, unless marked by asterisk to indicate interim dividend.

Company	*Int. or †Final	Total	Payable	Prev. Year
BANKS	%	%		%
Anglo-Palestine Bank	4*	...	...	4*
Eastern Bank	3*	...	...	3*
INSURANCE				
Britannic Assnce.....	‡25*	...	...	‡25*
TEA & RUBBER				
Banteng Rubber	...	4	...	6
Batu Tiga Rubber ...	2½*	...	Sept. 19	7½*
Kampong Kuantan Rbr	4*	...	Sept. 23	6*
Kempas Rubber	...	10	Oct. 7	17½
Parit-Bruas Rubber ...	10†	20	...	22
Riverview Rubber ...	2*	...	Sept. 15	2½*
Selangor River Rub.	2*	...	Sept. 27	3*
United Rubber, etc. .	6†	11	...	12½
MINING				
Cent.Prov.Mang.Ore	‡7½*a	...	Oct. 1	‡7½*
Dominion Mining	2½ c.	...	Sept. 15	...
General Mining, etc..	10*	...	Nov. 1	10*
Kramat Pulai Tin.....	20*	...	Sept. 17	25*
Malayan Tin	2½*	...	Sept. 20	20*
Nundydroog Mines...	20*	...	Oct. 7	27½*
Roan Antelope Cpr....	(t)10†	20(t)	Oct. 19	80
Sthn. Malayan Tin	2½*	...	Sept. 19	15*
INDUSTRIALS				
Aire Wool	...	9	...	10
Beechams Pills	17½*	...	Sept. 5	17½*

Company	*Int. or †Final	Total	Payable	Prev. Year
	%	%		%
British Power & Light	2*	...	Oct. 1	2*
Bursledon Brick	6†	11	...	15
Cammell Laird	4*	...	Oct. 4	Nil*
Coleman and Co.	4*	...	Oct. 1	5*
Collars, Ltd.....	10†	20	Sept. 17	20
Conway Stewart & Co.	4*	...	Oct. 1	4*
Currys	2½*	...	...	2½*
Ecuadorian Corp.	3cts.*	...	Oct. 1	3cts.*
Erith and Co.	5*	...	Sept. 16	5*
Gestetner (D.).....	(a)25†	(a)40	...	40
Glasgow Corn Exch.	...	2	...	3
Globe Telegraph	‡11¼*	...	Oct. 1	‡11¼*
Hyde's Bird Seeds ...	15pa*	...	Sept. 30	15 pa*
Imp. Smelt. 6½% prf.	11¼†	4½	Oct. 1	6½
Investors Flexible Tst.	3½d.	...	Sept. 22	...
Irawaddy Flotilla.....	‡2½*	...	Sept. 16	‡2½*
Jones and Higgins ...	3½*	...	...	3½*
Lancashire Dynamo	7½*	...	...	7½*
Lofthouse Colliery ...	‡2½*	...	...	‡2½*
Lon. & Edin. Shipping	...	2	...	4
Mann and Overton ...	5*	...	Sept. 30	7½*
McEwan (Wm.) & Co.	7¼†	14	...	13½
Mergenthaler Lino....	50c.*	...	Sept. 20	50c.*
Modern Machine Tools.....	7½*	...	...	7½*

Company	*Int. or †Final	Total	Payable	Prev. Year
	%	%		%
Natal Land, etc.	3*	...	Sept. 30	3*
Nunnery Colliery	(b)2½*	...	...	3*(c)
Odeon Theatres	...	10	...	...
Qualcast, Ltd.	(a) 20†	(a)30	...	30
Quirk Barton & Co.	2½*	...	Sep. 30	2½*
Radiation, Ltd.	3½*	...	Oct. 15	3½*
Scot. Agricul. Indus.	...	4½	...	4½
S.G.B. (Dudley)	...	8	...	8
Sheffield Forge, etc.	...	15	...	20
So. Western Gas, etc.	2*	...	Oct. 12	2*
Stone (J. & F.)	5†	10	...	17½
Swears and Wells.....	2½*	...	Oct. 15	2½*
Thorncliffe Coal	50†	75	...	75
Triplex Foundry.....	2½*	...	...	2½*
United Glass Bottle .	3½*	...	Sept. 16	3½*
Vaughan Brothers ...	10†	20	...	...
Wales	6⅔*	...	Sept. 30	6⅔*
Whiteley (Wm.)	10*	...	Sept. 30	10*
Wright Layman & Co.	2½*	...	...	2½*
Yarra Falls	...	5	Oct. 6	5

(a) Paid on a larger capital. (b) On £308,000.
(c) On £280,000. (t) Paid on 200% more capital.
‡ Free of Income Tax.

TRANSVAAL GOLD OUTPUT

Statistics for August 1938 (on basis of £7 2s. 0d. per fine ounce)

Name of Mine and Group	Tons Milled	Output Fine ozs.	Net Estimated Value	Working Costs	Profit	Working Costs Per Ton
Anglo-American Corporation			£	£	£	s. d.
Brakpan Mines	140,000	...	253,129	145,314	107,815	...
Daggafontein Mines	145,000	...	289,870	150,352	139,518	...
Spring Mines	150,500	...	305,107	153,578	151,529	...
West Springs	89,000	...	128,945	82,232	46,713	...
S. African Land and Exploration	32,300	...	49,814	54,527	*Dr.4,713*	...
Central Mining—Rand Mines						
City Deep.....	112,000	22,287	158,385	...	23,381	24 1·3
Cons. Main Reef ...	172,000	30,445	216,207	...	50,160	19 3·7
Crown Mines	368,000	89,713	637,900	...	264,920	20 3·2
Durban Roodpt. Deep	124,000	24,221	172,113	...	42,028	20 11·8
East Rand Prop.	223,000	48,383	344,131	...	100,190	21 10·5
Geldenhuis Deep.....	69,500	10,145	72,120	...	17,057	15 10·1
Modderfontein B. ...	92,000	15,507	110,179	...	45,610	14 0·4
Modderfontein East ..	128,000	23,827	169,111	...	58,503	17 3·4
New Modderfontein	200,000	36,192	257,373	...	110,362	14 8·4
Nourse Mines	84,000	17,048	121,166	...	23,504	23 3·0
Rose Deep	82,000	13,094	92,956	...	17,416	18 5·1
General Mining						
Van Ryn Gold	63,000	...	55,049	...	5,250	16 3
West Rand Cons. ...	180,000	...	251,999	...	102,791	16 11

Name of Mine and Group	Tons Milled	Output Fine ozs.	Net Estimated Value	Working Costs	Profit	Working Costs Per Ton
Goldfields			£	£	£	s. d.
Simmer and Jack.....	114,000	24,603	174,679	...	56,487	20 9·5
Robinson Deep	125,000	28,943	206,464	...	84,410	19 5·0
Sub Nigel	62,400	43,382	307,993	...	205,135	32 11·6
Vogelstruisbult	72,700	17,285	122,727	...	32,158	24 11·0
Rietfontein Cons. ...	28,500	4,122	29,219	...	10,550	13 1·2
Luipaards Vlei	55,000	11,607	82,408	...	23,404	21 9·0
Johnnies Group						
East Champ D'or ...	29,000	...	49,529	...	18,351	21 7
Government Areas ...	212,000	...	371,571	...	180,071	18 3
Langlaagte Estate ...	105,000	...	109,261	...	9,081	19 4
New State Areas	128,000	...	259,172	...	144,110	18 2
Randfontein Estates	395,000	...	451,604	...	110,178	17 5
Van Ryn Deep.....	111,000	...	126,796	...	33,070	17 0
Witwatersrand	89,000	...	99,128	...	12,530	19 9
Johnnies Group Total	1,069,000	...	1,467,361	...	507,391	18 2
Union Corporation						
East Geduld	152,000	44,081	312,954	121,737	191,217	...
Geduld Prop.	114,500	28,405	202,445	83,229	119,216	...
Modder Deep	51,500	7,089	50,463	41,715	8,748	...
Van Dyk Cons.	65,000	13,918	99,069	73,860	25,209	...
Other Mines						
Glynn's Lydenburg...	8,700	2,656	18,874	...	5,043	31 9·5
New Kleinfontein ...	73,300	14,134	100,298	69,700	30,598	19 0
Transvaal Gold	29,200	4,726	33,685	...	4,679	19 10·4
Witwatersrand Deep	45,500	8,006	56,736	48,118	8,618	...

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Hope from Despair

EUROPE has lived through one of the most extraordinary and nerve-racking weeks of its history. Never can events have tripped so rapidly and so confusingly over each other's heels. Rarely can the emotions of the ordinary citizen have been so agitated, when black pessimism and nervous optimism have alternated in such fierce assaults on cool-headed judgment. Herr Hitler's speech seemed to the British public to have at least the merit that it slammed no doors, and the general mood was, as a result, a shade lighter on Tuesday morning. But the Sudeten riots in Bohemia, the proclamation of emergency powers by the Prague Government and the breaking-off of all negotiations between Czechs and Sudetens, caused a reaction, on Wednesday, to the most gloomy forebodings. Then, late on Wednesday night, like the clap of thunder that in the old classical dramas announced the arrival of the *deus ex machina*, came the utterly unexpected news that the British Prime Minister was flying on the morrow for a personal conference with Herr Hitler.

When events pile up on top of each other in this fashion, even the daily newspapers confront a new world with each edition. A weekly journal can make no pretence to do more than record the past and speculate upon the future—a future which may already be several layers deep in history before these words are read. When we wrote last week, doubts were arising about the firmness with which the British Government were holding to their declared position. These doubts were partly resolved by a statement on Sunday evening—twenty-four hours before Herr Hitler spoke—which made it even clearer than ever that in the event of a European war breaking out over the Czech-German quarrel, Great Britain could not stand aside. But some uncertainty still remained over the extent to which, for the sake of peace, Britain would herself go, and persuade those dependent upon her to go, towards the German demands. Herr Hitler's speech accordingly, though it left the way open for negotiation, gave no sign whatever that Germany was in a mood to abate any of her demands. On the contrary, they were enlarged to include "self-determination" for the Sudetens, who were repeatedly and emphatically promised the backing of the Reich. The Sudetens in Czechoslovakia immediately drew the obvious conclusion: they began to revolt against the authority of the Czechoslovak State. In less than twenty hours after Herr Hitler's speech at Nuremberg, a state of emergency, approximating to martial law, had been proclaimed in many of the Sudeten districts. An ultimatum from Herr Henlein having been left without answer by the Prague Government, the Sudeten leaders broke off all negotiations and declared that the famous eight points of Carlsbad were now no longer enough to satisfy their ambitions.

This, then, was the situation which held Europe breathless on Wednesday. The deadlock in Czechoslovakia was complete. News was coming in of fatal affrays in the Sudetenland, and though there were signs that the rulers of Germany were at the last minute hanging back when they saw the depth of the abyss before them, no man dared hope that Herr Hitler could long refrain from intervening while Sudetens and Czechs were killing each other, or that his intervention would not plunge all Europe into war.

Upon this almost wholly black outlook the announcement of Mr Chamberlain's flight to Germany burst, late at night, without the slightest warning or preparation. It has been revealed that the idea originated with M. Daladier, though he probably had in mind a joint descent upon Berchtesgaden. But no matter whose original brain first hit upon this very bold stroke, Mr Chamberlain deserves—and is receiving—the applause of the whole world for his courageous action. There is one statesman at least who does not let pride or ceremony overcome his desire for peace. Courage was, indeed, needed. Journeys to Berchtesgaden have not, in the past, had happy sequels, and Mr Chamberlain is running the risk of being told that he is really going to Canossa. But the threatened catastrophe of a general war is so appalling that the world is unanimously of opinion that Mr Chamberlain was supremely right in not allowing any consideration of prestige to prevent him taking the only step that offered any hope of averting it.

No one will envy the Prime Minister the very heavy personal responsibility that rests upon his shoulders. Nor is it useful at this moment to attempt to foresee the outcome; for this dramatic move has taken us out of the realm of calculable factors and carried us into a region where psychology and the mutual influence of personality will play an exceptionally important rôle. In this visit there are great possibilities. Through a sudden break in the clouds, the world has for a moment caught a shadowy glimpse of a new world in which Germany may come to live on terms of peace and understanding with the rest of the world. At the moment none can say whether this is reality or illusion. Herr Hitler has always held that Germany must be friends with England. He has not apparently understood what a stumbling-block his philosophy, his outlook and his methods place in the way of this consummation. It may be that the simplicity of method and the great compliment implied by this visit may profoundly modify his mental attitude—in spite of the venom of the Nuremberg harangue. On the other hand, a clash between the personalities of these two men on whom the eyes of the world are turned might have the direst results. For the moment we can only wait for the account from Mr Chamberlain's own lips which Parliament is to be summoned next week to hear.

But among these intangibilities there is one phenomenon that may be noted. The state of acutest tension under which the peoples of Europe—and not least those of Germany—have been living for the last few days has been suddenly relaxed. Yesterday war seemed inevitable; to-day, men and women everywhere are feeling that agreement can be made. It is difficult to believe that after this sudden fall in temperature, the peoples of the world can quickly be excited again to fever heat. And nations—even under dictatorships—do not go to war in cold blood.

This does not mean that the problems are solved. Even in the present atmosphere of great hope suddenly re-born out of great despair, it is necessary—all the more necessary—to sound a warning. The only agreement that is worth while having, the only one that will give Mr Chamberlain his honoured niche in history, is one that guarantees peace for more than a few weeks or months. An agreement that abandoned the Czechs would not merely be dishonourable, would not merely turn Mr Chamberlain's flight into an ignominious surrender, it would be short-sighted and contrary to the most narrowly conceived interests of Britain herself. The touchstone of any agreement must be this: does it put a stop to the method of expansion by brutal aggression? If it does, if the new settlement of Czechoslovakia (whatever it may be) is protected by real guarantees of its permanence, then Mr Chamberlain's work will have been well done. But if the Peace of Berchtesgaden turns out to be the rewarding of the aggressor in return for his mere promise to be good for a while, then we have merely gone a step further towards our own doom. "The stake the Prime Minister risks," says an American newspaper, "is his own prestige and the prestige of Britain. The world can only wait and hope that it will not be played in vain."

Britain's Recovery

FIVE years ago the Economics Section of the British Association performed a useful service by commissioning from a specially-constituted Research Committee a record of the changes produced in the economic structure of Great Britain by the Great Depression. This was published under the title of "Britain in Depression," and the Committee have now added to their meritorious labours by publishing a companion volume under the appropriate title of "Britain in Recovery."* The time is appropriate for an analysis of our recent recovery; obituaries should be published as promptly as possible after expiry has been ascertained. The enquirer will find in the British Association book all the facts and figures necessary for completing a picture of the Great Recovery of 1933-37.

It is very doubtful whether, as a nation, we realise how remarkable has been our economic achievement in the recovery period. It is certain that we do not make a tithe of the boastful noise about it that would be raised by many other countries with far less substantial justification. This is partly, perhaps mainly, the fault of the dominating influence that the unemployment figures have come to exert on the popular impression of the state of trade. The man in the street knows that there was a steep rise in unemployment between 1929 and 1932 and that not all of the increased unemployment has since been removed. He is, consequently, apt to believe that we suffered from a very severe depression and have only partially recovered.

If the man in the street looked, not at the returns of unemployment, but at those of employment, he would gain a corrective. If he could be shown the other economic indices brought together in "Britain in Recovery," he would discover that the truth is quite remarkably different from his conception of it. It is probable that the actual volume of the national output of goods and services was only some 7 per cent. lower in 1932, the worst year of the depression, than in 1929. Even this very narrow margin between prosperity and depression is somewhat misleading; for the total of wealth available to any community at any time is measured not by its output alone, but by its output as modified by the results of foreign trade. Between 1929 and 1932 the result of Great Britain's international exchanges turned sharply in our favour (though there was an increase in what the mercantilists, with their confusing terminology, call the "unfavourable" balance of trade). We continued to receive roughly the same volume of goods and gave considerably fewer of our own goods in exchange. Thus the physical total of goods and services available for the use of the community diminished by even less than the 7 per cent. fall in output. And since most of the reduction was concentrated in producers' goods, the volume of actual consumption by the people probably did not fall at all on balance, though the wage-earner in work gained at the expense both of the unemployed and of the classes dependent on interest and dividends.

These facts are remarkable enough. But they are less astonishing than the figures of expansion during the recovery period. If national output was only 7 per cent. below 1929 at the bottom of the depression, it was 20 per cent. above 1929 by 1937 (this is the figure reached as the conclusion of a lengthy discussion in the first chapter of the British Association book; it may be a little too high). Moreover, though the effect of foreign trade was to diminish the fall in 1929-32, it did not seriously impede the recovery in 1933-37. The real national income seems to have risen by about one-fifth in a single trade cycle, in spite of a very small rise in population and an increase in the *working* population that has only been moderate. British industry may have failed by 1937 to absorb a million or so of the unemployed who might have been absorbed; but there were four million more people at work in 1937 than in 1932. The British Association book is not concerned with the period before 1929; but, as Mr Keynes pointed out in an article in *The Times* this week, the pace of increase, not merely in total output but also in output per worker employed, has been many times faster in the last few years than between 1924 and 1929. He might have added that it is also well in excess (by all indications) of the average pace of *per capita* expansion in the nineteenth century.

Why has there been this truly astonishing burst of material progress in Great Britain, so soon after we were being written off as a valetudinarian nation? Can we pick out the vital element that gave the British economy such a sudden *élan?* Clearly it cannot be found merely in the normal recuperative influences of the upward phase of the trade cycle, though these have undoubtedly been very powerful; our recovery has been greater than that of most other countries, and greater also than most recovery periods in our own history. Everybody will have his own explanation, but most of them are very hard to reconcile with the facts. The protectionists, for example, will tell us that it was the tariff that did the trick. But how, then, explain the fact that the industries showing the most rapid expansion (as judged by the employment they provide) are not, in the main, protected industries? Of eight industrial groups listed in "Britain in Recovery" as showing "supernormal" expansion, five are from their nature insusceptible of tariff protection: the distributive trades; road transport; miscellaneous consumers' services; gas, water and electricity supply; and building. Another of the eight—motor vehicles, cycles and aircraft—received no additional protection. And the expansion of still another—the miscellaneous electrical industries—was clearly a secondary product of the expansion of the electrical industry itself.

Was the depreciation of sterling perhaps the cause of the striking recovery? Unquestionably it helped, and there is much evidence, accumulated over the past decade, that over-valuation of a country's currency represses its enterprise in a far more insidious manner than is superficially apparent. But complete acceptance of the theory that would ascribe the recovery predominantly to the departure from the gold standard is hampered by the fact that the export industries were among the last and slowest in recovery. Cheap money is another obvious explanation. Once again, it unquestionably helped. But once again, there are inconvenient facts. Cheap money ought to help the capital goods industries more than any others; but they have not been the fastest movers in recovery. Moreover, money to-day is almost as cheap as ever, but it has not prevented recovery from turning into recession.

Where, then, are we to find the clue to the mystery? For our own part we would put forward, not, indeed, as the exclusive cause, but as the chief one, a theory that has been mentioned more than once in *The Economist*. The British Association book quotes from this journal a sentence that will bear re-quotation: "Wage and salary earners . . . after buying their food, drink, tobacco and clothes, had something like £250 millions a year more left over in 1932 than in 1924-27." Since the rise in the price of food was comparatively slow in the early years of recovery, the figure of £250 millions would be higher in each succeeding year, at least until 1936. Here at least is a theory that fits the main facts: it explains the beginning of recovery and its concentration in the consumer's goods industries; it is confirmed by the fact that recovery withered away when the expansion of the consumers' purchasing power received its first serious check; and it fits in with the fact that the recession has appeared more clearly in the consumers' than in the producers' industries.

This is, we repeat, no more than a theory, though the one that appears to have the most *prima facie* justification. Whether or not the rise in British real incomes through the great fall in the price of imported food and textile materials was the largest single factor in British recovery, it was certainly one of the most important contributory causes. The practical applications of this truth are so obvious as barely to need statement. We must defend to the utmost the cheapness of our food supply, doing nothing by way of agricultural protection or otherwise that will reduce the purchasing power of the people. And we must think twice and thrice before we submit to price-raising schemes in such vital industries as steel and coal, which would have the inevitable effect of raising the prices of necessaries other than imported food and textiles. Price-raising, or at least price-maintenance, may sometimes be justifiable, but we ought, in the light of our recent recovery, to realise much more clearly than we do that every time the price of a common necessity is raised, either by protection at the ports or by monopoly at home, the scope for the expansion of British industry is reduced.

* "Britain in Recovery." Prepared by a Research Committee of the Economic Science and Statistics Section of the British Association (London). Sir Isaac Pitman and Sons, Ltd. 484 pages. 15s. net.

The Second-hand Car

THE traffic in second-hand cars, euphemistically called "used" cars in trade circles, is most frequently referred to as a "problem." This it undoubtedly is; but it is also a very important business. There is probably no other commodity, save perhaps a house, which passes into, and out of, the ownership of so many "final consumers" in the course of its working life. There is a trade in second-hand furniture and second-hand clothes; but no other second-hand trade (unless houses be again excepted) is as large as that in motor-cars, either absolutely or relatively to the first-hand trade. Although no accurate statistics about second-hand cars are available in this country, it is believed that their sales to users amount to some 700,000 annually, fetching perhaps £50 millions, as against some 300,000 new cars, valued at something over £60 millions; certainly the second-hand car represents a very important part of the business of a large proportion of motor dealers, besides being the mainstay of a not inconsiderable number of "used car specialists." More important still, the sales of new cars are intimately and increasingly linked with the state of the second-hand market. British manufacturers have hitherto taken little interest in the second-hand car, in which respect they are some distance behind their American colleagues; but there are signs that they are now beginning to appreciate the important bearing the "used" car market has on their own prosperity.

Of late the number of private cars in use in Great Britain has been increasing at the rate of between 150,000 and 170,000 a year; taking this in conjunction with the total new registrations, it may be said that approximately half of each year's output of new cars goes to increase the total of cars on the road and half to replace cars withdrawn from registration (though it does not, of course, in the least follow that the actual purchasers of new cars are also equally divided between those who did and those who did not previously own a car; in point of fact, most new car purchasers are already car owners). It is unlikely, however, that the total number of cars in use will continue indefinitely to grow at the recent rate; this means that the importance of the replacement market as a constituent of the demand for new cars will increase and the "problem" of the second-hand car will loom larger. The motor industry faces a difficulty that no other industry has ever had to bother about unduly; it must work out the economics of second-hand demand and second-hand supply.

The sale of motor vehicles is not a particularly profitable branch of trade for the majority of those engaged in it, a fact which can easily be verified by reference to the accounts of those firms which are public companies. As an industry, it is, like Gaul, divided into three parts—the main distributors whose business is essentially the sale of new cars of the makes for which they hold the agency; the small dealers; and the "used car specialists." The large agents usually either do not retail second-hand cars at all or else confine their attention to relatively new vehicles; their strength lies in their close contact with the manufacturer, elaborate showrooms and "after sales service." The small dealers sell both new and second-hand cars, but very many more of the latter than of the former; they have the advantage of being personally in close touch with their market. The "used car specialists" act as a general clearing house for cars and do a large part of their business with dealers rather than with the public, buying "trade-ins" (i.e. used cars traded by the public to the dealers as part of the consideration for new cars) from the main distributors who do not wish to concern themselves with "used" car sales, and selling to the small dealers who have found prospective purchasers.

The profit-margin on sales of new cars as such is high: main distributors usually receive over 20 per cent. The chief reason why, nevertheless, motor dealers as a whole do not make large profits lies in the lack of finality in their transactions caused by the second-hand car. Very few new cars are sold to people who do not already own a car and, consequently, in the vast majority of transactions, the dealer must accept a second-hand car in part exchange in order to sell a new car. This is not, however, the end of his troubles. To sell the second-hand car he has taken in part exchange—unless, as many of the larger dealers do, he knocks it down to a "used car specialist" at a very low price (involving a loss to himself)—he must accept another and even older car in part exchange. The process may have to be repeated yet again before he makes the final sale which clears the last second-hand car from his stocks. A second-hand car takes up storage space, and its value depreciates fairly rapidly.

The possibility of effecting a deal, right through the cycle of transactions, depends on the part-exchange allowances offered by the trader, as the buyer is, of course, primarily interested in the actual net cost to himself of exchanging the older for the newer car. The profitability to the dealer of a cycle of transactions, and the possibility of offering a sufficiently generous allowance to sell a new car at all, thus both ultimately depend on what the last vehicle he takes in part-exchange will fetch. And this, in turn, in the absence of arrangements by manufacturers to support the market by buying up and scrapping old vehicles, is controlled by the number of persons wishing to become motorists and the price they are prepared to pay to do so. If and when the total number of motorists becomes stationary, the lower end of the second-hand market will become very weak in the absence of artificial support, and this will have repercussions right through to the first stage in the cycle of transactions, the sale of a new car.

Another aspect of the second-hand car problem is that, as the market depends ultimately on the position of supply and demand at the lower end of the scale, the best second-hand values are maintained for small cars of eight or ten horse-power, which, being the cheapest to run, are naturally the most in demand in the cheap second-hand market. High-powered cars, whatever the price they are sold at, are too expensive for the motoring masses to run, and in consequence depreciate very rapidly. This fact deters their purchasers from changing them annually for the obvious reason that if, as statistics show, the average life of a car in this country is just under eight years, the heavier the depreciation in the first year, the slower must be the fall in value in the remaining seven. The problem of increasing the sales of high-powered cars by supporting the second-hand price structure would therefore be likely to prove much harder than that of encouraging the buyers of new small cars to change more frequently.

The motor trade has always been highly competitive, and, partly because of the many stages through which every deal must pass before the last second-hand car taken in part exchange is disposed of, the ultimate profitability of any cycle of transactions is very difficult to gauge. Hence price-cutting has not unnaturally been rampant from time to time and has never been completely eliminated. With a view to stopping price-cutting, maximum part-exchange allowances are fixed by the Motor Trade Association, but are difficult to enforce; where enforcement is effective, maximum prices become standard prices, and no differentiation is made between the careful owner trading in a well-kept car and the careless owner. The difficulty of fixing prices increases as one descends the second-hand scale to the older vehicles, and, at the bottom, a second-hand car is only worth what it will fetch.

It is sometimes claimed that the ideal would be attained if motor traders offered exactly the same price for a second-hand car, regardless whether it were sold to them outright or taken in part-exchange against the purchase of a new car. This is, of course, a counsel of perfection; with the present distributive margin on new car sales, it would either encourage price shading, or alternatively, if the price were maintained, it would make the cost of buying a new car every year prohibitive, and would therefore tend to check sales. Price-fixing arrangements can, of course, only be successful under conditions where control is practicable; no price scheme will ever prevent a buyer from receiving an unauthorised discount from his dealer—the rock on which the N.R.A. motor trade code foundered in America.

Unfortunately for the possibility of ironing out fluctuations in sales, the purchase of a new car can almost always be postponed and the old car kept rather longer, a fact which makes the motor industry especially sensitive to cyclical movements in trade. If only a minority of all motorists can be considered to be buyers or potential buyers of new cars, the annual sale of new cars will clearly depend in the long run on the buying habits of this minority. The more frequently they can be induced to change their cars, the greater will be the annual sales of new vehicles. It is therefore to the interest of the manufacturers to make the cost of changing a car each year as low as possible, while increasing the loss on depreciation in the second and third years, i.e. to raise the trade-in value of a one-year-old car relatively both to the price of a new car and also to the value of an older car. Further, when sales are difficult in times of declining industrial activity, a more stable level will be maintained if the actual cost of buying a new car, i.e. the nominal price less the part-exchange allowance, is made as low as possible, while conversely a rather less generous scale of allowances should be enforced in times of expanding activity. But any such suggestions are difficult to embody in practical form.

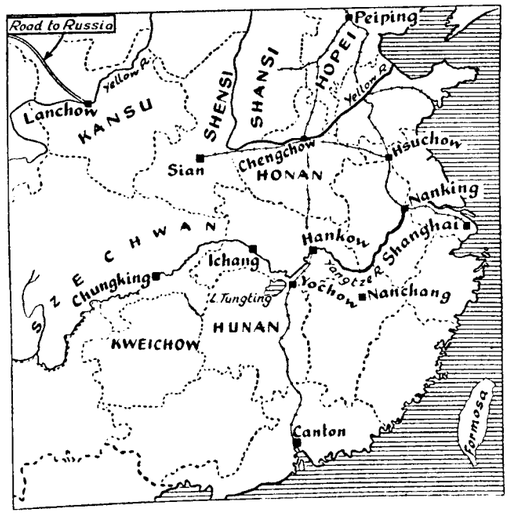
Once it is generally recognised that the key to new car sales lies largely in the second-hand market, positive efforts may be made to control the second-hand price structure, which is at present treated by the manufacturers as though it were solely the concern of the dealers and the public. In the United States the Ford Motor Company has from time to time operated a scrapping scheme under which it bought up and destroyed old vehicles, and some years ago M. Citroën produced a very ambitious scheme on the same general lines. Not many months ago the whole motor trade of the United States co-operated in a "National Used-Car Week," which succeeded to a large extent in clearing the second-hand market and opening the way for increased sales of new cars. The technique of operating in the second-hand market has, however, yet to be developed. It will be necessary to learn what sort of volume of purchases will be required to raise second-hand prices under different conditions of the market, and how far, if at all, the raising of prices and scrapping of vehicles at the bottom end of the scale will result in a diminution in the total number of car owners, which would make the scheme a failure, and how far such a result could be obviated by arranging finance facilities for second-hand car buyers of very modest means. Both for practical men and for theoretical students, the economics of the second-hand market provide a fruitful field for inquiry.

The Importance of Hankow

(By a Correspondent)

WITH the development of the Japanese offensive against Hankow, the war in China enters on an important, and possibly decisive, stage. Yet, as the struggle draws near to its climax, interest in it in this country appears to be diminishing. This is mainly due, no doubt, to the European crisis. But it is also very largely due to a general failure to appreciate the strategic and political significance of Hankow for the great conflict in the Far East, and to the acceptance of a false analogy between the present and previous phases of the war. Because China was not crushed by the Japanese captures of Shanghai, Nanking and Hsuchow, it is assumed that the fall of Hankow, if it is lost, will be equally indecisive.

There are good reasons, however, for expecting the campaign now in progress in the heart of China to be much more important in its effects than any previous moves in the war. If the Japanese are repulsed, if Hankow becomes a "second Madrid," then Japan will have failed in her biggest effort to shatter China as an organised State, and her position will tend to become more and more untenable. If, on the other hand, Hankow falls, the Chinese defence will be subjected to a strain far greater than it has yet endured, and, if no assistance from abroad is forthcoming, it is even possible that the disintegration of China as an organised State may come about with startling rapidity, in spite of the national unity and courage which the Chinese have displayed up to now. In one way, indeed, Chinese propaganda has rendered a disservice to the Chinese cause, for it has been so successful in convincing foreign opinion that China must win the war, however many cities she loses, that hardly anyone now seems to think that China is in serious danger. It has become a commonplace that "time is on the side of the Chinese." But if the Japanese succeed in taking Hankow within the next two months, their stranglehold on China may be more quickly effective than the slow attrition of their own economy by "protracted hostilities."



Hankow is of vital importance because of its position as the hub of the Chinese wheel, as the essential junction of the main lines of communication by which the parts of China still free from Japanese invasion are held together under a central authority. Hankow is situated in the very centre of China, at the intersection of the great Yangtze waterway (navigable from Chungking to the sea) with the Peiping-Canton railway traversing China from north to south. The section of the Peiping-Canton railway north of the Yellow River has been lost, but the line is still held by the Chinese as far as Chengchow, whence there is contact by the Lunghai railway westward to Sian, the provincial capital of Shensi. From Hankow the Chinese Government thus has railway communication south to Canton, the main source of supplies from abroad, and north to Honan and Shensi provinces, while to the west it has access by river shipping to the mountain-girt province of Szechwan beyond the gorges above Ichang.

If Hankow were to fall to the Japanese, this system of communication, on which the unity and effectiveness of China as an organised State so largely depend, would be broken up. The northern provinces of Honan, Shensi and Kansu would be cut off altogether from railway communication with Canton, and the Chinese forces operating in North China would no longer be able to obtain military supplies from the south. They would become entirely dependent for supplies on the Urumchi-Hami-Lanchow road from the Soviet Union; this route, which is merely a dirt track, cannot compare with the railway as a means of munitioning, and, in so far as it sustained the North China armies, it would involve a political orientation towards the Soviet Union rather than a consolidation of Chinese unity under Kuomintang leadership.

A similar loosening of cohesion would result between Canton and Szechwan. Apart from the main connection by the Canton-Hankow railway and the Yangtze, Szechwan is in contact with the coast only by inferior roads through the

by the appearance of a bank loan of £491,915. The general growth in activity which these figures reflect may thus be marked by a further issue of capital in the future. A new holding of shares in an associated company, amounting to £70,000, presumably arises from the formation of Rotol Airscrews. The desire to bring the company's capitalisation into line with the assets employed was emphasised last week by Handley Page, whose 50 per cent. scrip bonus follows a 100 per cent. scrip bonus last December. In recent years profits have expanded rapidly, and the preliminary announcement shows that net profits last year, at £210,126, were more than twice those for 1936. A final dividend of 20 per cent., tax free, on £248,930 of ordinary capital, together with an interim of 10 per cent., less tax, on £124,465, represents about 65.2 (against 50) per cent. on the ordinary capital before last December's bonus.

* * *

Blackburn Aircraft was largely concerned last year in building up equipment to the required capacity and degree of efficiency, and the chairman refers to the year as one of the most difficult in the company's history. In view of the amount of preparatory work, the rise from £124,769 to £139,657 in total profits is satisfactory. Fixed assets have almost doubled and the gross value of stock has risen from £548,200 to £1,234,268, with a resulting increase in the depreciation provision. A bank loan of £321,881 is shown in the balance sheet. Aircraft components makers have also shared in the first real fruits of the expansion programme. Aircraft Components, who specialise in landing equipment, have earned £35,407, against £20,630 (for 13 months), and although the taxation provision is doubled, net earnings amount to 15.9 against 9.8 per cent. on the share capital. Surplus earnings are largely employed to write down patents by £12,000. Future expectations appear to be measured in the decision of the directors of Airscrew to distribute a 25 per cent. share bonus, for profits were sharply reduced from £40,200 to £22,415 for the year to March, and the ordinary dividend from 30 per cent. to 20 per cent.

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International Tea Problems.—Sharcholders in International Tea Company's Stores at last Tuesday's meeting heard a full explanation of last year's further fall in profits (discussed on page 81 of *The Economist* of July 9th). Mr Guy Collier disclosed the interesting fact that many articles were being sold at a satisfactory rate of gross profit, and that price-cutting was confined to no more than half-a-dozen commodities. But the latter, which include butter and sugar, were precisely those which were handled in large quantities. In common with most members of the Multiple Shops Association, the company had entered into an agreement with the Shop Assistants' Union for an increase of wages in November last. Mr Collier estimated that the extra wages involved in 1937-38 would have represented another 3 per cent. for ordinary shareholders, while N.D.C., which appeared in the accounts for the first time, represented a further 2 per cent. in terms of the ordinary capital. Although the company's turnover is still increasing, it is unlikely that its old prosperity will be restored until profits margins are more satisfactory. The present state of competition in provision retailing lends little support for such hopes in the near future.

* * *

Powell Duffryn Prospects.—Mr. E. L. Hann discussed the position of the Powell Duffryn group and the prospects for the coal industry at large with commendable frankness at this week's meeting. Last year, Powell Duffryn Associated Collieries obtained an increase of £32,602 in profits, and paid increased participation dividends to Powell Duffryn Steam Coal and Welsh Associated Collieries. Mr Hann described this increase as "satisfactory," for costs of production had risen; the company's wages bill increased by £1,400,000 last year (of which part, of course, was due to increased output); and increased rail charges since 1933 had increased the cost of Welsh export coal by approximately 5½d. per ton. The Powell Duffryn group is closely interested in the prosperity of export coal business. And the contraction in demand this year is expected to widen the price differential between export and domestic markets. Those investors interested in companies serving the inland market may also note that Mr Hann forecast severe tests for the Selling Schemes during the next few months, since the Control Boards must accommodate themselves to falling demand. He refused to admit, however, the likelihood of a severe trade reaction. The group has effected considerable measures of internal reorganisation in recent years, but these cannot be expected to outweigh the adverse consequences of diminished home and export trade. A current yield of nearly 8¾ per cent. on Powell Duffryn Steam Coal ordinary shares obviously recognises this point.

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Anglo-Ecuadorian Oilfields.—The announcement that the points at issue between Anglo-Ecuadorian Oilfields and the Ecuadorian Government have been settled was followed by a slight setback in the £1 ordinary stock units to 19s. 9d. The key to this reaction is to be found in a sentence of the directors' announcement, which points out that the effect of increased taxation under the new agreement will be serious, although the board thinks that, "provided crude oil prices are maintained, there is every prospect that the company will be able to continue the payment of dividends." The Ecuadorian Government have made it plain that allegations of misfeasance against the company were unofficial and unproven, and the company continues to enjoy the confidence of the Government. Thus, the directors' forecast, made last March, that confiscatory proceedings such as those in Mexico need not be feared, has proved correct. But the company's future burdens will, nevertheless, be substantially increased under the new contract. As from January last, the rate of royalty on crude oil production has been increased from 7 per cent. to 10 per cent. The company's import franchise has been cancelled, although some of the items which it imports into Ecuador will be placed on the free list. Finally, the exemption from income tax which the company has enjoyed hitherto is revoked, and it has been called upon to pay tax, at the rate of 8 per cent., for 1935, 1936 and 1937. It is difficult accurately to estimate the potential effect of these changes upon the company's earnings position. A rough estimate suggests that, on production proceeds for the year to June, 1937, the increased royalty would involve about £12,000, while the Ecuadorian tax liability might amount, at most, to about £32,000, assuming that it was assessed on the basis of net operating income. The payment of four years' tax liability will represent an unusual drain on the current year's available profits, but, subject to the course of the oil market, the increased charges would normally leave fair prospects for the stockholders. So far as they can be estimated, in terms of the 1936-37 profits, they would appear to represent less than 3 per cent. on the company's capital. But the settlement has political implications which oil shareholders generally can scarcely afford to ignore.

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The Week's Company Profits.—Our usual analysis of profit and loss accounts on page 156 includes the results of 39 companies, apart from new concerns, or those for which comparable figures last year are not available. The latest net profits of these companies amount to £3,668,000 and show an increase of 5½ per cent. over the previous year, when they amounted to £3,475,000. The total profits of 1,554 companies analysed this year amount to £223,378,000 and show an increase of 12 per cent. over the previous year's total of £199,454,000. This week's results are discussed on page 139 under the heading "Shorter Comments."

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Company Meetings of the Week.—Reports of company meetings will be found in this issue commencing on page 146. Mr E. L. Hann's survey at the *Powell Duffryn Associated Collieries* meeting is discussed in a Note on page 134. The difficulties experienced in making wheat purchases last year were discussed by Mr A. H. Dence at the *Hovis* meeting. Mr. E. Russell Polden reminded shareholders of *Amalgamated Dental* of the highly competitive nature of the trade, which the company endeavoured to meet by the sale of high quality goods and by organised research. Mr Horace Boot informed shareholders of *Eastwoods Flettons* that contracts for Government work and for investment and industrial building were engaging more of the company's attention than hitherto. At the *Covent Garden Properties* meeting, Mr Philip E. Hill discussed the recent purchase of properties costing £1,236,229, and reported that advantageous offers for certain of the company's properties had been accepted. Members of the *Trustees Corporation* were informed by Mr W. Sandford Poole at the annual meeting that most of the increased investment revenue had been derived from home securities. Sir Frederic Hamilton declared that developments in connection with Luipaards Vlei, the most important mining interest of *H.E. Proprietary*, were extremely encouraging. As the largest shareholders, they had no hesitation in approving the scheme for an extensive development programme which would cost £1,750,000. At the *Kuala Muda Rubber Estate* meeting Sir Francis M. Voules referred to the remarkable improvement in the rubber position since the middle of May. Sir Godfrey B. H. Feel disclosed that the *Thistle-Etna Gold Mines* would shortly increase their crushing capacity to 48,000 tons a year. Sir Reginald Wingate described the outlook for *Tanganyika Concessions* as brighter to-day than ever before.

THE STOCK EXCHANGES

London

SETTLING DAYS

TICKET	ACCOUNT
JULY 19	JULY 21

THE market this week has been much less assured. Gilt-edged and Kaffir shares have made some progress, but the course of industrial shares, home rail stocks and foreign bonds has been much less impressive. In part, Wall Street's irregular course may take the blame, but specific factors bearing on the London market included political restiveness, reflected from certain Continental centres, and a number of bearish industrial pointers, including a sharp fall in steel output in June, and the shock of the Courtaulds interim dividend announcement.

Undated *gilt-edged stocks* fell at the outset on profit-taking, but regained a firmer tone in mid-week, when the success of the Bournemouth issue assisted the market. War Loan led the recovery, and smaller gains were shown by Old Consols and Local Loans. These gains, however, were all lost in Thursday's reaction. New Zealand stocks continued an uneasy market, and fears that restrictions on remittances might be imposed led to a widening of quotations. Australian stocks were better, and the new 3¾ per cent. scrip reached par for the first time.

In the *foreign bond market*, further falls were registered in German and Austrian bonds, for the market was unwilling to take stock. By mid-week, substantial falls had been registered in Young 4½ per cents. to 39¼, and in Dawes 5 per cents. to 52½. Buenos Ayres loans received better support, but Brazilian bonds continued heavy. Far Eastern bonds staged a partial mid-week recovery.

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Among *home rail* stocks, the approach of the interim dividend season caused a subdued opening, and small selling resulted in fairly sharp falls. The week's traffics produced a further fall, although prices closed above the worst. Despite the small volume of business, Argentine rail stocks made a slight improvement in mid-week.

The *industrial market* lost much of its impetus towards recovery, and though prices on the whole were not seriously lower, the tendency became more irregular than in recent weeks. Iron and steel shares weakened, particularly after the publication of the June output figures, but losses were not substantial. Coal shares were also dull, at lower prices. Interest in the electrical equipment section was centred in Crompton Parkinson and Callenders on rumours of a deal between the two companies. Both shares went ahead, but became more irregular in mid-week on profit-taking. Other electrical equipment shares fluctuated, but the tone was generally satisfactory. Electric supply issues were better than in recent weeks. Motor shares became firmer after a poor start, and aircraft issues similarly went ahead on Wednesday after the Bristol report, which made amends for the disappointing dividend. Courtaulds fell back slightly in anticipation of the interim dividend (discussed on page 132), dropped sharply on the actual announcement from 30s. to 29s. 9d. in Wednesday's "Street" market and fell further to 28s. 6d. on Thursday. Other textile issues improved slightly after early neglect. The shipping group brightened slightly after early dulness. Miscellaneous shares followed the general trend with dull conditions and narrow price movements. Beechams deferred responded to the news of amalgamation with Macleans, but reacted later.

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Business in *oil shares* showed some signs of expansion in mid-week, but quiet conditions prevailed at first. News from Wall Street was the main influence, and Continental dealings were too scattered to affect prices. Turnover in rubber shares remained restricted. Quotations on Monday were mostly unchanged, and although a later tendency to weakness was soon reversed, firmer prices were not accompanied by any marked increase in business. Tea shares were quiet and irregular.

Though prices held up well, conditions in the *mining market* were dull, with little business passing except for a small revival in activity in mid-week. Kaffirs started the week more quietly than for some time past, but quotations were marked up moderately later, and there was some return of interest in developing mines. Rhodesian copper issues were irregular, and other base metal shares undecided.

"FINANCIAL NEWS" INDICATORS

1938	Total Bargains‡	Corres. Day 1937	Security Indices: 30 ord. shares*	Security Indices: 20 fixed int.†
July 8	6,470	8,555	89·4	130·0
July 11	6,270	9,415	88·7	130·0
July 12	6,280	7,755	88·0	130·0
July 13	6,300	8,360	87·8	130·0
July 14	6,085	7,985	86·4	129·9
1938				
High...	...	...	*97·2*	*131·0*
			Jan. 12	*Feb. 4*
Low...	...	...	*79·4*	*126·9*
			Mar. 16	*Mar. 17*

‡ Approx. total recorded in S.E. List. * July 1, 1935 = 100. † 1928 = 100.

ACTUARIES' INVESTMENT INDEX

A further slight rise on last week is shown by the Actuaries' Index of 151 ordinary share prices, which on Tuesday, July 12th, stood at 67·9, compared with 67·6 a week ago and 63·4 a month ago. The corresponding average yield on Tuesday last was the same as a week ago at 5·72 per cent. A month ago it was 5·99 per cent. A selection of the separate indices follows :—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100): June 14, 1938	July 5, 1938	July 12, 1938	Prices, High 1938
Insurance (10)	112·0	117·1	119·5	*121·5*
Cotton (6)	25·6	28·0	28·9	*37·1*
Elec. light and power (16)	119·3	120·6	121·4	*121·4*
Elec. mfg. (12)	112·4	120·8	124·1	*126·7*
Motors (6)	32·0	35·8	36·9	*39·0*
Home Rails (4)	48·1	49·9	47·8	*71·0*
Shipping (6)	13·7	15·8	16·0	*19·5*

Group	Yields (%): June 14, 1938	July 5, 1938	July 12, 1938	Prices, Low 1938
Insurance	3·79	3·63	3·56	*110·8*
Cotton	3·21	3·05	3·01	*25·5*
Elec. light and power	4·55	4·50	4·61	*114·8*
Elec. mfg.	6·05	5·74	5·59	*111·1*
Motors	7·43	6·61	6·45	*32·0*
Home Rails	6·94	6·80	7·10	*47·8*
Shipping	4·02	3·96	3·91	*13·7*

New York

WALL STREET'S recovery is no longer so effective, and this week's movements have been more erratic than at any time since recovery began in June. Monday saw a moderate reaction, mainly on profit-taking, but there was also some slackening of investment interest. Then a pronounced rally, under the lead of steels, brought prices above those prevailing at the end of last week, and trading volume expanded satisfactorily. This upswing continued on Wednesday, partly on the inflationary interpretation of the revised Budget figures. The Dow Jones industrial index touched a new 1938 high of 139.90, but prices broke sharply in the last hour, bringing the index down 3 points. The worst feature of this setback was the rise in trading volume as prices fell. Steel shares were the most active group. *Iron Age* estimates output at 32 per cent. of capacity, but the market is paying more attention to the price structure and to the chances of reducing wages than to output. Steel shares

(*Continued on page* 138)

mountains of Kweichow and western Hunan; the Japanese capture of Hankow, especially if it were followed up by an advance to Yochow and the Tungting lake, where the railway first approaches the Yangtze, would mean the virtual isolation of Szechwan and a dangerous separation of Chiang Kai-shek's main army from the Central Government. For, whereas Chungking in Szechwan is the reserve capital, and most of the Government offices have already been moved there, Chiang's army cannot leave the railway by which it is munitioned; it must withdraw, not westward into Szechwan, but southward into Hunan.

Szechwan may be regarded as inaccessible to Japanese forces because of the deep gorges of the Yangtze above Ichang, which form a gateway of enormous defensive strength. But the province would be very susceptible to blockade, because practically all its trade goes down the Yangtze, and with Hankow and Yochow in their hands the Japanese would be able to bring strong pressure on Szechwan to break away and conclude a separate peace. If they were to be successful in thus dealing with Szechwan, the Japanese would have cut China in two along the line of the Yangtze, and they would have won the war as far as they can hope to win it.

For the invasion of China the Yangtze has proved Japan's greatest asset. It provides a waterway for Japanese naval power for seven hundred miles into China. The Chinese have tried to obstruct the ascent of the river by a series of booms, but at each stage the ends of the boom have been captured by Japanese landing forces covered by naval guns and the boom itself has been cleared. Once the booms have been removed, the river cannot again be closed behind the Japanese advance, and it is a line of communication that cannot be intercepted by guerillas as a road or railway can. With their cruisers and destroyers masters of an element on which the Chinese cannot operate (except by air attacks), the Japanese have been driving a wedge ever deeper between South and North China.

The desperate resistance offered to the Japanese advance on the lines covering Hankow and Nanchang shows that the Chinese commanders fully realise the supreme importance of repelling the invaders from these objectives. For a third time they are engaging the enemy in pitched battle, and their strategy does not suggest that they really share the belief of so many of their friends abroad that China can overcome Japan by guerilla warfare after all her key cities have been lost. The Japanese, on their part, have the strategic good sense to concentrate their forces against Chiang's main army and not to disperse them for "mopping up" while the issue in the vital war area is undecided. Despite the exaggerated publicity given to the Chinese guerilla units and the halo of romance which always invests exploits in this type of warfare, the experience of over a year's fighting in China does not suggest any need to revise the general principle that guerilla tactics may usefully supplement, but cannot be substituted for, regular military operations in a big war. In comment on the war in China much is made of the fact that, even in Hopei, the Japanese do not control the country away from the big towns and the railway lines, and this is quoted as evidence for the effectiveness of the Chinese guerilla formations, but their failure in the strictly military task of disrupting Japanese communications has been generally overlooked. "The measure of the ineffectiveness of the guerillas," writes a correspondent in *The North-China Herald* of August 17th, "was demonstrated during the Hsuchow campaign. At their will the Japanese moved large reinforcements out of Shansi, Suiyuan and Hopei into Shantung to concentrate on the capture of Hsuchow. These reinforcements moved by rail almost without hindrance." It is fairly clear that, if the guerillas have not had more success than this while the Chinese main army was still intact and fighting in strong positions, they are not likely to be more effective after the vital centre of national resistance has been lost, and it would be unwise to expect a miraculous salvation of China by such means, if Hankow cannot be held.

Topics of the Week

The Crisis in Czechoslovakia.—From the moment last Thursday week when Sudeten German deputies claimed that gendarmes had assaulted them in Moravska-Ostrava, events in Czechoslovakia have gone from one grave crisis to another. After assurances from the Government that the incident would be fully investigated, the Henlein party agreed the next day to continue negotiations on the basis of the "fourth plan," admitted even by the Reich Press to concede 90 per cent. of the Carlsbad demands. The week-end was tense with expectation of what Herr Hitler would say, the strain breaking out into occasional tavern brawls which were duly exaggerated by the Reich Press. On Tuesday, the day after Herr Hitler had declared at Nuremberg that "The Germans demand the right of self-determination," armed rioting, possibly on a concerted plan (though this has not been proved), broke out in North-West Bohemia, and crowds of armleted Sudeten Germans marched across their districts echoing that demand in song and slogan, attacking Czech gendarmes and civil servants, interrupting essential services and using firearms. The Government answered this disorder by proclaiming modified martial law (*Standrecht*) in eight departments, by which time the number of dead had reached fourteen, only four of whom were Germans. At six o'clock in the evening the Henlein executive, its headquarters by now moved from Prague to Asch, issued an ultimatum demanding removal of the military measures by midnight, failing which they "would not be responsible for the consequences." The Government did not comply, and all through that evening and during the night detachments of the Czechoslovak Army were moving up to the frontier. Although rioting continued on Wednesday, it was becoming clear that Czech counter-measures were proving effective, thus giving direct denial to the assertion vigorously disseminated from German quarters that the Government was no longer in command of the situation. Meanwhile members of Lord Runciman's mission had gone to Asch to try to persuade the Sudeten leaders to continue with the negotiations. In Prague, as everywhere else, the announcement of Mr Chamberlain's visit to Herr Hitler caused profound interest. The Czechoslovaks hope, as everyone hopes, that the Prime Minister's move is in the direction of honourable peace; but the march of events makes it only natural for them to suspect that any agreement that may emerge from the Berchtesgaden meeting will be at their expense. Herr Henlein's proclamation on Thursday evening, timed for Mr Chamberlain's arrival on German soil, demanding for Sudeten Germans "the right to live again as a free German people," and to "go home to the Reich," could only make the Czechs' suspicion the more justifiable.

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More Democracy for Poland.—To hold parliamentary elections in the middle of an international crisis may seem to be in the tradition of Nero and his fiddle: yet it says much for President Moscicki's cool-headedness (and correspondingly little for Poland's democratic structure) that he has chosen this moment to make the Seym and Senate more representative of public opinion by decreeing an immediate dissolution of both Houses, which

were elected in 1935. Viewed in the perspective of recent happenings within Poland, the decision to hold fresh elections is not so surprising. The urgent question of Polish internal politics is whether, and to what extent, the heirs of Pilsudski shall seek a reconciliation with the peasants. One wing of the regime, to which both the President and Marshal Smigly-Rydz belong, believes in going half-way to meet the opposition. The irreconcilable wing will not agree to adequate concessions, and the election of Colonel Slawek, an irreconcilable, to the post of Marshal of the Seym last year showed that the Parliament had a majority of this opinion. The immediate objective of the Government is to liberalise the very reactionary electoral law that was passed after Pilsudski's death. The President's proclamation states that this will be the chief task of the new Legislature, which the Government will doubtless contrive to have of its own more liberal mind. It will also, presumably, be the only task of the new Legislature, since the apparent intention is to hold a second election after the modification of the electoral law, in which the People's Party will be invited to join. Whether this new orientation of the policy of the regime will go far enough to close the serious and widening rift in the Polish community still remains to be seen; but it is at least welcome news that the governing members of the regime are prepared to make an effort. The main reasons for this week's move are internal. But every step away from the authoritarian notions of the more reactionary legionaries towards the views of the peasants is simultaneously a step away from a pro-Nazi foreign policy to a pro-democratic foreign policy. Poland's gain in unity will also be Europe's.

* * *

Aircraft Strikes.—The increased pressure of work in factories producing parts and equipment for military airplanes has been marked in recent weeks by a series of minor strikes and disputes. The most important have been at Birmingham, Oldham, Dudley and Walsall, and there are some signs that the unrest has not yet ceased. In the main, the issue at stake has been the method of payment of wages. Workers have protested against the introduction of piece-rates in place of time-rates, claiming the result has been some reduction in the actual earnings of all but a few skilled artisans. Each dispute has been local in origin, but the meeting a fortnight ago of shop stewards from factories all over the country to discuss wages and conditions in aircraft manufacture revealed the existence of a determined and active minority organisation throughout the industry. It is clearly detrimental to the immediate and urgent interests of the nation that sporadic stoppages, on however small a scale, should hamper aircraft production—though the men's grievances cannot be dismissed as unreal. The underlying cause of the present situation is the failure of the Government, the employers and the unions (which mainly means in this case the Amalgamated Engineering Union) to work out long ago a co-operative plan covering wages and conditions in armament work. The recalcitrant party at the moment is apparently the A.E.U., though the union's chiefs are not in favour of independent local strike action of the kind which has lately become familiar, and strongly advocate full use of the existing procedure for negotiation before resort is had to direct action. In many cases employers have been reluctant to recognise the union's authority; and many of their employees have been non-union men, whose immediate grievances have led them to follow the lead of the active minority rather than the more cautious precepts of the A.E.U.'s central officials. In addition, although skilled men are commonly paid appreciably above union rates, other workers in aircraft factories have not fared so well in the speeding-up of production. The strikes have been relatively minor episodes so far, but it is now high time that all the engineering unions and all the employers realised that the interests of engineers and the engineering industry can best be served by the fullest and speediest possible co-operation in the planning of wages and production in arms factories.

* * *

Progress in Electricity.—There has been no more marked feature of the post-war period than the spreading use of electrical power. Since 1929 the pace of electrification has been strikingly accelerated; and in the eight years the annual output of electricity by authorised undertakings has more than doubled, rising from 10,294 million kwh. to 22,905 million kwh. last year. Not even the sharp reversal in the general trend of industry since the summer of 1937 has sufficed to arrest this expansion. Output last month, amounting to 1,679 million kwh., was just short of 10 per cent. higher than in August, 1937, while the quantity of electricity generated in the first eight months of this year was 6.6 per cent. more than in the same period of last year. Not only does the industry seem to be relatively impervious to cyclical setbacks, it also has the opportunity, despite the rapid and extensive progress already made, to make equally great headway in the future. A survey conducted by the Electricity Commissioners in 1935-36 showed that out of 12,880,000 premises in the areas supplied by 622 authorised undertakings, only 7,620,000, or about 59 per cent., were wired for the use of electricity. There are, however, certain factors which may tend to limit the industry's rate of progress. Some part of the success of electricity undertakings during the current period of bad trade, for instance, has been due to the surprising extent to which building activity has been maintained at a relatively high level. And, in the last resort, the industry's future must depend upon its price policy. The suppliers of alternative forms of light and power have recently effected appreciable improvements in the economy and efficiency of their methods of production and distribution and in consumers' equipment; they have increased the



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attractiveness of their competitive tariffs. Electricity suppliers have not always done the same. Only this week, for example, in order to secure that trading results in 1940 should not show a loss, the London and Home Counties Joint Electricity Authority, which supplies Dorking, Leatherhead, Twickenham, Surbiton and Sutton, have announced an increase of 10 per cent. in rates and the doubling of hiring charges. This is, however, a special case; and, in general, it would seem that the cost of electricity to the consumer is still tending to fall.

* * *

Doings at Geneva.—The League of Nations has assembled for the nineteenth time, with a main object before it of interring Article 16, the instrument of sanctions, as decently as may be. Herr Sandler for Sweden and Dr Patijn for Holland began the burial ceremonies on Tuesday, and the procession of mourners has been disturbed only by China's last-minute effort to resurrect the deceased in an appeal to Article 17, a move that, in the circumstances, would mean automatic application to Japan of Article 16. It is perhaps a pity that Chinese statesmen should have chosen for their appeal a moment when circumstances will almost certainly prevent it from having a fair hearing. The League meets at a solemn moment; but the circumstances which attended its assembly might well have impressed an unpreoccupied observer. Forty-eight nations found it worthwhile to send delegates to the opening session, and a prime minister was the elected president. Methods of barbarism may prevail elsewhere: at least in Geneva responsible statesmen are not ashamed to say, as Mr de Valera said in his presidential speech, that "war settlements are almost invariably unjust, and this will be true in the future, no matter who may be the victor." Nor is the assembly mere façade: a core of international co-operation does remain. And should anyone doubt that it remains he might take a reminder from Mr Jordan, representative of New Zealand and the acting-president who welcomed Mr de Valera's election. "Stress of events," said Mr Jordan, "have not diminished the technical work of the League. On the contrary, this work, though far short of what was possible, has developed extensively, and in many respects beyond what was foreseen by the Covenant itself." The diligent spirit with which this "secular" work has been carried on, in spite of all discouragements over larger issues, saves from triteness the remark that if there were no League of Nations it would be necessary to invent one; and gives some hope that calmer times will see a renewed enlargement of the League's activities.

* * *

The Aland Islands.—It was announced on September 8th by the Foreign Minister of Sweden that the Swedish and Finnish Governments were in consultation over a certain modification of the present status of the Aland Islands under the international convention of October 20, 1921. The two countries' common purpose, Mr Sandler said, was to ensure the preservation of the main object of the convention, which was that the Islands should remain neutralised and demilitarised under the sovereignty of Finland. Since the conclusion of the agreement of 1921 the international situation had changed enormously for the worse, and it was therefore of paramount importance to the states on both sides of the Baltic that the Aland group of islands—occupying, as it does, a key position midway between Sweden and Finland, at the mouth of the Gulf of Bothnia—should under no conditions find itself in the hands of a Great Power in the event of war in the Baltic. It was therefore now the Swedish and Finnish view that the area of the demilitarised waters round the islands ought to be cut down on the south side far enough to make it possible for the Finnish armed forces to screen the islands from the danger of a lawless *coup*. Mr Sandler's speech has to be read in conjunction with the friendly visit which is being paid to Finland this week by the Swedish Chief of Staff, and with the fact that the naval command of the Baltic is now once more held by Germany. For years there have been rumours of a German intention to use this local naval supremacy in order to attack Russia via the Baltic. There have also been rumours that Germany had hopes of persuading Finland to lend herself as "a jumping-off ground" for a German expeditionary force which would attack not only Leningrad, but also a second, even more vital, piece of Russia's anatomy: that is, the railway running northwards, parallel to the Russo-Finnish frontier, through the Russian-ruled but Finnish-inhabited territory of Eastern Karelia, to Murmansk, Russia's only port on the open ocean that is ice-free all the year round. The present Finno-Swedish consultations make it clear to-day—if it was not sufficiently clear already—that Finland has no intention of being a party, willingly or unwillingly, to any aggressive designs.

* * *

A Precedent.—There is a second reason why the friendly and good-neighbourly understanding between Finland and Sweden over the Aland Islands is of peculiar interest in the present European crisis over the Sudetenland. The Aland Islands are a territory with a population which is 100 per cent. Swedish, but which historically has belonged to Finland. When Finland regained her independence from Russia in 1917, the Aland Islanders claimed the right of self-determination, too. In 1919 they held an informal plebiscite in which 9,735 out of 10,196 islanders entitled to vote are said to have voted for an *Anschluss* of the Islands to Sweden. A grant of autonomy to the Islands by Finland in 1920 satisfied neither the Islanders themselves nor their big brother Sweden; and the consequent tension between Sweden and Finland moved Great Britain, in the same year, to bring the case before the League, which, with Swedish and Finnish consent, appointed a Commission of Three (a Belgian, a Swiss and an American) to report on the rights of the case and to draft a settlement. The Commission pronounced that Finland's title to sovereignty over the Islands was incontestable, but that the Islanders formed a distinct group within the Finnish body politic, with special characteristics to be preserved and rights to be safeguarded. They laid down five guarantees which ought to be added to the existing Finnish autonomy statute; and they recommended that if—but only if—these guarantees were refused by Finland, a formal plebiscite should be held on the question of an *Anschluss* with Sweden. This story had a happy ending. The Finns did give the required guarantees; the Swedes did accept these as adequate; the new Finnish law, embodying the new guarantees, was placed under the supervision of the Council of the League of Nations; and, since then, the Aland Islands have been happy in having no history, while the relations between Sweden and Finland have changed from hostility and mutual mistrust to friendship and mutual confidence.

* * *

There is one passage in the Belgian-Swiss-American Commission's report of 1921 on the Aland problem which has so close a bearing on the Sudeten problem of 1938 that it deserves *quotation verbatim*:—

> To concede minorities, either of language or of religion, or to any fractions of a population, the right of withdrawing from the community to which they belong, because it is their wish or their good pleasure, would be to destroy order and stability within States, and to inaugurate anarchy in international life; it would be to uphold a theory incompatible with the very idea of the State as a territorial and political unity. . . . The separation of a minority from the State of which it forms a part and its incorporation in another State can only be considered as an altogether exceptional solution, a last resort when the State lacks either the will or the power to apply just and effective guarantees.

The whole world outside Germany will be of one mind in holding that Czechoslovakia in 1938, like Finland in 1921, has offered a discontented minority guarantees which go so far that they should put the "last resort" of secession quite out of court.

Special Areas and Aliens.—Within the very limited ambit of the authority of the Commissioner for the Special Areas in England and Wales steady progress is being made. Up to the end of last month, offers of contributions towards rent, rates and income-tax, authorised by the Special Areas (Amendment) Act of April, 1937, had been made to 63 enterprises to induce them to establish undertakings in the Areas. The trading estates in the Team Valley and at Treforest still regularly report increases in the numbers of established factories and projected tenants; and the experience and organisation of the trading estate companies are being employed to clear sites and found factories outside the actual estates.

* * *

An important feature of the trading estates' experience, in view of the efflux of refugees from Greater Germany, is the rôle played by foreigners in their development. On the properties of North Eastern Trading Estates, for instance, Germans, Austrians and other aliens (excluding offshoots of established Continental concerns) have set up plant to produce haberdashery, cycle lamps, lamp-shades, furniture, underclothing, knitwear, buttons and leather goods. Most of these concerns will employ no more than a score of workers at first, but at least four will employ about one hundred people. The chief difficulty aliens experience in starting business in England is lack of capital. Refugees cannot normally bring more than negligible sums out of their countries; and loans from the Special Areas Reconstruction Association and the Nuffield Trust are not available unless the individual can put up half the capital required. Yet it would seem that an influx of refugees building up businesses and employing British labour might contribute markedly to the prosperity of the Special Areas. Jewish exiles are anxious to make in this country goods, like cheap clocks and watches, fancy leather goods and Viennese knitted wear, which have hitherto been imported. It should not be beyond the power/of private organisation and finance to provide the means of establishing such concerns to the material advantage of Britain and British workers.

* * *

Anglo - Japanese Relations.—While rumours are running in Tokio that the present Japanese Ambassador at the Court of St. James's, Mr Yoshida, is to be removed for the offence of being too "pro-British," conversations are taking place in Tokio between the Japanese Foreign Minister, General Ugaki, and the British Ambassador, Sir Robert Craigie, over the damage to British interests in China that has been done by the Japanese in the course of their war of aggression in and against that third party. As he proved by his conduct of a number of delicate and long-drawn-out negotiations over the limitation of naval armaments, Sir Robert Craigie is a past-master in the art of conciliation. There are, however, some moral and psychological gulfs which cannot be bridged even by the ablest and most unwearying diplomacy, and it rather looks as though there were a gulf of this kind between the Japanese and the British points of view. Japanese opinion apparently bases its attitude almost entirely on the present strategical situation in Eastern Asia. In an Anglo-Japanese ordeal by battle in this quarter of the globe, Great Britain, so the Japanese calculate, would be virtually at Japan's mercy in present circumstances. Therefore, argue the Japanese, it would be "unrealistic" of the British to be too insistent upon the strict letter of their rights in China—even limiting the conception of British "rights" to the sphere of "British interests" in the old-fashioned narrow sense of British property, British lives and British trade. As for British indignation over Japan's conduct in and towards China, it would be simply fantastic, in the Japanese view, for Great Britain to allow herself to be affected by such "luxury feelings" in her dealings with a Power which (even if in British eyes an aggressor and an atrocity-perpetrator) is anyway now top-dog in Eastern Asia. The Japanese are, of course, notoriously bad psychologists; but it is nevertheless strange that, in dealing with us, they seemed determined to ignore the truth that in public affairs, as in private, people are never moved exclusively by material considerations. In this case, the voices of honour and conscience are the more persuasive because they speak the same language as the voice of self-interest when British interests are looked at on a long view and thereby seen in their true perspective. In the long run, the preservation of international order—which Japan is doing her best to smash—is a far greater "British interest" than the pieces of British property that Japanese looters may have carried off from Shanghai.

* * *

Defending the Empire.—The traditional importance of India in the structure of Imperial security is greater to-day than ever. The British Government this week announced plans to assist the Government of India in the urgent task of expanding and modernising the defences of India. The Indian army has fallen behind in up-to-date equipment; the strength of the Royal Air Force in India is reputedly insufficient; and India's coastal defences require improvement. In addition, the increases in soldiers' pay, parallel with those announced for the home army by Mr Hore-Belisha last March, and the rising cost of materials threaten to augment seriously the burden of defence expenditure upon India's overloaded Budget. The Indian Government are responsible for the maintenance, equipment, sea transport and part of the pensions of the British army in India. A contribution of £1,500,000 a year from this country was introduced in 1933 towards the cost of these items, on the recommendation of the Garran Committee. But, even so, defence charges account for not far short of one-third of Central and provincial expenditure together and more than half of Central expenditure alone. The increases in pay will entail an extra annual burden of £1,125,000; and, although India's fervent nationalists are now convinced of the need to strengthen their Government's defences, they are still of the opinion that the cost of maintaining forces whose rôle in war would be to a large extent Imperial rather than purely Indian falls too heavily upon the Indian Budget, to the detriment of expenditure on social services. The British Government have now decided to increase their annual contribution to £2 millions; to make a capital grant up to £5 millions for equipment and aircraft; and to transfer four battalions ultimately from the Indian to the Imperial establishment. The proposals still need Parliament's sanction, and are designed to take effect next April. The policy they represent would seem to be both just and wise. The Indian taxpayer will be rightly

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relieved; and the safety of the Empire as a whole will be increased.

* * *

South African Cabinet Changes.—General Hertzog has carried out his declared intention of bringing back into the Cabinet Mr A. P. J. Fourie, who was defeated at the General Election; and in so doing he has weakened his team by the loss of two Ministers, Mr J. H. Hofmeyr, for Mines, Education and Social Welfare, and Mr F. C. Sturrock, without Portfolio, who have resigned in protest at the way in which Mr Feurie has been nominated to the Senate as a representative of the natives. The *contretemps* was the greater by reason of Mr Hofmeyr's strictures on the Prime Minister's move. He asserted that the nomination was "a prostitution of the constitution," since he claimed, in disagreement with General Hertzog, that Mr Fourie did not have the close knowledge of native affairs required by the constitution in senators nominated to represent the natives. Mr Hofmeyr's charges were grave. He saw "one more safeguard" to native rights swept away. But an examination of Mr Fourie's record hardly bears out this strong speaking. Having gone in with General Hertzog on the formation of the United South Africa Party against the breaking-away of his leader, Dr Malan, Mr Fourie incurred the full onslaught of Nationalist displeasure when he contested his Cape seat at the General Election; and the fact that he lost a seat he had insisted on fighting against General Hertzog's advice and which he had previously held with undoubted native support, is witness to scarcely more than the success of Nationalist attacks upon him. The view that Mr. Fourie's nomination is a direct threat to the natives is thus at least non-proven. But it is impossible to ignore the charge of playing politics with the constitution especially when it comes from a man of Mr. Hofmeyr's standing and integrity. The Prime Minister would have been wiser if he had avoided all cause for suspicion. The question now at issue is whether the gaining of Mr Fourie is sufficient compensation to the Government for the loss of Mr Hofmeyr and Mr Sturrock, and for the consequent shock to Cabinet unity.

* * *

Health of London Busmen.—More than a year has passed since the sympathies of the general public were aroused by statements about the ill-health of London's busmen—and alienated by the calling of a strike at Coronation time. When the strike was ended, it was arranged that representatives of the Medical Research Council, the London Passenger Transport Board and the Transport and General Workers' Union should make a joint inquiry into the truth of these disturbing statements. They have not yet completed their task. But an interim report, published on Thursday, suggests that many of last year's allegations, however true they may have been in substance, cannot be substantiated in statistical detail. Mortality figures, for instance, do not show that busmen tend to live for a shorter time than other workers. Nor are hospital records very helpful. On the other hand, the conferences have agreed that bus drivers and conductors are more prone to gastric troubles than tramwaymen; and the report expresses the view that more precise research into the effects of irregular meals, nervous strain and noxious fumes is needed. Since the strike, agreed new schedules have improved working conditions on the buses; and it seems likely now that the villain of the piece is not the L.P.T.B. but London itself. Busmen may suffer more than most workers in the monstrous, overgrown, congested and uncomfortable metropolis because they are employed on oil- and petrol-driven vehicles and are chief victims of the stop-and-start flow of the traffic.

Overseas Correspondence

From Our Special Correspondents

United States

Trade Balances and Exchange Rates

New York, September 6.—The decline in sterling below the traditional parity has occasioned no little concern in Wall Street. While it is usually associated with the disturbed international political situation, the decline is also attributed to trade factors. In the last eight or nine months the United States has had an enormous export surplus, while England has had a substantial passive balance. Quite apart from war scares, these strongly diverging movements suggested pressure on an exchange relationship based on quite different trade conditions. Under former monetary practice this sort of pressure would have manifested itself in moving interest rates; under contemporary practice it manifests itself in the exchange rates. The world became familiar with the disadvantages of fluctuations in money rates; it remains to be seen whether the consequences of contemporary practice are preferable.

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Prospects for the Autumn

Preliminary data for the month of August are now available. They indicate that the recovery in July persisted with about equal vigour in August, although the motor industry was in its annual transition period with production probably at its minimum. The residential building figures, though continuing to be most impressive, should be viewed with some circumspection.

The Housing Act passed last winter has provided a marked stimulus to speculative building, of which there was little in 1936-37. In the vicinity of New York, where rents were already tending to sag, the new accommodation is providing severe competition with existing accommodation. If the recovery extends in scope, an increased demand for accommodation, new or old, would be presumed. It is also possible that conditions in the vicinity of New York are not typical of the whole country; as there is some reason to imagine that the New York area is not gaining population, if not actually losing it.

In other words, while July and August have seen a vigorous out-of-season revival, Labour Day (September 5th) has not lost its conventional significance as the boundary between summer and autumn. Opinion is nearly unanimous that the summer revival will be continued in the autumn; the absence of unanimity is largely attributable to the lack of evidence yet of any increased retail consumer demand comparable with the rise in production. This is quite in harmony with seasonal expectations; but, seasonally, September is also expected to provide a marked quickening in retail trade.

Family Incomes

In recent weeks, three committees have submitted reports of unusual interest. The report of the committee of the National Emergency Council on conditions in the Southern States was mentioned in a recent letter (*The Economist*, August 27th, page 407). In the past week, two other reports were published: a report by a special committee which has been studying industrial relations in Great Britain, and a report on family incomes by the National Resources Committee. The report on industrial relations presented a picture which is almost idyllic in comparison with our own, but did not extend its inquiry into the reasons for the different state of affairs in the two countries.

The report on family incomes is perhaps the most elaborate study of the kind ever made; it includes, in addition to material taken from official sources, a detailed house-to-house survey of some 300,000 sample families. The report estimates that there are in the United States some 39,458,300 family units, of which about 10 millions are described as one-person families. The 29,400,000 family units, consisting of two or more persons, comprise about 116 million individuals, which would give an average of almost four per family group. Of these 29 million families, 14 per cent. receive less than $500 in 1935-36; 42 per cent. less than $1,000; 65 per cent. less than $1,500; and 87 per cent. less than $2,500. Ten per cent. receive incomes between $2,500 and $5,000; 2 per cent. incomes between $5,000 and $10,000; and 1 per cent. incomes above $10,000. The aggregate of these 29 million family incomes is given as $48,000 millions; and of this total the 42 per cent. with incomes under $1,000 receive about 16 per cent.; the 3 per cent. with incomes above $5,000 receive 21 per cent.; and the remaining middle group, about half of the total, receiving more than $1,000 and less than $5,000, evidently have 63 per cent. of the total family income.

Dividing the 39 million "consumer units" into equal thirds, the report states that the lowest third received incomes of less than $780, the middle third incomes between $780 and $1,450, and the upper third, above $1,450.

The lowest third (13 million consumer units) included 1,700,000 single men, 1,600,000 single women and 5,900,000 families of two or more. Of these 13 million units, almost 4,000,000 were more or less dependent on relief; the mean income of the lowest third was $471 for the year 1935-36; in the aggregate, this group received approximately 10 per cent. of the national income.

The middle third (incomes between $780 and $1,450 with a mean income of $1,076) receive 24 per cent. of the aggregate income. The upper third, with incomes from $1,450 upwards, is estimated to have received 66 per cent. of the aggregate income; and of this section 20 per cent. of the families were recipients of relief.

Regional Differences

The report remarks that the data make no adjustments for regional variations in the cost of living. But they do show important sectional differences in family income.

AVERAGE INCOME PER FAMILY

	Median	Mean
	$	$
New England	1,230	1,810
North Central	1,260	1,786
South	905	1,326
Mountain and Plains	1,040	1,363
Pacific	1,335	1,775

There is no discussion in the report of the influence of the so-called Negro question upon the distribution of family incomes; but the following calculations are revealing:—

	Median		Mean	
	White	Negro	White	Negro
	$	$	$	$
Southern Rural	1,100	480	1,535	566
Southern Cities, 2,500 and over	1,570	525	2,019	635
North Central Cities, 100,000 over	1,720	1,095	2,616	1,227

From these figures, it seems clear that actual destitution in the United States is to a very considerable degree associated with the Negro question.

France

Calm Continues

Paris, September 15.—The speech at Nuremberg was not interpreted as closing the door to continued negotiations under the auspices of Lord Runciman. After the clash between Czechs and Sudeten Germans, which followed the speech, and the Sudeten ultimatum, the hope here is that Prague may find it possible to make further concessions. The country remains quite calm, in spite of, or because of, the many measures of security which have been taken. The public funds are steady; and the 3 per cents. actually stand at their highest level for the last twenty months, while the 4½ per cents. are only between 2 and 3 points below their highest quotation this year. It must be taken into account, however, that the market is almost completely inactive.

The protracted dockers' dispute at Marseilles has been ended by agreement. It may be that union labour conflicts are pending, but the pressure of the foreign crisis is holding them in check.

The preliminary work of preparing the 1939 Budget is now completed, and M. Marchandeau, the Minister of Finance, will submit the draft to the Finance Committee of the Chamber in the next few days. It is expected that the ordinary Budget will be balanced; and there will be appreciable reductions in extraordinary expenditure.

The financial implications of the current international crisis are two. On the one hand, it is clear that expenditure cannot be drastically reduced. On the other, national sentiment has so hardened that investors will be ready to support the Government, and there is more spontaneous aid for the public finances than was previously evident. It may be that the Government will take advantage of this new atmosphere to embark upon a new financial effort.

Industry Slack

The preliminary index of production (not all the data are yet available) continues to be disappointing, and it is likely that the belated figures for July and August will show no appreciable improvement, because the taking of holidays with pay naturally caused some slackening activity. Actually the prospects of solving the industrial problem depend largely upon the trend of prices. In August, the course of prices was rather favourable, as a result of the marked decline of the price of foodstuffs, especially secondary cereals and vegetables. But prices usually tend to go down at this season of the year, so that any conclusion about the influence of prices now would be premature. And food prices have in fact risen again.

The Statistique Générale de la France has published its monthly figures of industrial changes:—

INDUSTRIAL PRODUCTION (1928 = 100)

	July, 1937	May, 1938	June, 1938	July, 1938
Mines	86	91	93	92
Chemical industries	97	98	100	...
Paper	172	153	158	148
Iron and steel	84	65	63	56
Engineering	88	78	76	73
Automobile	84	88	91	89
Building	64	61	61	62
Gas and electricity	125	134	135	...
Miscellaneous	108	108	107	...

In the motor industry, 18,840 automobiles were put on the road in July, compared with 18,690 in June and 18,595 in May. The figures for the spinning industry are as follows:—

	July, 1937	May, 1938	June, 1938	July, 1938
Spinning (average per spindle in kilograms):—				
Production	1,783	1,874	1,914	1,772
Deliveries	1,700	1,768	1,876	1,784
Stocks	1,593	2,241	2,254	2,243
Unfulfilled orders	4,746	5,523	5,551	5,520

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The latest figures show that the marked fall in food prices evident in August has been arrested, and the index has actually risen:—

WHOLESALE PRICES (1914=100)

Prices	Aug., 1937	June 1938	July	Aug.	Sept. 10
General index	590	652	652	646	644
Domestic products	602	685	673	670	668
Imported products	568	592	613	603	602
Foodstuffs	572	656	638	629	632
Industrial products	606	649	665	661	655

RETAIL PRICES (1914=100)

General index	615	698	698	695
Lighting and heating (1930=100)	105·2	117·8	118·2	121·6
Clothing	96·4	100·4	100·4	100·4

The number of bankruptcies in August was 255, against 416 in July and 472 in June; judicial liquidations and bankruptcies together amounted to 364, against 548 in July and 613 in June.

Germany

War or Peace?

[This letter was written before the announcement of Mr Chamberlain's intention to visit Herr Hitler.—ED., Econ.]

BERLIN, September 14.—Observers on the spot learned with surprise that the Fuehrer's final speech about Czechoslovakia at Nuremberg was read outside Germany with some relief. Such relief could only be justified if people outside Germany had feared the announcement by Herr Hitler of immediate measures by the Reich that would precipitate war. Actually, if Herr Hitler's speech is taken literally, he did announce the likelihood of such measures—but he did not announce that they would be taken immediately.

As it is, there are no really reassuring signs, except perhaps the significant reserve of the military, who are the conspicuously intelligent element in the population. There is always hope that the soldiers may impose caution, as it seems they did in earlier crises. But no one knows what German generals think to-day; and it is not unlikely that the civil Government may pursue a policy which, as much by muddling as by design, will tend to bring about war.

It is still not believed here that the Reich Government has decided upon the crude measure of a march into Czechoslovakia—that is, without a sufficient accumulation of plausible motives. Such motives are piling up; and it is likely enough that an invasion to preserve order (as in the case of Austria when Dr Schuschnigg arranged a plebiscite and summoned the leaders of Labour to help him) may soon be deemed necessary. Yet it is much more likely that partition of the Czech Republic will be virtually brought about without such overt German intervention as would give Prague's allies grounds for resorting to force.

Any solution of the Sudeten problem except by secession of the territories to the Reich seems, on the face of it, impossible. It would be possible to prevent this; and, after the Nuremberg threats, there is a good case for saying that it ought to be prevented, because the result would only be another similar problem, or set of problems, elsewhere in Europe. On the other hand, it is unfortunately true that any outcome other than secession will not really be a solution. The Powers may forbid Germany to make war; they cannot forbid her to make trouble. It was never in doubt that Germany's aim from the first was partition and annexation; nor that this was the wish of the Sudeten Germans themselves.

When Prague made concessions which would have more than satisfied the Sudeten Germans, *had they desired to remain within the Republic,* the pretence that they only wanted autonomy within the Czechoslovak State had to be abandoned. In fact, it was abandoned in Germany before Herr Hitler made his final Nuremberg speech—first when the Press was ordered to print dispatches, all dated from Nuremberg, declaring for partition (an English newspaper article provided incentive and text); and, secondly, when Herr Hitler made a general statement in favour of the right of "self-determination." He was most emphatic, addressing the Army on September 12th, in his announcement that "no negotiation, no conference, no agreement (*Abmachung*) gave us the natural right to unite Germans." He was expressly referring to Austria; and he added that the right was vindicated, "thanks to the soldiers."

Significantly, the only "agreement" in question at the time of the *Anschluss* was the agreement concluded between the Fuehrer and Herr von Schuschnigg to respect Austria's independence. What, we may ask, would be the use of a similar agreement about Czechoslovakia—were there any chance of such an agreement—if, "thanks to the soldiers," the agreement would merely lead to further disagreements and the vindication, as in Austria's case, of the natural right to unite Germans?

Faith and Reason

It is to be feared that, in these matters, the blunt-minded English people do not understand the Nazi psychosis, sometimes misnamed an ideology. The substance of this is that there are no limits to what may rightly be done in the name of unity, Aryanism, might, and other national values, real or ornamental. It is from this that the impressive single-mindedness of National-Socialism derives—the great thaumaturgy of doing-as-one-likes in pursuit of aims which, neither moral nor immoral, are always National-Socialist. From this single-mindedness also arise the apparent contradictions and anomalies of National-Socialist actions—the execution to-day of political enemies for shots fired in street riots six years ago, while shots fired on the other side are applauded; the impending trial of Austrian Separatists; and so on.

Actions like these are possible in other countries. A "Trotskyist" in Russia is, after all, no better off than a "Liberal" in the Third Reich. But there is one very profound difference. Outside of Germany people seek to justify their drastic actions on ostensibly logical grounds. They are apologetic and explanatory. It is not so in Germany. There is no pretence at logic. Thus it is quite natural for Herr Hitler, on the one hand, to emphasise as proof of his zeal for peace that he has made a self-sacrificing pact with Poland where there are many "Germans to unite," and abjured his old plan to recover the Germans in Alsace-Lorraine; and, on the other hand, to proclaim in the same breath that, "thanks to the soldiers," no agreement is binding. The ordinary statesman may say and do these things; but he will equivocate and try to explain. In Nazi Germany there is a "higher truth" which has nothing to do with the facts; and no Nazi statesman need seek to reconcile actual inconsistencies in statement or deed.

The position in Czechoslovakia seems to leave little room for hope. And the course of the negotiations so far suggests that failure was inevitable. In Germany we have seen within a month assertions that Lord Runciman did not want peace, his mission being to assist the British Government in its plan for an anti-German world war, and assertions that Lord Runciman openly sided with the Sudeten folk. In general Lord Runciman cannot expect the approbation of German history. For by his skill and persistence in persuading the Czechs to make concessions he has tried to "put Prague in the right." And, were the whole Carlsbad programme conceded, Prague would still, in German eyes, be in the wrong.

Bulgaria

Altered Terms of Trade

SOFIA, September 7.—Bulgarian foreign trade in the first seven months of 1938 was valued at 5,429 million leva. Exports were 2,790 million leva and imports 2,639 million leva. There was thus a surplus of exports amounting to 151 million leva. Compared with the same period last year, imports have increased in volume and fallen in value, while exports, on the other hand, have decreased in volume and risen in value.

The greatest increases in imports were in purchases of metals, oils, textiles and rubber. Machinery and pulp imports alone showed a decrease. The prices of imports, which are mainly industrial products, are now considerably lower than they were at this time last year.

There was a fall in exports of nearly all commodities, except tobacco, pigs, poultry, wheat, dairy produce, strawberries, colza and probably grapes. The greatest declines were in exports of haricot beans, maize, sunflower-seed and cattle. Nevertheless, because of higher prices prevailing in foreign markets for Bulgarian agricultural produce, the total value of exports was slightly higher than in the first seven months of last year. Haricot beans, maize, eggs, cattle and dairy produce showed the biggest increases in price, while hide prices fell considerably.

There have been certain marked changes in the geographical distribution of Bulgaria's foreign trade during the present year. Imports from Germany, Belgium, Switzerland and Sweden have fallen. Imports from all other countries have risen, especially from Great Britain, Italy, Czechoslovakia, Poland, France, United States and Hungary. Exports to Great Britain, Belgium, United States, Sweden and Denmark have fallen off, while exports to most other countries, and particularly to Italy, Germany, Poland, Hungary and Holland, have increased.

Dependence on Germany

The first and dominating place in Bulgaria's foreign trade is still occupied by Germany. The Reich supplies 49 per cent. of Bulgarian imports and absorbs 46 per cent. of Bulgarian exports; and is followed in the list of Bulgaria's customers by Italy, Great Britain and Czechoslovakia, in that order:—

Country	Imports (in million leva)	Exports (in million leva)
Germany	1,302	1,274
Italy	188	306
Great Britain	213	205
Czechoslovakia	159	226
Poland	168	176
France	108	57
Hungary	73	68
Switzerland	57	66
United States	83	35
Holland	33	79
Roumania	80	2
Egypt	14	58
Denmark	1	54

A number of factors are likely to improve the outlook for exports. Some increase in the prices of agricultural produce can be expected as a result of expansion in industrial output. Unemployment is falling. And an increase in demand in Central and Western Europe would undoubtedly exercise a very favourable influence on exports, enabling them to command better prices. The price factor will be of great importance this year because, owing to the rather small crops, exports will be smaller in volume than they were last year.

New Zealand

Exports Still Falling

CANTERBURY, August 26.—Foreign trade returns for the export year ended June 30th show that the decline in export receipts has continued. For the calendar year 1937 exports reached £NZ66,700,000, the highest figure yet recorded. For the year ended June 30, 1938, the value fell to £NZ61,900,000, the fall in wool prices being the chief factor in this decline. A comparison of the seasons 1937-38 and 1936-37 shows that receipts for wool fell by £NZ6,400,000 and for hides, skins and tallow by £NZ1,100,000.

These decreases were offset in part by increases of £NZ2,600,000 in butter and cheese exports, and £NZ2,200,000 in chilled and frozen meat. It is a matter of some concern that the export prices of industrial raw materials, which usually rise and fall earlier than food prices, fell 40 per cent. during the year, the prices of animal foods continuing their upward trend. Should a fall in the prices of animal foodstuffs occur, a further decline in export receipts must follow.

Imports have been rising steadily since the lowest depths of the depression were passed, and they reached their peak in the year ended March 31st last, when they totalled £NZ58,060,000. Imports then dropped for the year ended June last to £NZ57,540,000. Over the complete year exports have fallen and imports have risen, and the export surplus has been reduced from £NZ14,540,000 in 1936-37 to £NZ4,380,000 in 1937-38.

In consequence, the export surplus has been insufficient to cover the amount of about £NZ10,000,000 required for interest payments, etc., abroad, and the funds held overseas by the banks, mainly for exchange purposes, have been reduced. The actual reduction in these funds from £NZ36,960,000 in June, 1937, to £NZ26,120,000 in June, 1938, indicates that the export of capital, which has been noticeable from these returns for some years past, still continues.

Slackened Business

Internal business conditions appear to have varied in recent years in close correspondence with the course of imports, (the first half of 1935 = 100), reached 150 for the first half during the past few months. An index of average bank debits (the first half of 1935 = 100), reached 150 for the first half of 1937 and fell to 140 for the first half of 1938.

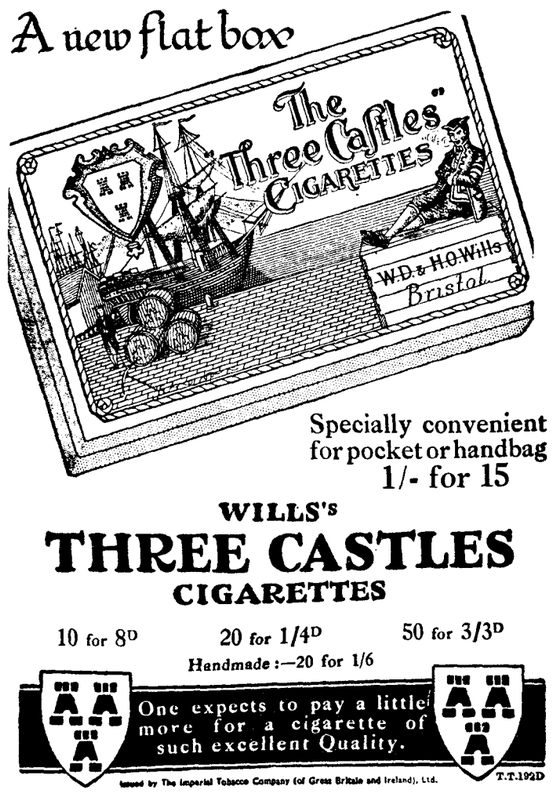
Sales tax receipts in the latest quarter were also about 6 per cent. lower than in the same period of last year. Building continues to expand and has now reached pre-depression levels, but the Government's building programme is responsible for a large part of the increase.

While export prices have fallen, wholesale prices have been fairly stable. Retail prices have advanced slightly and wages have risen more rapidly. The index of retail prices is now 51 per cent. above its 1914 level, while the wages index is 70 per cent. above that level; but the wages index, being an index of weekly rates, takes no account of hours or holidays and understates the increase in labour costs in recent years.

Budget and Social Security

The last session of the present Parliament has been devoted mainly to consideration of the Budget and a bill embodying the Government's proposals for social security. Estimates for the present year were NZ31,710,000 from taxation (excluding employment tax, £NZ5,370,000), and £NZ35,840,000 for total revenue, while expenditure was estimated at £NZ35,790,000, leaving an estimated surplus of £NZ50,000. Other features of the Budget were the very high estimates for expenditure on public works in the present year, amounting to £NZ20,720,000, of which £NZ14,260,000 were to be found from loan money and £NZ6,460,000 from revenue. The public debt at March 31st last stood at £NZ290,200,000. The net increase shown for the year was £NZ2,530,000, but the new borrowings in 1937-38 amounted to £NZ7,450,000.

The social security bill, at present under consideration, provides for universal superannuation, an extension of existing pension schemes, and free medical, maternity and health services. Universal superannuation is promised for all persons over 65, without limit of income or property, who satisfy the required residential conditions. Superannuation begins in 1940-41 at £NZ10 a year and rises by £NZ2 10s. a year to a maximum of £NZ78 per year, which will not be reached until about 1970. The maximum rates for old age pensions, invalid pensions, miners' pensions and Maori War pensions are raised from £NZ58 10s. to £NZ78 a year. Widows' and orphans' pensions and family allowances are increased, and in future subsistence payments to the unemployed will be made from the social security fund. (The bill has now been passed by Parliament, after several minor amendments.—ED.)



Letters to the Editor

Family Allowances

TO THE EDITOR OF THE ECONOMIST

SIR,—The case for some system of family allowance is generally based on considerations of nutrition, of future population and of individual well-being. All schemes—as far as I know—except those emanating from our own "lunatic fringe," come up against a serious limitation; that allowances on an *adequate* scale are not economically feasible without (1) a substantial increase in the national income; or (2) a substantial change in the distribution of the national income as between the classes; or (3) a reduction of the general level of pure wages.

I believe that a scheme could be evolved which would achieve the social ends which are the objective of the Family Endowment Society, and would at the same time bring great economic benefit to the community at large, if the third of our limitations set out above was not regarded as paramount.

The basic principle of the scheme would be the entire abolition of unemployment insurance; the substitution of a system of payments to all members of the community of "allowances" on a scale similar to the existing scale of unemployment benefit; and corresponding revision downwards of all pure wages. The social benefits of such a scheme are as obvious as the titanic political difficulties in the way of its realisation. The economic advantages are less obvious, but would, I believe, prove to be of similar scale. The Labour Party has accepted in principle the desirability, and all other parties have accepted in practice, the inevitability of "Work or Maintenance." If a man cannot get work, he and his family must, nevertheless, be maintained.

In terms of general economic welfare, the marginal disutility of a man spending his time in active occupation instead of idleness is small; yet, from the point of view of the employer who has to pay him wages, the marginal disutility in employing him is great. How can one expect the maximisation of economic welfare in anything like an economically free community while this disparity exists?

I will not take up your space with any description of the economic effects of such a system on the relation *inter se* of prices, on the relative standards of living of different types of family, on unemployment, or on exports. I am sure that all your readers could do this for themselves as well as I could, and many of them much better. I believe that all the major effects would be beneficial except for (1) the dislocation during transition; and (2) the effect of raising the necessary funds.

As to the latter, I believe that, even if such a crude device as a general sales tax on consumption goods was used, the disadvantage would serve only to reduce in quite moderate degree the beneficial results which would flow from it. On balance, I believe that it would enable the free communities to rival in economic effectiveness the totalitarian States which at present so obviously and so lamentably surpass them.

Yours faithfully,

London, E.C.2. GEORGE WANSBURGH.

America and Britain

TO THE EDITOR OF THE ECONOMIST

SIR,—As a subscriber to your excellent periodical, I have been struck with what I think is a failure to understand the psychology of my country; so I submit the following, which may possibly be of interest.

It is, I believe, important for England to keep the United States as a friend. It is because I hope that she can do this, that this advice from a benighted, insular, and insulated Middle Westerner is offered. The surest way to lose the friendship of the *people* of the United States is to try too hard to get them to fight side by side with England in the Armageddon of the democracies.

Anglo-American friendship means little or nothing to the average voter in this country. The United States is not Anglo-Saxon any more. European immigrants, their sons and grandsons, care little for England; in fact, the British Raj means less than nothing to one conspicuous and powerful *bloc* of voters, the negroes; and our New Deal has welded the Northern negroes into a compact voting group.

So far nothing has been adduced to make the Middle West or the Pacific Coast war-anxious. We have seen aeroplanes fly very fast, but we cannot see anyone conquering this country merely because modern science has "destroyed" our "splendid isolation." We realise that our trade will suffer because of any European war; and there is no group of powerful individuals expecting to reap huge benefits because (1) they doubt if loans could be made to pay for the goods, and (2) the Administration (whoever is elected in 1940) will confiscate war profits. We do not think, moreover, that our trade would be improved by entering a war, on either side.

We are susceptible to the idealistic appeal; and there is a real sympathy and feeling of kinship with your people among those of our "upper class" who have not had unpleasant experiences with individual Englishmen. We share a common culture, and we teach English literature in those same colleges where young men and women vow never to fight in or support any foreign war. We do not fear invasion, as common sense tells us no one could conquer and hold this country, and we cannot see any of the European gangsters leaving their home grounds to engage us. We do not lie awake nights worrying about Japan starting a war with her best customer, although the Japs seem to fancy the bayonet as a sales argument. In brief, we feel secure, and I believe that if England were in our position her attitude would be just the same as ours.

In closing, one more word of friendly caution: petulant demands that we "take a stand" or "declare" ourselves will elicit a prompt and unfavourable reaction. The delicate flower of Anglo-American friendship must be carefully nurtured. I have indicated that I think too assiduous propaganda might injure that flower. I am so sure that it would be hopeless to try to sell us a front line position in a European war, that I hope your statesmen will not throw away in the attempt a friendship that can mean much to your country. If there is any hope for what we fondly call civilisation in a world turning brute, it is in such a friendship.

Chicago, U.S.A. Your obedient servant,

HARWOOD E. SMEETH.

POINT FROM LETTER

The Long-Term Budget Problem.—It is instructive to put the three "Ways of Escape," proposed in the study of "The Long-Term Budget Problem" in your June 11th issue to a practical test. "A reduction of the scale of expenditure by the State, not merely in the defence departments but over the whole field of civil expenditure" would mean that all those who work under the heading of "civil expenditure" would have less to eat, house, clothe or amuse them. "Appropriation by the State, through the medium of taxation or otherwise, of a significantly larger proportion of the national income than at present" would mean that all those who do not work under the heading "civil expenditure," and to some extent those who do, would have "significantly less" to eat, house, clothe or amuse them. "Discovery of some means by which the rate of increase in the productivity of the average individual can be greatly accelerated" is the most interesting "Way of Escape." Social investigators estimate that production could be ten times what it is at present. But if the possibility of production being increased, say, four times be accepted, then it follows that we must consume at four times the present rate. It is difficult to see any objection to this course.—*P. R. Masson, Birmingham.*

Books and Publications

Economics and Society

IN these two books* sixteen American professors of economics re-examine the trends of modern social economy, particularly in the United States. The authors recognise the necessity of evolving a method, at once logical and practical, of so regulating human affairs as to eliminate social and industrial stresses; and they realise the importance of objective and accurate diagnosis of contemporary ills.

Both books are valuable contributions to social and economic thought, albeit in very different ways. Professors Dixon and Eberhart, of the University of Pittsburg, attempt a complete survey of history from the social and economic angle from palæolithic times to the present day. This broad sweep through history endows their theme with a striking sense of perspective and, within its limits, such a survey is undoubtedly valuable.

After sketching in, somewhat impressionistically, the beginnings of society, Professors Dixon and Eberhart go on to discuss, clearly and concretely, the eras of Feudalism, Commercialism and Industrialism. The causes of the decay of Feudalism; the effects of the Crusades and the conquest of Constantinople; the significance of the Renaissance, the Reformation and the Age of Discovery; and the final elimination of feudal elements in the all-important Industrial Revolution, which paved the way for capitalism and its present *malaise*—all these are passed in skilful review.

No better introduction than this survey of the past origins of present discontents could be suggested for the symposium prepared by fourteen professors of the Graduate School of Business Administration at Harvard University. The ultimate theme of the Pittsburg professors, for instance, may be summed up in their own words:—

> **The Industrial Revolution solved the technical problems . . . but it created the much more difficult problem of the distribution of adequate purchasing power . . . the problem of industrialism has been the distribution, not the production of wealth. Social planning has become ever more urgent as the forces of technology have brought society at an accelerating rate from an economy of scarcity to one of potential abundance.**

And, following this very theme, the Harvard studies, severally, make no pretence of rigid consistency of thought, but, collectively, constitute a shrewd analysis of the significant social and economic problems of to-day, as they are illustrated in the American economy. Some of the papers deal with relatively domestic problems, such as those of accounting reform, the Federal debt, American agriculture and the rate-making of public utilities, the balancing of the Federal Budget and the development of new uses for agricultural products. Professor Slichter's suggestion that government, traditionally "a policeman and a judge, . . . needs to assume the new function of economic manager," summarises many of their implications.

Chief interest, however, lies in the contributions of more general application. Professor Donham, Dean of the Graduate School, opening the symposium with a thoughtful study of "Material Progress and Social Discontent," avers that

> business faces grave problems of transition . . . transition to an age of human understanding, in which advancement of scientific knowledge and increase in material efficiency shall not reign as sole gods.

This theme is echoed in the plea of Professor Gras (discussing price regulation) for "a policy of social justice."

Professor McNair contributes a brief but suggestive analysis of the trade cycle. He concludes, not very specifically, that there is a combination of diverse factors inherent in the capitalist system which tends to produce fluctuations; and he classes monetary influences and psychological factors as contributory causes. Interestingly, in view of Sir William Beveridge's recent paper to the British Association, Professor McNair is ready to support the theory that fluctuations in agricultural output may initiate disturbance in business.

To Professor Tosdal falls the task, implicit in a great number of the contributions which have gone before, of analysing the difficulties involved in the important problem of assessing consumer demand. Since feudal times producer and consumer have become more and more widely separated, and it is precisely the difficulties so created that are responsible for the fact that the technique of consumption lags behind that of production.

These are not works of uniformly outstanding importance. But they are representative to an unusual degree of the outlook of intelligent academic people in the United States upon society, its growth and organisation and the straits to which, at the height of its technical powers, it has currently come. And they are monuments to the industriousness of American professors.

* "Economics and Cultural Change." By Russell A. Dixon and E. Kingman Eberhart. McGraw-Hill Publishing Co., Ltd. 550 pages. 18s.
"Business and Modern Society." Edited by Malcolm P. McNair and Howard T. Lewis. Harvard University Press. (Oxford University Press.) 411 pages. 21s.

Shorter Notices

"The Battle for Peace." By F. Elwyn Jones. Gollancz. 352 pages. 8s. 6d.

Mr Jones, with the aid of the inimitable Horrabin, seeks to show the process of Fascist penetration at work. Sometimes he mistakes old and familiar processes of Imperial growth for what he calls "a new technique of aggression": the world and its frontiers have never been static. As the Rome-Berlin Axis appears more and more menacing to the populations of, in particular, Europe (Mr Jones declares) the supporters of peace in all countries, including (underground) the Fascist States are made alive to the danger. Peace knows no frontiers, not even German and Italian, and a great Inter-National Peace Front is possible, if not probable. This is the only way to save civilisation from the destruction of war. So, taking short cuts through a complex world, Mr Jones argues; his picture is grim, but his conclusion is full of hope.

"This Modern Age." By F. C. Happold. Christophers. 319 pages. 5s.

Mr Happold has set out to draft in simple terms a guide to the understanding of our own complex and confused times. He shows how its organisation has evolved from the satisfaction of primitive needs, how government has grown and how the relations between nations have been determined in the past. He unravels a tangled skein of history and economics, and shows at the end the England we know, its industry, commerce and finance, its political structure, its world setting and its social habits. His task has been enormous and the result of necessity sketchy, incomplete and somewhat elementary. But the book is very readable and may be more influential than more authoritative or expert works in persuading people to look beyond their noses for explanations of the lives they lead and justification for their hopes and fears.

BRITAIN IN RECOVERY

This book has been compiled by a Research Committee of the British Association, under the chairmanship of Professor J. H. Jones. It traces the effects of recovery on British industries, and provides a factual, authoritative survey of a vital period in the industrial history of this country. It should be read and studied by all interested in the urgent economic questions of the day. 484 pp. 15s. net from a bookseller, or 15s. 6d. post free from

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THE BUSINESS WORLD

Wheat in Abundance

THE long-term downward trend of wheat prices, born of human ingeniuty in devising means to increase the efficiency of cultivation and harvesting, has been a boon to mankind. But violent short-term fluctuations in the price of wheat, due to the vagaries of the weather, are an affliction which is one of the major causes of economic instability.

The unsettling influence of wide short-term fluctuations in wheat prices is revealed by the fact that, on the basis of average British import prices, the value of the world wheat crop, exclusive of U.S.S.R. and China, was of the order of £950 millions during the season ended last July, against £530 millions in 1933-34 and £1,100 millions in 1928-29. This instability has again been demonstrated by the course of prices during the past twelve months. Thus, the price of wheat on the Liverpool Futures market fell from 8s. 3d. per cental on September 13, 1937, to 4s. 8d. last Tuesday. A fall of such dimensions spells hardship for the farmers of the great wheat-exporting countries and causes unemployment among the industrial communities because of the shrunken purchasing power of the wheat growers.

The immediate cause of the collapse of wheat prices was Nature's unexpected generosity this year. But, as we pointed out in our last review of the wheat situation in *The Economist* of September 18, 1937, a slump in prices was to be expected. As a result of a series of crop failures and rising prices, the area under wheat had been steadily extended without bringing a corresponding increase in output. This year the area under wheat in the principal countries was actually 10 per cent. above the average for 1932-36. But it was not to be expected that we should have an indefinite continuance of sub-normal yields, and a normal yield was bound to produce a crop in excess of requirements at current prices. This is precisely what has happened. As the sharp recovery in wheat prices this week has shown, however, wheat has also its importance for war. It is only natural, therefore, that attention is focussed on this year's crop estimates by statesmen as well as farmers. In the circumstances it may be useful to examine the latest estimates of this year's wheat crops.

Although the actual yield of this year's wheat crop is not yet available, preliminary estimates give an indication of its approximate size in a large number of countries. The accompanying table shows the probable yield in the principal countries of the world, as given in the latest *Monthly Review of the Wheat Situation* published by the Canadian Ministry of Trade and Commerce.

Both Canada and the United States produced excellent crops this year, that of Canada being about twice the size of last year's harvest. The bountiful harvest in Canada and in the United States, indeed, was a major factor in the headlong decline in prices. Poor crops in 1935-36 and 1936-37 compelled the United States to import wheat. In 1937-38, however, she again exported over 100 million bushels, and supplies this season are appreciably heavier.

Europe's crop this year is expected to yield 82 million bushels more than in 1937. Roumania and Hungary—two of the principal exporting countries—have produced heavy crops. Among importing countries, Britain's output shows an increase of about 9 million bushels; the major increase, however, has occurred in France, whose crop is expected to be nearly 50 million bushels heavier than last year. Italy's crop is estimated to be 30 million bushels smaller than in 1937, but not as small as the poor harvest of 1936. Germany's crop is expected to produce a better yield than in any of the three preceding years, though there have been some doubts concerning the reliability of this optimistic forecast. Spain's crop is likely to be appreciably smaller and Poland's crop substantially higher. No striking change is expected in the smaller producing countries.

Among the remaining countries the outstanding feature is the increase in production in India. The crops of Argentina and Australia are provisionally given at about 250 million bushels and 150 millions respectively, but as the final yield of the crops in these countries depends on weather conditions in coming weeks, these provisional estimates are no more than guesses. In the absence of reliable information it is difficult to estimate the probable size of Russia's crop. Such reports as are available, however, point to a satisfactory harvest this year.

On the basis of these estimates, many of which have to be conjectural at this time of year, the world's wheat crop in 1938, exclusive of U.S.S.R. and China, is expected to yield 4,227 million bushels, an increase of no less than 401 million bushels over last year's harvest. As this is the biggest wheat harvest ever garnered, the collapse in prices is not surprising. Last year's crop, excluding the U.S.S.R. and China, was already in excess of world requirements; for the stocks in the United States, Canada, Argentina and Australia, the four biggest exporting countries—*plus* grain on the high seas—rose from 228 million bushels at the end of the 1936-37 season to 316 millions at the end of the past season. If world production reaches anything like the present provisional estimates, the carry-over at the end of this season may again reach the levels registered during the depression. In the absence of crop failures in Argentina and Australia and an appreciable downward revision of the estimates of other countries, prices can hardly be expected to rise—except in the event of war.

As we suggested a year ago, the wheat cycle has thus been reversed, not by an unusually high yield per acre, but by a normal yield on an acreage which was extended under the influence of rising prices in an attempt to offset the niggardliness of Nature during the past few years. The disastrous consequences of the vagaries of the weather provide a strong inducement to organise international control of cultivation and stocks. But the sources of supply are so widespread that this objective is extremely difficult of attainment, and there are no indications that a sufficiently comprehensive scheme will see the light of day in any near future. If, however, the world should be overtaken by war, wheat would immediately become a very precious commodity; and, in that event, the European nations would, of course, be thankful for Nature's generosity this year.

ESTIMATES OF WHEAT PRODUCTION

(In million bushels of 60 lb.)

	1935	1936	1937	1938
Northern Hemisphere				
North America—				
Canada	281·9	219·2	182·4	359·0
United States	626·3	626·8	874·0	956·0
Total (incl. Mexico)	919·0	859·6	1,067·0	1,327·0
Europe—				
(a) Importing Countries—				
United Kingdom	65·4	55·2	56·3	65·2
Eire	6·9	7·8	7·0	7·9
Sweden	23·6	21·6	25·7	23·9
Denmark	14·7	11·3	13·5	12·5
Netherlands	16·7	15·4	12·9	15·4
Belgium	16·1	16·2	15·6	16·2
France	285·0	254·6	253·5	301·3
Spain	158·0	121·5	132·0	102·9
Italy	282·8	224·6	287·0	257·2
Switzerland	6·0	4·5	6·1	6·2
Germany	171·5	162·7	164·1	176·4
Austria	15·5	14·0	14·5	15·4
Czechoslovakia	62·1	55·6	51·3	57·0
Greece	27·2	19·5	32·4	27·6
Poland	73·9	78·4	70·8	79·0
Total (inc. other countries)	1,274·8	1,097·1	1,186·3	1,208·6
(b) Exporting Countries—				
Bulgaria	47·9	60·4	64·9	59·1
Hungary	84·2	87·8	72·2	94·4
Roumania	96·4	128·7	138·2	181·5
Yugoslavia	73·1	107·4	86·3	86·3
Total	301·7	384·3	361·5	421·3
Total Europe	1,576·5	1,481·3	1,547·7	1,629·9
North Africa—				
Algeria	33·5	29·8	33·1	33·1
Morocco	20·0	12·2	20·9	26·1
Tunisia	16·9	8·1	17·6	14·0
Egypt	43·2	45·7	45·4	45·9
Total	113·7	95·8	117·0	119·0
Asia—				
India	363·2	351·7	364·1	402·5
Japan	48·7	45·2	50·4	50·6
Turkey	92·6	141·6	136·5	147·0
Total (inc. other countries)	536·7	565·0	583·9	632·4
Northern Hemisphere (exc. U.S.S.R. and China)	3,225·0	3,067·0	3,383·0	3,755·0
Southern Hemisphere				
Argentina	141·5	249·2	184·8	250·0
Australia	144·2	151·4	186·9	150·0
Union of South Africa	23·7	16·1	10·2	11·0
Total	309·4	416·7	381·9	411·0
World exc. U.S.S.R. and China	3,601·0	3,540·0	3,826·0	4,227·0

Measuring Company Earnings—II

Stable *versus* Fluctuating Profits

THERE is a tendency among many investors to-day, whether they are employing their own money or someone else's, to give special attention to securities whose service is dependent, directly or indirectly, on industrial earnings, and to invest for the long rather than the short period. In an earlier article we applied a simple method of measuring the long-term trend of profits to the last ten years' earnings of fourteen leading British companies, covering a wide industrial range. By calculating five-year moving averages of profits and expressing the results as index numbers with the earliest quinquennium equated to 100, we showed that the various companies fell into three main groups, according as their trend curve of profits was stable, retrogressive or progressive. We suggested that every investor, before purchasing a "seasoned" share, should decide into which group it fell; and that, other things being equal, he should be prepared to accept a lower immediate return on a "dynamic" share than for a "stable"—much less a "declining"—equity.

Broadly, the last contention is valid. It is recognised by market practice, though the market's classification of securities is frequently haphazard and unscientific. It must be admitted, however, that the use of moving averages to bring out trends has one considerable disadvantage—it obscures intermediate fluctuations, which may have a material bearing on the investor's problem. If a company could rely with complete certainty on earning profits which never varied by as much as a penny, then, in theory at least, all its shares, by whatever name it called them, would be fixed-interest shares and their yield (in theory again) would rightly approximate to that on gilt-edged securities. People will pay for stability, and a share with a flat trend may, consequently, have a higher investment ranking than one with a progressive trend whose earnings are susceptible to wide variations from year to year. And if two companies have the same general trend, the one with the smaller annual variations in profits can afford to have the higher gearing—i.e. the higher proportion of debentures and preference shares in its total capital. Finally, intermediate fluctuations may affect the relative attraction of a share at the moment of its purchase; for shares with more than average liability to variation tend to be dear to buy in prosperous periods and cheap, on their long-term merits, during a depression.

How can investors obtain a common measure of "liability to fluctuations" among different companies? Merely to compare highest and lowest profits, over a period of years, may give misleading results, as will be evident from the following table, which gives the last ten years' net profits of the largest British joint-stock bank and one of the biggest electricity supply companies:—

PROFIT FLUCTUATIONS

(1) Company and Year	(2) Net Profits	Five-Year Moving Average of Profits (pivoted on middle year) (3) Amount	(4) *1928–32 = 100*	(5) Amount by which Middle Year's Profit exceeds or falls below Moving Average
	(£'000)	(£'000)		(£'000)
Midland Bank:—				
1928	2,437	...	...	...
1929	2,445	...	...	...
1930	2,219	2,235	*100*	16
1931	2,057	2,202	*98*	145
1932	2,019	2,171	*97*	152
1933	2,267	2,156	*96*	111
1934	2,292	2,238	*100*	54
1935	2,133	2,335	*104*	202
1936	2,468	...	...	...
1937	2,508	...	...	...
Totals (Cols. 3 and 5)	...	13,337	...	680
Col. (5) as % of Col. (3)	...	...	...	5·1%
N. Eastern Electric:—				
1928	574	...	...	...
1929	608	...	...	...
1930	643	612	*100*	31
1931	592	636	*104*	44
1932	612	660	*108*	18
1933	694	688	*112*	6
1934	728	738	*121*	10
1935	782	792	*130*	10
1936	844	...	...	...
1937	910	...	...	...
Totals (Cols. 3 and 5)	...	4,126	...	119
Col. (5) as % of Col. (3)	...	...	...	2·9%

The highest profit recorded by the Midland Bank during the ten years 1928-37 was £2,508,000 and the lowest £2,019,000. Profits thus fluctuated by £245,000 (10.8 per cent.) on either side of a mid-way figure of £2,263,000.

The highest and lowest points of N.E. Electric profits were £910,000 and £574,000, respectively, i.e. £168,000 (22.7 per cent.) above and below a mid-point of £742,000.

It would be wholly erroneous, however, to conclude that the "liability to fluctuate" was twice as great in the case of N.E. Electric as in that of the Midland Bank. The profits of the former, as our table shows, have a well-marked rising trend, while the trend of Midland Bank earnings is relatively flat. By "fluctuation" we mean, in fact, the extent to which the actual profits of any one year deviate from the trend line. If we take five-year moving averages

PROFIT TRENDS AND DEVIATION PERCENTAGES OF FOURTEEN COMPANIES

(Based on Five-Year Moving Averages of Ten-Year Profits Series)

Companies (and Dates of Balance Sheets)	Imperial Tobacco (Oct. 31)	Midland Bank (Dec. 31)	Alliance Assurance (Dec. 31)	J. Lyons* (Apr. 31)	Watney Combe Reid* (June 30)	Courtaulds (Dec. 31)	J. and P. Coats (Dec. 31)	L.N.E.R. (Dec. 31	Vickers Dec. 31,	"Shell" Transport (Dec. 31)	N.E. Electric (Dec. 31)	Staveley (June 30)	Imperial Chemical Industries. (Dec. 31)	Crompton Parkinson (Sept. 30)
Moving Averages—(1928–32 = 100) :—														
1928–32	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1929–33	96	98	95	102	96	81	93	93	92	88	104	101	103	109
1930–34	95	97	98	104	91	70	88	84	85	76	108	101	106	120
1931–35	96	96	99	105	90	69	90	79	88	89	112	105	115	151
1932–36	97	100	98	107	93	84	87	78	101	104	121	113	141	217
1933–37	102	104	97	107	97	89	86	84	119	122	130	142	143	289
Deviation percentage for above years	7·2	5·1	4·9	0·9	5·6	23·4	13·3	7·1	8·1	19·7	2·9	10·8	8·3	15·7
Present price of ord. shares	63/4	81/–	26	51/4	66/–	30/9	35/6	4% 1st Pref 25½	19/7½	45/16	31/–	41/3x	30/–	24/6
Yield (%) on last dividend	3·70†	3·94	3·45	4·30	5·40	5·98	5·60	11·70	5·08	4·62†	4·51	5·33†	5·65	2·42

* Figures to April 31st (Lyons) and June 30th (Watney) of succeeding calendar year. † Tax free.

and pivot them on the middle year of each period [column (3) in the table on page 545], calculate the "deviation" of that year's figure from the average [column (5)] and, finally, compare the total of the deviation column with the total of the average column—then we shall have a more accurate measure of relative fluctuation. Whether the deviation from the trend, in any given instance, is *plus* or *minus* is immaterial; fluctuation is fluctuation in either case. The table shows that the "deviation percentage" of N.E. Electric profits, calculated in this way, is actually not twice as great as, but little more than half of, that of Midland Bank profits.

In the table at the head of this page we show trend index figures and deviation percentages for the fourteen companies, together with the current Stock Exchange prices of their ordinary shares, and their percentage income yields on the latest dividends. Broadly speaking, flat trends are generally associated with low fluctuation percentages, and retrogressive or progressive trends with higher percentages. That rule, however, is by no means invariable, and some of the exceptions are particularly significant for investors. The disclosed profits of J. Lyons have the best-marked upward trend of any of the "stable" companies in our list, combined with an extraordinarily low deviation percentage. This association of attractions for the conservative type of investor scarcely finds recognition in the higher yield obtainable on Lyons equity shares than on those, say, of Alliance Assurance and Midland Bank. The earnings of Imperial Tobacco, it will be seen, have as high a deviation percentage as those of L.N.E.R.—the representative of a depressed industry—but the trend of the two companies is very different. Vickers and I.C.I. come out with very similar deviation percentages, though the former covers a range of industries whose liability to fluctuation is proverbial. The two textile companies (Courtaulds and J. & P. Coats) have considerably higher percentages than the two representatives (Vickers and Staveley) of the "heavy" industries.

If one were to draw a discreetly practical conclusion from these figures it would be that investors should buy in depression shares with a long-term upward trend and a moderate to high deviation percentage. They are likely to be among the cheapest wares in the market, in such conditions. Generally, however, the methods of measuring trend and deviation outlined in these articles should be used merely as a preliminary to a much more detailed examination of individual companies, including their capital structure and technical prospects. They are avowedly rough and ready, but they give a sufficiently clear impression to enable the investor to decide, at least, which shares deserve further scrutiny for the particular investment objective he may have in view.

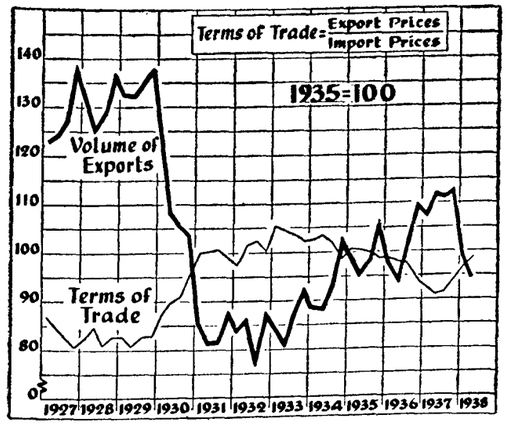
Is Sterling Over-valued?

THE very heavy pressure on sterling in the last few weeks has been due, in overwhelming degree, to the flow of capital funds from Europe to New York. But in addition to this capital movement there has also been a considerable volume of sales of sterling (or purchases of dollars) for more normally commercial reasons. In discussing the position of sterling, an article in this section of *The Economist* last week asserted, though without adducing proof, that the pound is over-valued in relation to the dollar. The present article returns to this particular point. Nobody would argue that the commercial over-valuation of sterling has caused the recent depreciation, in which it has played only a small part. But the fall in the pound would hardly be justified, and would certainly not be long enduring, unless it reflected a shift in the real relationship of the two currencies on the ordinary commercial plane.

In detecting and measuring over-valuation, the traditional method is that of calculating purchasing power parity based on a comparison of the internal prices and costs of the two countries. This method is useful up to a point, but its defect is that it yields results which are usually indeterminate and always subject to serious qualifications. The usual assumption is that immediately prior to our suspension of the gold standard in 1931, the pound was over-valued against the dollar by 10 per cent. If so, its fate in 1931–32 made it under-valued until the later depreciation of the dollar in 1933, and this period of under-valuation may be one of the reasons why we led the world, including the United States, in the subsequent recovery. Since early 1933, however, there is some evidence that the pound has been consistently over-valued, again by approximately 10 per cent. The evidence of internal prices, though significant, is by no means conclusive. For example, since December, 1936, British primary product prices have fallen by only 19 per cent. and American by as much as 33 per cent. This points to a growing over-valuation of sterling. On the other hand, the complete wholesale price index numbers have fallen by about 10 per cent. in both countries; the cost-of-living indices are in both countries much the same as they were in December, 1936; while American wages appear to have risen by 12 per cent., against an increase of only 7 per cent. in Great Britain. These last three pairs of indices do not suggest that sterling is any more over-valued than it was nearly two years ago. So far the indictment against the pound that it has recently become more over-valued only leads to a verdict of not proven. There is suspicion, but no conclusive proof.

There is, however, another and more direct line of approach to the problem, namely, a comparison of British and American export trends. The British position, *per se*, is illustrated in the following chart, which shows the trend over the past eleven years :—

TERMS OF TRADE AND VOLUME OF EXPORTS, UNITED KINGDOM

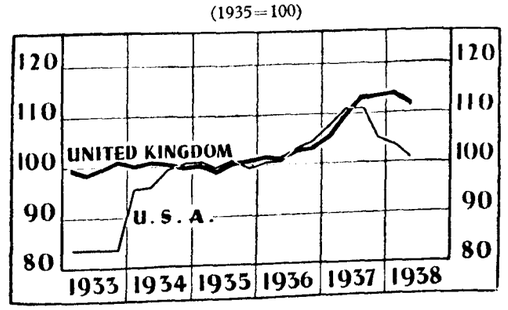


The thin line shows our "terms of trade," i.e., the average price of our exports divided by that of our imports. Obviously, the lower that ratio is, the easier it is for us to compete in the world's markets, since it means that our goods are cheaper in terms of the goods our customers have to sell. Hence it is no accident that the volume of our exports moves in inverse correlation to our terms of trade. The movement of the terms of trade since 1929, though technically in our favour (and, as an article on page 530 argues, very really in our favour) has limited the possibilities of the export trade. What is more significant at the moment is that the terms of trade have recently again started to move in the direction that limits our exports. The explanation is easy to find. Our imports are largely food and raw materials, whose prices have fallen heavily as the result of the recession. Our exports are mainly manufactured goods, and as is the common experience in a period of falling prices, these prices have lagged behind. Thus, comparing the second quarters of 1937 and 1938, our average import prices have fallen from 119.9 to 113.4 (1935=100). Our average export prices have risen from 109.2 to 111.9, this movement reflecting in part the continued upward trend of wages during the past year.

The vital question is how the recent trend of British export prices compares with that of American export prices. This is illustrated in the following chart :—

AVERAGE EXPORT PRICES, 1933–38

(1935=100)



This chart brings out the most fundamental fact of all. While British export prices have hardly fallen at all, and are still higher than they were a year ago, there has been a substantial fall in American export prices. The equality of 1935–36 has now disappeared, and there is the same spread as in 1933. In reality the spread is greater, for in 1933 sterling was quoted at a much lower rate in dollars than it is to-day. It is probably true to say that for the first time since 1931 American exports are on the average substantially cheaper than British exports. This is, of course, very largely the same phenomenon as was represented in the earlier chart, since the fall in the average

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price of American exports is largely due to the large part played in those exports by foodstuffs and raw materials. But it is important to realize how differently a fall in primary product prices affects the two currencies.

It is equally a fact—again of fundamental importance—that the recent shrinkage in the volume of British exports has not been paralleled in the United States. A comparison of the second quarters of the past few years brings to light the following divergence :—

VOLUME OF U.K. AND U.S.A. EXPORTS (YEAR 1935 = 100)

Second Quarter	U.K.	U.S.A.
1935	95·8	86·2
1936	94·6	100·0
1937	112·0	129·8
1938	94·3	132·8

This increase in American exports is not entirely a question of relative cheapness. It also arises from the recent recovery in American harvests after several bad crop years, and American wheat exports have now been restored to their " normal " level of the 'twenties. There is also the world re-armament demand for metals. Thus, comparing the first half of 1937 and 1938, American exports of metals, etc., have only fallen by 17.6 per cent. in value, in spite of the much bigger decline in metal prices ; there must have been an increase in their volume. Copper exports, for example, have increased from 345 to 378 million lbs., or by nearly 10 per cent., in spite of the recession in world trade.

In addition to the recent shrinkage in the volume of British exports and increase in the volume of American exports, there is also the fact that American import trade has been hit by the recession : —

VOLUME OF U.K. AND U.S.A. IMPORTS (1935 = 100)

Second Quarter	U.K.	U.S.A.
1935	96·3	95·9
1936	102·9	107·2
1937	110·5	133·8
1938	104·4	81·3

Since last year there has been a drop of nearly 40 per cent. in the volume of American imports and after allowing for the fall in their average price, a still greater decrease in their value. The United States is, in fact, buying less from the whole world, and in particular imports from the sterling area have fallen heavily. In its turn the sterling area both acquires a passive balance of payments and also is able to buy less from Great Britain. Meanwhile, the world, including the sterling area, is continuing to buy on its previous scale from the United States. Our own imports, in fact, from the United States were £23.3 millions in the second quarter of 1937 and £26.1 millions a year later, whereas our exports fell from £7.5 to £3.8 millions. The table at the head of the next column shows some of the changes in American trade with sterling area countries. The enormous drop in imports, not only from England, but also from such countries as Australia, New Zealand, Denmark, Norway and Argentina is very significant. Meanwhile, exports are higher in every case with the sole exception of South Africa.

AMERICAN TRADE WITH STERLING AREA

(First half of each year : $ millions)

	Imports from		Exports to	
	1937	1938	1937	1938
United Kingdom...	112·2	51·4	207·7	255·6
Australia	33·9	3·7	31·5	35·8
New Zealand	15·1	2·6	11·1	11·4
South Africa	6·6	7·8	41·0	35·1
Denmark	3·8	1·4	8·1	13·5
Norway	14·8	7·0	10·9	12·7
Sweden	26·4	20·1	30·0	30·4
Argentina.....	86·4	20·7	39·9	49·5

There is no need to look any further for the immediate causes of the present commercial pressure upon sterling and the strength of the dollar. Is it also true to say that the pound is over-valued? The chart illustrating the trend of export prices in the two countries might be thought to answer this question definitely in the affirmative ; but this is not quite the end of the story. The fact is that British export prices are mainly the prices of manufactured goods. American export prices are a combination of primary product prices and unmanufactured goods prices, with primary products slightly predominating. Therefore, the present lower level of American export prices, and, indeed, the over-valuation of the pound itself, reduces to a particular case of a general economic proposition. This is that in times of recession, particularly in the opening stages, the primary producer is hit worst by a fall in his prices, whereas the manufacturer finds that he is unable to reduce his prices and so is unable to sell his goods. The present over-valuation of sterling against the dollar is, so far as England is concerned, nothing more than a particular though striking symptom of this general disease, and so must be regarded as one of the necessary and automatic consequences of the world recession. The extent to which sterling is over-valued is difficult to define. It depends whether it is thought best to measure British manufactured goods prices against American primary product prices or against those of American manufactured goods ; or whether it is thought best to attempt a compromise between the two categories of American prices, which differ fundamentally from each other.

The result of this examination is to reinforce our plea of last week for an elastic exchange policy. It is impossible to say what the " correct " value of sterling is, and all that can be done is to strive after a rate which gives neither country a persistent bias to its balance of trade. Such a rate clearly will not be immutable, for the terms of trade are continually varying upon both sides of the Atlantic. We must, therefore, pursue an elastic and, indeed, a frankly opportunist exchange policy.

Finance and Banking

Sterling's Vicissitudes.—The London foreign exchange market has been dominated this week by fears of war and by the varied fortunes of the bullion market. Broadly speaking, up to Wednesday evening the demand for dollars was reinforced by the feeling that it was safer to hold dollars than gold. Thus the British Control could no longer rely so much upon arbitrage dealings as an indirect means of support to sterling, and so had to depend more upon direct intervention on its own account. The course of sterling can be recited very simply. After closing at $4.81\frac{1}{8}$ on Saturday, the pound dropped on Monday morning to $4.80\frac{3}{8}$. Control support and a small amount of selling by arbitrageurs who had the courage to take advantage of the prevailing discount in the bullion market brought the rate temporarily back to $4.82 in a sensitive market, but the evening's close was $4.81\frac{1}{4}$. Limited profit-taking after Herr Hitler's Nuremberg speech raised the rate to $4.81\frac{3}{8}$ on Tuesday morning, but that day's ominous news gave rise to a fresh big demand for dollars, and in spite of heavy sales by the Control, sterling lapsed to $4.80\frac{1}{4}$. This downward trend continued in London during the whole of Wednesday. Gold that day was again at a discount, and this brought out a little fresh arbitrage support, but nevertheless the London close was $4.79\frac{1}{8}$. New York, however, was still dealing after the news of Mr Chamberlain's visit to Herr Hitler was known, and sterling was quickly bid up to $4.81. On Thursday's opening in London, Swiss sales of dollars raised sterling to $4.82\frac{1}{2}$, but by the end of the morning the rate was back to $4.81. Gold was fixed at a discount of 1½d., based on the old shipping parity without allowing for this week's increases in insurance charges. This brought out a certain amount of arbitrage business, and gold was bid up from 144s. 3d. to 144s. 6d. after the fixing, with reports that the Control was only selling at 144s. 7d. The reactions of this arbitrage demand were to create some demand for dollars, but the market was very erratic. Three months' dollars strengthened between Saturday and Wednesday from $1\frac{1}{4}$ to $1\frac{3}{4}$ cents premium.

* * *

Gold Cross Currents.—The London gold market has during the past week been the point at which many divergent currents emanating from a complex amalgam of fears and suspicions have met. The gold market, fed as it has been by business arising directly and indirectly from political tension, should, as a matter of course, provide a somewhat disturbed and confused picture in a week such as that through which we have just passed. The chief factor at work, until the dramatic twist given to the position by Mr Chamberlain's departure for Berchtesgaden, was the effect on the gold price exerted by the steady fall of sterling. The Exchange Equalisation Account has fought its retreating battle partly by direct sales of dollars in the foreign exchange market, and partly by helping to satisfy the whole of the effective arbitrage demand for gold to be shipped to New York. Within the limits of shipping and insurable facilities and of maximum permissible commitments the arbitrage demand for gold has been persistent. The conditions under which it operates were, however, severely disturbed on Wednesday afternoon owing to the introduction in the cost of shipping charges of a new and unsavoury item, namely, insurance against war risks. The rate quoted by most underwriters to arbitrage operators was 2s. 6d. per cent. The inclusion of this new factor reduced the London gold parity for shipment to New York, expressed, as it normally is, in terms of dollars, from $34.77 to $34.73½. The continuance of congested conditions in the arbitrage channels may be gauged from the fact that over the week to noon on Thursday no less than £13,931,081 of gold left this country for shipment to the United States. On the " Queen Mary " alone the gold carried amounted to the record figure of close on £11 millions. The result of this unprecedented concentration of gold on one ship was that quite fantastic rates were paid for reinsuring the normal marine insurance risk. The rate is normally 1s. per cent. under the floating cover policies; but the risk was reinsured at rates ranging up to thirty times the normal figure.

* * *

By far the most interesting feature of the gold market, however, has been the unexpected appearance of heavy reselling from holders of the hoarder type. This reselling has in the main been stimulated by imagined fears that in the event of war an embargo might be placed on gold exports from Great Britain, and that some form of sequestration of gold might even be resorted to. As the very emergency in anticipation of which many hoarders acquired their gold seemed to approach, they decided that dollar balances might after all prove a more liquid and desirable asset than bars of gold. It is this reselling which has during the past week largely fed the arbitrage demand for gold. It has done more. On certain days the Exchange Equalisation Account has been called upon to take up large amounts of gold both at the fixing and in subsequent operations. Hence the reason for the sterling price of gold falling at times to an appreciable discount under the shipping parity to New York. It should be added that the amount of gold thus being resold has not assumed proportions at all comparable with the rate at which gold was being hoarded at the beginning of the present political scare. The resulting sales of gold to the Exchange Account have certainly been insufficient to make good its current losses.

* * *

The Money Market and the Crisis.—The discount market has been affected by the crisis in two different ways. First, there was the fear of war, which it was realised might lead to an immediate increase in Bank rate and in money rates generally. This gave rise to a general reluctance to hold bills. The banks were not eager to buy, while the market became keen sellers. By Wednesday only one of the banks was buying, and its rate was ¾ per cent. for Treasury bills. There was also some special buying at ⅝ per cent., but this was confined to October Treasury bills. The longer-dated bills, which naturally carried a greater risk of loss, were quoted at 1 per cent. for Januaries and at 1¼ per cent. for six months' bills. On Thursday morning, after the announcement of Mr Chamberlain's visit to Berchtesgaden, one or two of the banks bought a little more freely, but only at ⅝ per cent. for October and ¾ per cent. for November Treasuries. The other influence on the discount market was that of the continued outflow of funds to New York combined with the Exchange Equalisation Account's gold sales. This has reduced the supply of money in London, especially as the Exchange Account has not yet been able to substitute Treasury bills for the whole of its gold losses. Evidence of this was to be found in last week's Bank Return (though not in this week's), in the high level of public deposits with bankers' deposits on the low side; and also in the fact that since the tender of August 19th tap issues of Treasury bills have only risen by £20 millions, which must be less than the full amount of the Account's gold losses. It is true that special buying has provided some additional relief, while the Exchange Account's need for bills probably explains why £3 millions was cut off last week's tenders; this last reducing the tender issue to £537 millions, compared with £555 millions three weeks before. Still, the depletion of money has outrun the reduction in the supply of bills, and during the past fortnight the syndicate has been able to lower its tender price from £99 17s. 5d. to £99 17s. per cent., and at the same time increase its allotment percentage from 36 to 60 per cent. Bond money has also been scarce as the result of the

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outflow of funds to New York. The bigger houses were still able to borrow on Wednesday at ⅜-½ per cent., but some smaller firms had to take money from the clearing banks at ¾ per cent. On Thursday morning conditions generally in the money market pointed to greater ease, but it appeared that the *status quo* might not be completely restored for some time, even if there were no further external disturbances to contend with.

* * *

August Clearing Bank Averages.—Partly because of a slight narrowing of the credit base, and partly because public deposits were swollen during August by the final Defence Loan call and Exchange Equalisation Account gold sales, there has been a small contraction since July in clearing bank cash. The aggregate rates of cash to deposits, however, has fallen from 10.57 to 10.49 per cent., so that the decrease in deposits is not proportionate to the shrinkage in cash.

(In £ millions)

	Aug., 1937	April, 1938	May, 1938	June, 1938	July, 1938	Aug., 1938
Capital and reserves	132·5	136·0	136·0	136·0	136·0	136·0
Acceptances, etc. ...	116 1	111·7	115·8	115·8	114·9	115 5
Deposits (including undivided profits, etc.)	2,245·9	2,229·8	2,225·0	2,262·2	2,272·1	2,262·4
Total liabilities ...	2,494·5	2,477·5	2,476·8	2,514·0	2,523·0	2,513·9
Cash	231·0	242·8	227·9	243·2	241·0	237·8
Cheques, balances and items in transit	64·6	63·3	66·0	71·3	63·2	59·2
Money at call	156·7	145·2	141·2	149·6	154·9	150·2
Discounts	275·8	247·0	278·1	287·9	299·9	303·2
Investments	630·4	623·4	616·3	615·3	618·8	627·2
Loans and advances	952·6	976·6	963·8	963·3	962·8	953·1
Investments in affiliated banks.....	23·5	23·9	23·9	23·9	23·9	23·9
Cover for acceptances, premises, etc.	159·9	155·3	159·6	159·5	158·5	159·3
Total assets	2,494·5	2,477·5	2,476·8	2,514·0	2,523·0	2,513·9

Clearing bank advances have at last begun to shrink in sympathy with the trade recession, the month's contraction being £9.7 millions. Call and short loans and discounts show little change on balance from July, but cheques in course of collection, etc., are £4.0 millions lower. The result of the contraction in advances is that in spite of the shrinkage in their total resources, the banks have been able to add £8.4 millions to their investments. The September averages will reflect the present transfer of funds from London to New York, and the attendant gold sales of the Exchange Equalisation Account deposits are likely to be lower, and cash will probably also show a contraction, as the Exchange Account has apparently not kept pace with its gold losses by acquisition of Treasury bills. Early in September, bankers' deposits at the Bank of England were definitely lower than in August.

* * *

"Black" Currencies.—Owing to the existence of strict exchange control, and the decline in the turnover brought about by the operation of clearing agreements, a number of exchange rates do not in any way indicate market tendencies. The official reichsmark rate, for instance, has actually appreciated in terms of sterling during the last few weeks in sympathy with the dollar, to which it has been pegged. To form an idea of the degree of pessimism prevailing in the foreign exchange market about the reichsmark and other controlled currencies, one has to follow the price quoted in the "black" exchange. Strictly speaking, it is not correct to describe the London market for reichsmark notes, lira notes, etc., as a "black" market. The term implies illegitimate dealing, and there is no British law whatever to prevent anyone from transacting business in London in currencies that are subject to exchange restrictions in foreign countries. Nevertheless, the leading banks are reluctant to deal, unless it is on account of some valued client. The bulk of the business is transacted by small banking firms, who specialise in "black" currencies. During the past week the ups and downs of the political outlook have resulted in lively fluctuations in the rates of "black" currencies. The price of reichsmark notes underwent a sharp depreciation from 37 to the pound at the end of last week to 41 on Wednesday. It recovered, however, by two points on Thursday on the news of Mr Chamberlain's journey to Berchtesgaden Similarly, Czechoslovak inland crowns, which depreciated to 265 on Wednesday, recovered to 260 on the following day. The accentuation of the crisis during the first half of the week also affected other "black" currencies such as the lira, the Hungarian pengö and the drachma. Admittedly the limited turnover in these markets tends to increase the sensitiveness of the rates; and it is also necessary to bear in mind that holders of "black" currencies are particularly anxious to liquidate whenever they sense political trouble, for fear of a complete cessation of demand. Nevertheless, the "black" rate provides a moderately reliable barometer of the market's opinion about the value of the respective currencies—certainly a great deal more reliable than that provided by the officially controlled rates of currencies subject to restrictions.

* * *

Interest-bearing Currency.—One section of currency reformers, those who revere the name of Silvio Gesell, have for years been preaching the doctrine that holders of bank notes should be induced to spend more freely by charging interest on the notes in the form of stamps which have to be periodically affixed to the notes if they are to retain their validity. Whether or not the scheme would work we have no means to judge, since, apart from the short-lived experiment of the small Austrian town Wörgl, it has never been applied in practice. On the other hand, the Czechoslovak National Bank has just inaugurated a novel system which may well be described as an inverted Gesell scheme, since the notes issued under it yield interest instead of being subject to interest. The notes are repayable in three, six or twelve months, but their holders are in a position to convert them into the ordinary variety of currency notes at any time before maturity. Curiously enough, the declared object of these inverted Gesell notes is the same as that of the Gesell notes: to attract hoarded notes from their hiding places, and to make them available for the requirements of trade. As a matter of fact, the new Czech notes are bound to become hoarded, since their holders will prefer to spend their non-interest-bearing notes so long as they have any, and retain the interest-bearing notes. The latter will thus tend to replace in stockings and safes ordinary notes which become available for the requirements of trade or of the Government. The scheme was adopted because the increase of hoarding, caused by political uncertainty, has necessitated an increase of the note issue. It is true that the replacement of ordinary notes by interest-bearing notes does not reduce the total note issue, but strictly speaking the interest-bearing notes are more in the nature of Treasury bills, so that the increase of their volume need not be regarded as an inflationary expansion.

* * *

Commonwealth Bank of Australia.—The latest report of the Commonwealth Bank, covering the year to June 30, 1938, takes as its main theme the impact of the world recession upon Australia. So far the main reactions have been a set-back in a few manufacturing indices and a sharp fall in Australian export prices from 80·9 last December (1927 = 100) to 71.0 in June. Carry-overs of wool and wheat on June 30, 1938, were also above the average. The most significant change is that the export surplus has fallen from £stg. 35 millions in 1936–37 to £stg. 12 millions in 1937–38. As Australia's annual external interest charge is £22 millions, an active balance

of £stg.13 millions has given way to a passive balance of £stg.10 millions. This has depleted London funds, those of the Commonwealth Bank alone having fallen from £stg.52.5 to £stg.44.3 millions during the year 1937–38. As a further result it has rendered the banking system a little less liquid, for the cash at the disposal of the trading banks is partially conditioned by the size of London funds. The trading banks also experienced during the six months to June, 1938, increases in their deposits from £A314·5 to £A315 millions, and in their advances from £A273·7 to £A284·9 millions. This last movement is the normal concomitant of the opening stages of a recession in a primary producing country, and the Commonwealth Bank report very wisely discusses the possibility of an extension of the recession. Here it argues that public works expenditure should be regulated so as to be relatively low in times of prosperity, with plans ready for expansion in times of depression. Unfortunately, public works expenditure was on a high scale in 1937–38, which the bank regards as a period of general prosperity. In the bank's opinion, this must affect the available funds for Loan Council operations and narrow the margin for any expansion in the programme should the recession become general and cause a falling off in employment.

MONEY MARKET NOTES

Foreign Exchanges

THE fluctuations of the New York exchange are described in a Financial Note. On Thursday afternoon sterling eased from $4.81¼ to $4.80⅞ in spite of selling by the Control and also by arbitrageurs. Wednesday's turnover in dollars was one of the largest for the past six months. French francs have remained very steady in an idle market at Frs.178⅛ for spot and Frs.3⅛ discount for three months. The French Control has had very little to do. Guilders have remained at Fl.8.92, with the Netherlands Bank buying guilders against dollars. Swiss francs have tended to move with the dollar. Belgas have been stronger this week. In London they fluctuated with the dollar, but in New York they have been comfortably within the export gold point. The recent gold shipments from Brussels to London are thought to represent gold sent here for safe custody. Three months' belgas stand at 53 cents discount, while the abundance of spot belgas is keeping the one month's rate down to 12 cents discount. Registered marks have again depreciated, the week's movement being from 59 to 63 per cent. discount, the latter percentage representing a rate of Rm.32.46 to the pound. The demand for travel marks must now be microscopic, while the desire to liquidate standstill commitments must have been increasing.

*

The Bank Return

FOR the second week in succession there is a slight drop in the note circulation. This is a purely seasonal movement, and at least shows that the demand for currency has not been affected by anxiety over the political outlook.

	Sept. 15, 1937 £ mill.	Aug. 31, 1938 £ mill.	Sept.7, 1938 £ mill.	Sept.14, 1938 £ mill.
Issue Dept.:				
Gold	326·4	326·4	326·4	326·4
Notes in circulation	488·1	480·4	480·1	478·6
Banking Dept.:				
Reserve	39·9	47·3	46·3	47·8
Public Deps. ...	12·5	27·8	32·2	21·6
Bankers' Deps.	108·4	94·7	91·3	99·6
Other Deps. ...	36·1	36·4	34·9	36·4
Govt. Secs.	109·1	102·1	101·3	98·5
Discounts & Advances	5·0	5·4	5·4	5·9
Other Secs.	21·2	22·3	22·1	22·1
Proportion.....	*25·4%*	*29·7%*	*30·1%*	*31·2%*

This return also shows that the efforts of the authorities to restore to the banking system the proceeds of the Exchange Equalisation Account's gold sales, whether direct to the American authorities or through the London bullion market, have been more successful than might have been expected. Public deposits are £10.6 millions lower than a week ago, while bankers' deposits have risen by £8.3 millions. A more even distribution of Treasury bill maturities this week may account for part of this movement, but there is little doubt that it is also due to specific action taken to ease the banking position. This action has taken the form of special purchases of Treasury bills, and also of the five million under-allotment of Treasury bills a week ago. Other methods may also have been employed, and one way and another the authorities seem to have achieved a fair degree of success.

*

The Money Market

IN spite of the more favourable tone in the City, due to Mr Chamberlain's visit to Germany, there was no real change on Thursday in the money market. While the clearing banks are anxious to keep reserves in hand, overnight money has been easily obtainable. The banks, however, are still not anxious to buy bills, and only isolated transactions were reported. Market rates for Treasury bills are consequently nominal. This week's Bank return shows that the authorities have been able to put a certain amount of money back into the banking system, but on balance the banks are still a little less well supplied with funds than before the recent tension, and so the market finds no difficulty in appreciating their reluctance to buy bills.

	Sept. 16, 1937	Sept. 8, 1938	Sept. 15, 1938
	%	%	%
Bank Rate	2	2	2
London Deposit Rate...	½	½	½
Short Loan Rates:			
Clearing Banks	½–1*	½–1*	½–1*
Others	½–⅝	½–¾	⅝–¾
Discount Rates:			
Treasury bills	½	½	¾
Three months' bank bills	17/32–9/16	17/32–9/16	13/16–7/8

* Viz. ½ per cent. for loans against Treasury bills and other approved bills and British Government securities within six months of maturity. ⅝ per cent. for loans against 1 per cent. Treasury bonds and other gilt-edged stocks within six months of maturity. 1 per cent. for loans against other collateral.

The discount houses are equally anxious not to take up too many new bills, and in some cases their own customers receive the preference. Bond money was perhaps a little easier on Thursday, and the largest borrowers would obtain it at ¾ per cent. in the morning and ⅝ per cent. in the afternoon. The market generally still seems to desire to maintain a fair degree of liquidity and to avoid too many new commitments. Reference to the week's general trend is made in a Financial Note.

*

The Bullion Market

THE increase in insurance charges for gold shipments has had the effect of lowering the "American shipping price" parity. Thus, while judged by the old parity, the price of 144s. 3d. at Thursday's fixing represented a discount of 1½d., in reality it was impossible to determine any definite relation. The general impression was that the increase in insurance charges was equivalent to about one per mille or, say, 1¾d., which would make the fixing price somewhere about par. The real answer is that the new uncertainty of insurance charges provides yet another problem for the arbitrageur. Nevertheless, there was a certain arbitrage demand on Thursday, matched by profit-taking and Continental re-sales, with the authorities mainly content to hold a watching brief. The price was bid at from 144s. 3d. to 144s. 6d. after the fixing.

Date	Gold: Price per fine oz.	Gold: Prem. or Discount *	Gold: Amt. dealt in †	Silver, price per oz. standard: Cash	Silver, price per oz. standard: Two Mths.
1938	s. d.	d.	£'000	d.	d.
Sept. 9 ...	144 1	par	957	19 1/4	19
„ 10 ...	144 4 1/2	par	743	19 3/8	19 1/16
„ 12 ...	144 7 1/2	½di s	1,311	19 7/16	19 3/16
„ 13 ...	144 7	½pm	582	19 1/16	19 3/8
„ 14 ...	144 11	½dis	1,422	19 11/16	19 7/16
„ 15 ...	144 3	1½dis‡	1,313	19 9/16	19 3/8

* Above or below American shipping price.
† At fixing. ‡ At old shipping parity, excluding any recent increase in insurance charges.
The New York price of silver remained at 43 cents per ounce ·999 fine during the week.

Silver prices have also risen in sympathy with the dollar. There has been a fair American trade demand, while the Bombay price advanced sharply on Wednesday from Rs.50 15as. to Rs. 52 4as. as the result of war fears. In London there have been some Eastern offerings and also some speculative re-selling, while India and the Continent have bought in addition to the United States. Prices eased on Thursday in sympathy with the rise on sterling. They are still thought to be above the American parity; but, as in the case of gold, the uncertainty over insurance charges makes it difficult to calculate the exact parity.

Investment

Markets and the Crisis.—The Stock Exchange this week has been at the mercy of the political storm, which reached its height on Wednesday. Investors may at least congratulate themselves that, in the circumstances, they have preserved a relative degree of calm. The fortitude of the average holder during the week has been remarkable, and it has well deserved its reward in the sharp recovery in all sections of the market—but particularly in the Funds—which occurred while the Premier was *en route* for Berchtesgaden on Thursday. His decision to visit Herr Hitler in person released the Stock Exchange from a degree of political tension which, had it gathered force for a few more days, might have become unsupportable. The Stock Exchange was not designed to provide normal dealings when Europe seems to be hovering on the brink of war, and on Wednesday this danger was real. Gilt-edged stocks experienced the worst falls since September, 1931. Tension was already acute on Monday, for as the Führer's speech approached, dealers took the only available precautions—to lower their prices, and to quote abnormally wide dealing margins. War Loan was dealt in at par before "bear" covering produced a slight rally. The immediate reaction to the Nuremberg speech was a slightly steadier tone, but incidents in the Sudetenland on Tuesday drove War Loan below par before it closed, rather uneasily, at 100. Yet the volume of selling still remained moderate. On Wednesday, however, the Sudeten ultimatum and its rejection by the Czech Government seriously shook the market. Throughout the gilt-edged list, jobbers were only prepared to deal on a wholly abnormal two-point margin, and they lowered their prices to the same extent. Business was marked in War Loan as low as 96. Appreciable Continental selling was reported, but sales by domestic holders were also significantly higher than in the previous two days, although some buying orders steadied the market later in the day. European bonds were more seriously affected, despite the support which they received from Continental sources, presumably for sinking fund purposes. The best home rail fixed charges also fell severely, but pressure on the industrial market was less intense. True, substantial losses were recorded by the leaders, and the *Financial News* index of ordinary shares touched a new low level of 78.2, but there was no evidence of widespread selling. The recovery on Thursday was as dramatic as its cause. Gilt-edged stocks were immediately quoted 2 to 3 points higher, and War Loan recovered to 99½. The initial gains in the European bond list, however, were not fully held. German 5 per cents., for instance, jumped from 43½ to 47, but later reacted to 46½, and the movement in industrial shares was comparatively moderate. In the accompanying table we set out the movement of leading fixed-interest and equity securities this week, with a comparison of their prices after the Austrian and Czechoslovakian crises of March and May. Two factors stand out in the week's record. The first is the sensitiveness of the gilt-edged market to hour-to-hour fluctuations in political sentiment. The second is the temperate response, in all the circumstances, of the industrial market.

* * *

Watchword for Investors.—The immediate investment prospect depends almost entirely upon the chances of success of Mr Chamberlain's efforts to seek solution of the Sudeten problem by agreement. In its initial response to the news the market has acted in a perfectly justifiable manner. It has corrected the steep falls of Wednesday, whose only reason—and it was a real reason at the time—lay in the fear of European conflagration. But it has not lifted prices to the point which would be justified by a positive amelioration of the European situation. That must be postponed, for the present, until the outcome of the Premier's discussions becomes clearer. The central fact for the investor as we go to press is that tension is no longer strained to breaking-point. He is—at least for the moment—no longer compelled to attempt to hedge the possibility of immediate war. But the time has scarcely arrived for the consideration of positive investment action, on the assumption that political difficulties will be removed. The investor, indeed, still has no better option—as he appears to have realised during the past week—than a well-diversified holding, with proper emphasis on domestic equities and a suitable proportion of sound gold shares. Such a portfolio, carefully acquired on its long-term merits, will not be lightly disturbed, if the alternatives are properly weighed.

* * *

Wall Street's Movements.—The hour-to-hour movements on the New York Stock Exchange this week have been feverish to a degree. Wall Street, of course, took the first impact of the Sudeten ultimatum on Tuesday evening and thus paved the way for London's trial of nerves on Wednesday. In the last hour on Tuesday a million shares were sold, with little regard for price, and the Dow Jones industrial average fell 5 points in the final hour of trading. Changes almost as violent were recorded on Wednesday, although the major part of the day's fall had been recovered by the close of dealings. In the following table we set out the hourly dealings and industrial share movements in New York for each day of the week, up to the close on Thursday:—

	Mon., Sept. 12		Tues., Sept. 13		Wed., Sept. 14		Thur., Sept. 15	
	Dow Jones average	Trading*	Dow Jones average	Trading*	Dow Jones average	Trading*	Dow Jones average	Trading*
1st hour	138·33	130	141·35	280	135·72	580	135·63	470
2nd hour	139·42	270	141·03	400	134·59	1,020	135·40	640
3rd hour	139·98	360	140·28	530	132·57	1,500	135·33	770
4th hour	139·82	450	139·89	630	131·17	2,290	135·19	890
Close	140·19	600	134·85	1,700	132·93	2,820	136·21	1,140

* Cumulative, in thousands of shares.

These hourly movements show that the market was at the mercy of every report and rumour until Thursday, when its recovery was consistent and widespread. Perhaps New York's capacity for alarm is greater than that of London, for on Tuesday evening, when the "ticker" was left behind by excited dealings at the close, the possibility of closing the exchange was under active discussion. The Paris Bourse has not experienced the same note of panic, and dull trading has resulted in net losses of tolerable dimensions. Amsterdam, whose bonds with New York are closer, was more disturbed, but, like the Berlin Bourse, it recovered partially in mid-week.

* * *

Insurance Share Index.—*The Economist* index of twenty-four insurance shares showed some improvement during the second quarter. The following table shows the course of the total index and of the component shares for 1936 and 1937, and for each quarter since June, 1937:—

Company	1936	1937	1937			1938	
			June 30	Sept. 30	Dec. 31	Mar. 31	June 30
Alliance	2,525	2,341	2,184	2,226	2,268	2,058	2,142
Atlas	3,968	3,698	3,619	3,619	3,809	3,428	3,873
Caledonian	5,464	5,457	5,284	5,284	5,032	4,655	4,906
Commercial Union	4,870	4,490	4,571	4,354	4,354	4,136	4,408
Employers Liability	2,540	2,509	2,522	2,567	2,432	2,117	2,342
Equity and Law	5,909	6,986	6,428	6,428	6,517	5,604	5,439
General Accident	14,716	14,582	14,332	14,666	14,332	11,999	12,333
Gresham Fire	5,016	4,571	4,381	4,381	4,286	4,190	3,619
Guardian	3,793	3,548	3,436	3,384	3,384	3,128	3,487
Legal and General	13,716	12,944	11,913	11,749	11,475	9,836	10,929
Life Assn. of Scotland	3,932	3,792	3,828	3,638	3,590	3,447	3,400
London & Lancashire	5,676	4,962	4,769	4,692	4,616	4,231	4,308
London Assurance	3,293	3,172	3,153	3,056	3,056	2,668	2,814
North British and Mercantile	6,975	6,433	6,306	6,115	5,860	5,096	5,414
Northern	2,597	2,395	2,388	2,448	2,388	2,149	2,328
Phœnix	2,177	2,025	2,063	2,030	2,097	1,860	1,962
Prudential	3,669	3,369	3,213	3,261	3,261	3,069	3,309
Royal Exchange	5,499	5,090	4,990	5,052	4,805	4,436	4,929
Royal	3,366	3,129	3,054	3,011	2,925	2,753	2,925
Scottish Life	4,761	4,192	4,270	4,101	4,101	3,933	3,933
Scottish Union and National	5,490	5,352	5,028	5,176	4,880	4,584	4,880
Sun Fire	3,316	3,093	3,022	3,022	2,933	2,667	2,933
Sun Life	3,375	3,193	3,274	3,123	3,224	3,174	3,375
Yorkshire	4,091	3,762	3,711	3,504	3,556	3,401	3,504
Average	5,031	4,795	4,656	4,620	4,549	4,109	4,312

The group has not fully recovered the ground lost during 1937 and the first quarter of 1938, for the total index, at 4,312 (1913 = 1,000) is still lower than the end-1937 level of 4,549, and substantially below the high level of 5,111 recorded at the end of 1936. It would be interesting to know how far the improvement of 5 per cent. which occurred during the second quarter of the current year was directly attributable to buying on behalf of the several unit trusts which specialise on insurance shares, for it was appreciably greater than the improvement in undated gilt-edged securities and in bank shares over the same period.

* * *

John Brown-Petters-Westland Deal.—A complex series of transactions, involving John Brown, Petters, Westland Aircraft, and Brush Electrical Engineering, was announced at the end of last week. They are pivoted on the acquisition by John Brown from Petters of control of Westland Aircraft. John Brown, like Vickers, Harland and Wolff, and Swan, Hunter and Wigham Richardson, has thus added an air arm to its existing interests in heavy industry and naval armament. At the same time, the Yeovil works of Petters have been sold for a consideration of 600,000 ordinary shares to Westland Aircraft, whose productive capacity will be more than doubled, with space, moreover, for further extensions. John Brown's decision to enter the aircraft industry is evidently based on a substantial development programme at Yeovil, and it will provide further diversification for the parent concern, whose interests are already spread over mercantile and naval shipbuilding, and special steel. Secondly, Petters have agreed to transfer their oil-engine manufacturing plant to Brush Electrical Engineering at Loughborough, for £265,000, to be satisfied by the allotment of £200,000 5½ per cent. preference stock and £65,000 in ordinary shares, coupled with an annual commission on turnover for ten years. For some time Petters have been working towards the achievement of greater co-operation within

SECURITY PRICE MOVEMENTS

	High 1938	Mar. 14	May 23	Sept. 9	Sept. 13	Sept. 14 Lowest Mark	Sept. 14 Close	Sept. 15
Consols. 2½ %	79¼	75¼	74½	73½	72	68½	70	72⅛
War Loan 3½ %	103⅜	102¼	101	101⅜	100	96	97½	100
Conversion 3%	104⅜	101	102	101	99½	97	97½	99
L.M.S. 4% deb.	105⅜	101½	101	99½	99	95	96½	97
L.P.T.B. 4½% "A"	119½	118½	116xd	117½	115½	112	112	113
S.R. 5% pref.	115½	113½	111½	90½	89½	86	88	88
German 4½%	46	40	39	37	35	29⅞	31	33⅛
Czech. 8%	105¾	85	70	76	76	69	71	76
C. & Wireless Ord.	68¾	63	53½	42½	39½	37	37	40⅛
Courtaulds (£1)	48/1½	39/–	36/6	30/9	30/6	28/6	29/4½	30/9
General Electric(£1)	79/3	72/–	70/6	77/–	77/–	72/6	74/9	76/6
I.C.I. (£1)	35/3	29/–	29/6	30/3	30/–	28/6	28/9	30/–
Turner & N. (£1)	87/6	78/9	77/6	77/6	75/–	68/9	70/–	75/–
Vickers (10/–)	27/6	21/–	21/–	20/–	20/–	18/9	19/–	19,7½
Anglo-Iranian (£1)	113/11½	77/–	81/3	101/3	100/–	90/–	93/9	97/10⅛
"Shell" (£1)	101/3	87/–	82/–	87/6	85/7½	77/6	82/6	86/3
United Sus Betong (£1)	59/–	47/6	47/6xd	56/3	55/7½	50/–	52/6	52/6
Int. Nickel (N.p.)	$53½	$49	$44¾	$49¾	$50¼	$46½	$47½	$49⅛
N.Y. Cent. (N.p.)	$21 13/16	$15½	$12½	$18½	$18½	$15	$15½	$10⅝
U.S. Steel (N.p.)	$64	$51½	$43½	$60½	$61½	$55¼	$56½	$59
Financial News Indices:								
Fixed Interest secs.	131·0	129·2	128·4	127·7	126·5	...	123·6	125·5
Ordinary shares	97·2	86·3	83·1	81·8	80·5	...	78·2	80·5

OVER ONE HUNDRED AND TEN YEARS OF SERVICE
SCOTTISH UNION & NATIONAL
INSURANCE COMPANY
ASSETS EXCEED £17,000,000
FIRE LIFE ACCIDENT MARINE
Edinburgh: 35 St. Andrew Square
London: 5 Walbrook, E.C.4, and 45 Pall Mall, S.W.1.

NEW MODDERFONTEIN GOLD MINING COMPANY, LIMITED
(Incorporated in the Union of South Africa)

Extracted from the Annual Report for the Year ended 30th June, 1938
Issued Capital, £1,400,000, in 2,800,000 Shares at 10s. each

DIRECTORATE

Dr. H. PIROW (Chairman). R. S. G. STOKES. J. MARTIN.
SIR ABE BAILEY, Bart., K.C.M.G. R. W. FFENNELL. S. C. BLACK.
W. A. MACKENZIE. MAJOR C. S. GOLDMAN.

Tonnage milled, 2,336,000

		Per ton milled
Total Working Revenue	£3,089,244 9 11	£1 6 5
Total Working Expenditure	1,753,669 3 11	0 15 0
Working Profit	£1,335,575 6 0	£0 11 5
Net Profit for the year	£1,334,318 13 2	
Balance unappropriated at 30th June, 1937	206,187 18 10	
Forfeited Dividends Account	552 5 2	
	£1,541,058 17 2	
This amount has been dealt with as follows:—		
Miners' Phthisis—Provision on account of Outstanding Liability as at 31st July, 1937	£22,356 8 10	
Provision for Taxation	542,915 9 9	
	565,271 18 7	
	£975,786 18 7	
Dividends declared during the year—No. 63 of 27½ per cent. and No. 64 of 27½ per cent.	770,000 0 0	
Leaving a balance unappropriated of	£205,786 18 7	

The **Ore Reserve** has been re-estimated as at 30th June, 1938, and is as follows:—

	Available. Tons.	Value Dwt.	Width. Inches.	Unavailable. Tons.	Value Dwt.	Width. Inches.	Total. Tons.	Value Dwt.	Width. Inches.
South Reef	1,407,700	2·6	45·7	146,600	4·1	42·7	1,554,300	2·8	45·4
N.A. 6 and 7	668,100	2·8	43·6	130,300	5·5	42·4	798,400	3·2	43·4
N.A. 3, 4 and 5	292,200	2·5	43·4	92,500	2·7	45·9	384,700	2·5	44·7
N.A. 1 and 2	2,794,700	3·1	49·5	205,600	3·9	48·1	3,000,300	3·2	49·4
Main Reef Leader	2,145,500	5·8	54·5	113,400	5·0	61·3	2,258,900	5·7	54·8
Total	7,308,200	3·8	49·2	688,400	4·3	47·0	7,996,600	3·8	49·0

Compared with the previous year, the available reserve shows a decrease of 128,600 tons, the value being 0.3 dwt. lower and the width 1.5 inches greater. The total tonnage, however, has decreased by 733,400, a large tonnage of ore in shaft pillars at Nos. 1 and 2 Circular Shafts amounting to 572,700 tons, and previously classed as unavailable, having been transferred to available.

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the oil engine industry—the directorate was linked with that of Mirrlees, Bickerton and Day earlier this year—and the transfer to Loughborough is expected to reduce operating costs. Petters will then become a holding company, under a changed name.

* * *

From the information published, it is possible to obtain some light on the resultant position of Petters, after giving effect to the different phases of the deal. It already owned 500,000 Westland 5s. shares (out of the total issue of 1,000,000 shares) and this number has been increased to 1,100,000. Of the latter, John Brown has acquired a controlling number, and the remainder are under option for a limited period. The 600,000 shares allotted in respect of the sale of the Petters' site represent a purchase price of £187,500, or 6s. 3d. per share. Presumably, therefore, the sale of control to John Brown has been arranged at a price at least equal to this. If the market price at the time of the announcement—7s.—is taken as a basis, Petters would hold £385,000 either in cash or in Westland shares, together with Brush Electrical shares, nominally valued at £265,000. These, together with other holdings, would impute a break-up value to Petters' ordinary shares even in excess of the improved price of 46s., assuming that holdings other than Westland were worth their book value. The proper valuation of the shares, however, depends less upon such calculations than upon the realisation of more satisfactory profits from oil-engine production than has been obtained in the past. And the immediate investment interest in the deal must be centred on John Brown's control of Westland, whose future development may well be more rapid even than in the past.

* * *

Calico Printers' Report.—The preliminary profits statement of Calico Printers was published a month ago. The full report, therefore, adds little to the particulars published in our issue of August 20th. Total profits amounted to £406,186, compared with £627,402 for the year to June, 1937. Maintenance, depreciation and repairs absorbed £367,228, debenture interest requires £128,000 and directors' fees £4,500, the latter sum comparing with £10,800 charged in recent years. A net loss of £93,542 compares with a profit of £116,174 for 1936-37. No comment is offered on the year's results in the report. The balance sheet, which contains a note that the preference dividend is in arrear from January, 1936, displays an essentially sound liquid position. Gilt-edged and other securities have increased from £1,408,172 to £1,609,820, though this increase is more than offset by a reduction in cash holdings from £853,717 to £579,376. The report, which is not remarkable for the volume of information which it provides, contains an additional complication. The directors have transferred £200,000 from the balance of £1,060,258 standing at the credit of depreciation account to capital reserve account. A net sum of £860,258 thus remains on depreciation account, which reduces the book value of fixed assets from £5,559,203 to £4,698,945. The disclosed increase in the capital reserve account, however, is from £1,000,000 to £1,100,000. In other words, a transfer from the fund amounting to £100,000 appears to have been made, although it is not shown directly in the balance sheet, nor explained in the directors' report. The Association's strong financial position has enabled it to meet a decade of difficulty with greater success than many textile concerns. But the absence of any dividend on the £2,010,736 of ordinary capital since 1929 suggests that ultimately the capital structure may have to be brought into relation with present-day earning power. If the outlook for the preference stock, now quoted at 6s. 1½d., is obscure, a price of 4s. 4½d. for the ordinary stock must surely be regarded as over-generous.

* * *

Lower Staveley Profits.—The reduction in the Staveley distribution from 12½ per cent. to 11 per cent was announced a fortnight ago, and a partial explanation of the fall in profits which evidently was responsible for the decision was suggested in our issue of September 13th. The 13½ per cent. fall in total profits for the year to June 30th from £835,646 to £723,725 is, nevertheless, somewhat disappointing. The report refers to a falling-off in activity in some departments in the second half of the year, but it lays no stress upon the gravity of this decline from the satisfactory level of the first six months. Recorded earnings include a profit from the sale of the company's interest in Markham & Co., Ltd., but no indication is given of its extent. Our suggestion that comparison with 1936-37 was somewhat unfair to the latest year appears to stand. In that year exceptional revenue was derived from Yorkshire Main Colliery, which distributed accumulated profits not assigned to the merger company, Doncaster Amalgamated Collieries. And it is to be presumed that the accident at the Markham pit adversely affected profits. As we show in the following table, stockholders are spared the full force of the decline in total profits, and the 11 per cent. distribution is covered by a greater margin than the 1935-36 dividend:—

	Years to June 30		
	1936	1937	1938
	£	£	£
Profit	594,634	835,646	723,725
Depreciation	207,791	242,042	234,812
Fees	6,558	6,667	10,345
Ordinary stock (tax free):—			
Earned	*380,285*	*586,937*	*478,568*
Paid	304,682	423,169	372,389
Earned %	*11·2*	*17·3*	*14·1*
Paid %	9	12½	11
General reserve	50,000	100,000	100,000
Carry forward	124,346	188,114	194,293

The allocation to general reserve is maintained at £100,000. The balance sheet shows continued progress in developing the company's products. Net expenditure on additions to fixed assets during the year amounted to £321,688, and the report states that the sodium chlorate plant, which had been delayed during 1936-37, has been completed. Some decline in turnover, at any rate towards the end of the period, is confirmed in the balance sheet by a rise in stocks from £592,819 to £709,088, and a moderate fall in sundry debtors. The company is interested in a variety of products, but in iron, building and road-making the outlook is less favourable than it was. A current gross yield of £7 9s. 6d. per cent. on so sound an industrial equity as the £1 stock units of Staveley Coal and Iron, which are now quoted at 40s. 7½d., seems reasonable.

* * *

Hawthorn Leslie Prospects.—In view of the nature of the company's work, the 108 per cent. increase in R. and W. Hawthorn Leslie's profits from £37,689 to £78,577 for the year to June 30th is a matter for satisfaction rather than surprise. The business includes naval shipbuilding, and the armaments programme has undoubtedly contributed largely to the latest results, despite the chairman's emphasis, a year ago, that the company was primarily equipped for mercantile shipbuilding and aimed at a steady flow of work. The financial year opened with a well-filled order book, and during its course the difficulty of obtaining materials has been relieved. Profits are struck after all expenses except directors' fees, and consequently the increase in the amount earned for dividend almost exactly corresponds to the rise in total profits. Some 16.4 per cent. has been earned on the ordinary shares, against 10.6 per cent. in 1936-37, but the amount ranking for dividend was increased from £358,275 to £537,413 by the 50 per cent. share bonus distributed in June. The 9 per cent. dividend is maintained on the larger capital, and is thus equivalent to 13½ per cent. on the old capital. The general reserve, which formerly substantially exceeded the issued capital, is now, at £270,000, equal to about half of it. A sum of £24,137 (i.e. £155,000 less than the amount absorbed by the bonus) has been put to reserve, and nearly £5,000 is added to the balance carried forward. Since the previous accounts were issued, the locomotive section has been combined with that of Robert Stephenson and Company, of Darlington. As a result, investments have been increased to £104,000, against £41,000, to reflect the acquisition of a holding of 481,250 5s. shares in Robert Stephenson and Hawthorns, Ltd., and fixed assets are £20,000 lower at £579,000. The maintenance of satisfactory profits seems assured. Stocks and work in progress have jumped from £1,180,000 to £2,115,000 gross, and a substantial increase in naval work is being carried out this year. At the current price of 15s. 3d. the 10s. shares yield £5 18s. per cent.—a return which seems reasonably assured for some time to come.

* * *

Odeon Report.—The full report of Odeon Theatres clarifies certain obscurities of the preliminary profits statement, discussed on page 510 of last week's issue of *The Economist*. The first accounting period runs from June 14, 1937, to June 25, 1938—approximately 54 weeks, and total income for this period amounts to £371,589. From the directors' report, it appears that this figure is struck after providing for "administration, depreciation, equalisation, reserve for repairs and renewals and amortisation of leasehold property." The amount of the latter reserve in the balance sheet is £37,956, and it is to be presumed that this balance bears some relation to the undisclosed charge on profits. Profits for 73 of the cinemas acquired by the company for the period from January 2, 1937, to June 14th of that year were placed to reserve. It is stated that the 86 "owned" theatres—their number has since been increased to 91—produced profits which were within 7½ per cent. of the prospectus estimate. Of the "managed" cinemas, however, as many as 27 were completed during the first accounting period, and certain of them were operating only for a few weeks before the accounts were closed. The directors consider that the first year's results are satisfactory, and that profits in a "full year"—to which the current year should approximate in the prospectus sense—should at least reach the estimate of £460,000. Of the available balance of £122,225, after tax and N.D.C., the 10 per cent. ordinary dividend absorbs £61,625, general reserve receives a transfer of £20,198 and the sum of £18,000 is written off debenture discount. The latter transfer will reduce the preliminary expenses, shown among the assets, from £188,640 to £170,640. Meanwhile, the balance sheet itself shows the result of the group's rapid expansion, for net liquid assets are no higher than £47,775, compared with a balance sheet total exceeding £5,000,000. It would seem, therefore, that if prospectus estimates are realised, the board may well lean on the side of caution in their dividend policy. The maintenance of a 10 per cent. dividend, in these circumstances, would permit an appreciable strengthening of the balance sheet. Meanwhile, the anomalies in the prices of the different classes of capital remain. The debenture stock, covered four times by earnings, stands at 83½, the preference stock, whose dividend was covered one and three-quarter times (reckoned cumulatively) at 13s. 6d.; and the ordinary shares, which receive 10 per cent. out of earnings of 19.8 per cent., at 6s. 1½d.

* * *

Eastwoods' Position.—The market had been prepared for the decline in Eastwoods' profits by the reduction in dividend from 15 to 12½ per cent., and, even in the normal course of markets, the investor's first reaction would not have been greatly modified by the full report. The 14½ per cent. fall in total profits for the year to March 31st to £78,532 is the third in successive years. And as the accounts are made up to March 31st they do not reflect the further deterioration in the building trades generally during the last six months. The following analysis of profits, however, shows that the ordinary shareholders do not bear the full consequences of the reduction in gross profits:—

	Years ended March 31		
	1936	1937	1938
	£	£	£
Profit	101,664	91,903	78,532
Expenses and fees	14,910	15,425	12,755
Bad debts	4,668	5,574	5,916
Taxation	5,000	5,000	...
Preference dividend	10,500	10,500	10,500
Ordinary shares—			
Earned	*66,586*	*55,404*	*49,361*
Paid	45,000	45,000	37,500
Earned %	*24·4*	*19·7*	*18·0*
Paid %	15	15	12½
To reserve	22,500	10,000	10,000
Carry forward	15,811	17,161	15,301
Profit on sales†	3,635	13,012	1,680

† Profit on sale of investments, transferred to investment and general reserves.

The directors have decided to make provision for N.D.C. from the existing taxation reserve, to which no allocation is made in the latest accounts. The net result is a reduction of only £6,000 in ordinary earnings, against a fall of over £13,000 in total profits. Last year the chairman explained at the annual meeting that the decline in speculative house building, coupled with the increases in industrial and public building, represented a beneficial tendency, since

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Consolidated Main Reef Mines & Estate, Limited

(Incorporated in the Union of South Africa)

Extracted from the Annual Report for the Year ended 30th June, 1938

Capital, £1,247,602 in 1,247,602 Shares of £1 each (all issued)

DIRECTORATE

DR. H. PIROW (Chairman). SIR ABE BAILEY, Bart., K.C.M.G.
R. S. G. STOKES. G. CARLETON JONES. MAJOR C. S. GOLDMAN.
W. A. MACKENZIE. A. A. AURET. W. H. A. LAWRENCE.

Tonnage Milled, 1,935,000.

		Per ton milled.
Total Working Revenue	£2,496,976 4 2	£1 5 9
Total Working Expenditure	1,913,391 10 7	0 19 9
Working Profit	£583,584 13 7	£0 6 0
Total Profit for the year		£594,732 15 6
Balance unappropriated at 30th June, 1937		214,391 16 6
Forfeited Dividends Account		85 14 6
		£809,210 6 6
This amount has been dealt with as follows:—		
Net Expenditure on Capital Account for the Year	£89,148 7 0	
Miners' Phthisis—Provision on account of Outstanding Liability as at 31st July, 1937	1,688 17 7	
Provision for Taxation	201,343 7 3	
		292,180 11 10
		£517,029 14 8
Dividends declared during the year:—		
No. 56 of 12½ per cent., and **No. 57** of 12½ per cent.		311,900 10 0
Leaving a balance unappropriated of		£205,129 4 8

Ore Reserve.—The available ore reserve has been re-estimated, and is as follows:—

	Tons.	Value, Dwt.	Stoping width, Inches.
Main Reef	675,100	4.0	65.1
Main Reef Leader	3,888,500	4.7	51.0
South Reef	2,980,400	4.5	49.1
Bird Reef	3,640,400	3.2	80.0
Total	11,184,400	4.1	58.0

In addition, there are **1,079,900** tons of payable ore, of a value of **4.7** dwt. per ton, standing in shaft and safety pillars, which are not at present available for stoping.

Compared with the previous year, the available reserve shows an increase of **30,100** tons, the estimated stoping width is greater by **1.9** inches, and the average value is lower by **0.1** dwt.

The Full Report and Accounts (with Plans of Workings) may be obtained from the London Secretaries, A. MOIR & Co., No. 4 London Wall Buildings, London, E.C.2.

buildings of the latter type needed more materials in relation to space than houses. It would seem, however, that this factor has not operated to the benefit of the latest profits to any important extent. The company meanwhile continues to show a strong balance-sheet position, and the directors have distributed available earnings with their usual conservatism. The current yield of £7 13s. 9d. per cent. on the £1 ordinary shares at 33s. 9d. indicates the investor's doubts whether the group's profits are proof against any further decline in turnover or increase in trading competition.

* * *

Johannesburg Consolidated.—"Johnnies" shares have never recovered from the disappointment occasioned by the omission from the dividend announcement in July of the 1s. bonus which had been paid, in addition to the 3s. dividend, in the four preceding years. The sharp reduction in profits revealed in the report may be attributed in part to the lack of income from the company's diamond interests since the second half of 1937 and also to the much less favourable conditions for market operations throughout the year. An additional factor suggested by the report may be found in the provision which has been made for various contingencies. As usual, the holdings for which quotations are available are taken in the balance sheet at or below cost, and in the aggregate they show a large surplus over book value. An increase of moderate extent has been made in the portfolio, one of the items doubtless consisting in the provision of additional capital for the East Champ d'Or Gold Mining Company. The most striking features of the balance sheet comprise an expansion of £434,300 in cash and a decline of £231,200 in sundry creditors. The appropriation to reserve is lower than in recent years. A comparison of significant items in the accounts for the past three years is given below:—

	Year ended June 30		
	1936	1937	1938
	£	£	£
Stocks and shares*	6,075,080	6,204,110	6,375,550
Mining properties and advances	426,480	572,080	526,490
Real estate and buildings	173,640	112,050	105,530
Loans on mortgage	117,350	102,340	103,830
Loans at short call	234,310	798,290	314,270
Sundry debtors and dividends	523,450	556,320	382,370
Cash	694,830	601,210	1,035,500
Sundry creditors†	1,535,210	1,884,710	1,653,520
Reserve	2,600,000	2,950,000	3,050,000
Net profit	1,086,200	1,172,990	720,380
Dividends	790,000	790,000	592,500
Rate per cent.	20%	20%	15%
To reserve	300,000	350,000	100,000
Carried forward	466,870	168,750	196,630

* At or or above market value. † Including dividend.

No specific reference is made in the report to the subsidiary gold-mining concerns. Shareholders in the Randfontein would doubtless have welcomed an elucidation of the position. Rand Leases, in the financing of which a participation was taken a few years ago, is described as having been "launched on a long and successful career." The outlook for the company's copper interests is considered promising. It is announced that the additions to the plant at the Rustenberg mine are now functioning satisfactorily; but platinum has, of late, fallen appreciably in price. On this point the directors observe: "Given any substantial improvement in business in America the market for platinum would respond quickly." The company's colliery interests should soon provide an additional source of revenue. Having regard to the position of the diamond industry and to market factors, the outlook for the current year must be regarded as somewhat uncertain. At a price of 47s. 6d. the shares yield 6¼ per cent. This is identical with the return based on the 1936-37 distribution at the price ruling a year ago.

* * *

Consolidated Main Reef.—Although the record quantity of 1,935,000 tons was treated last year, a small decrease in working profit is shown by Consolidated Main Reef, for the decline in average yield more than offset the higher tonnage and the small reduction in working costs. Taxation absorbed £201,340 as against £206,360 in 1936-37, while net capital expenditure amounted to £89,150, compared with £66,020. The payment of dividends at the reduced total of 25 per cent., against 27½ per cent. for the previous year, entails a draft upon the carry forward. Operating and financial results for the past three years are analysed below:—

	Working Profit	Dividends		Carried forward	Ore	Reserves Value
	£	£	%	£	Tons	dwts.
1935–36	686,540	374,280	30	215,880	9,688,700	4·4
1936–37	616,790	343,090	27	214,390	11,154,300	4·2
1937–38	583,590	311,900	25	205,130	11,184,400	4·1

The outstanding feature of the report is the decrease in the tonnage of payable ore opened up. Development work, totalling 86,610 feet was 25,340 feet short of the 1936-37 amount, but the quantity of payable ore opened up fell by 1,256,600 tons to 2,098,400 tons. The pay ore disclosed per foot of underground work last year amounted to only 24 tons as against 30 tons in the preceding year. The available ore reserves, however, show a small increase in quantity, while the material locked up in shafts and safety pillars, at 1,079,900 tons, has increased by 330,900 tons. These figures suggest that a large quantity of more or less developed material not previously taken into account has now been included in the estimates. Capital expenditure for the current year is expected to be reduced to £50,000. It would seem that the company should have no difficulty in maintaining last year's reduced rate of dividend.

* * *

New Modderfontein.—The 1938 report has been awaited with especial interest in the hope that it would throw some light upon market rumours (responsible for the rise in Government Areas and Modder Deep shares) of discoveries on the Black Reef ore body. The consulting engineer's report states that towards the end of the year drilling started from the surface near the southern boundary—that is, the boundary which adjoins the Modder Deep Levels (in liquidation), whose position has lately been improved by developments on the Black and Kimberley Reefs. The first drill was put down 739 feet through these two ore bodies, but failed to disclose payable values. A second hole passed through dolomite into Black Reef at 241 feet and from Black Reef into Kimberley at 312 feet. The upper bands of the Black Reef, the consulting engineer reports, were unpayable; but the remainder, together with 114 inches of Kimberley Reef—a total of 342 inches—assayed 3.1 dwts. Further prospecting is in progress. These ore bodies lie at shallow depth, and their extent is at present uncertain, the view expressed by the expert being that "it is unlikely they will be found to extend over more than a relatively small area in the southern portion of the property." Thus the official statements are far from confirming the extravagant stories recently in circulation. Comparative results during the last three years are given below:—

	Working Profit	Dividends		Carried forward	Ore Available	Reserves Value
	£	£	%	£	Tons	dwts.
1935–36	2,049,106	1,365,000	97½	206,940	7,736,500	4·5
1936–37	1,626,220	910,000	65	206,190	7,436,800	4·1
1937–38	1,335,530	770,000	55	205,790	7,308,200	3·8

A small decrease in tonnage milled was accompanied by a fall of 2s. 4d. in average revenue and a trifling advance in costs. Operating profit therefore fell enough to entail a further reduction in dividend, although taxation required no more than £542,920, as compared with £668,490 in 1936-37. The quantity of payable ore developed during the year, at 737,800 tons, compared with 1,104,800 tons previously, the average being 2.6 dwts. over 49 inches against 2.9 dwts. over 48 inches. As a result the ore reserves show a further contraction in both tonnage and value.

* * *

The Week's Company Profits.—Reports have been received this week from 21 companies, excluding three for which comparable figures are not available. These show net profits of £1,706,000, a decline of 13 per cent. as compared with £1,957,000 earned in the previous year. Much of this fall, however, is attributable to the Calico Printers' results. Net profits of 1,756 companies whose reports have been received this year amount to £240,152,000, and continue to show an advance of 11 per cent. over the total of £216,613,000 earned by the same companies in 1936-37. We analyse the profit and loss accounts in a table on page 575 and discuss the results in preceding notes and on page 574 under the heading "Shorter Comments."

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SETTLING DAYS

TICKET	ACCOUNT
SEPTEMBER 20	SEPTEMBER 22

MARKET movements in this critical week (which are reviewed in detail on page 552), have been led by the Funds. The latter are invariably sensitive to political tension, and this week their wide movements have accurately signalised the extreme fears of Wednesday, and the relief which the market felt on Mr Chamberlain's decision to discuss the problem with Herr Hitler in person. Movements and the volume of business in industrial shares have been on a smaller scale, though jobbers have naturally taken steps, on the one hand, to stem any extreme selling (of which, fortunately, there was no sign), and, subsequently, to mark quotations up in the hope that success would attend Mr Chamberlain's discussions. Thursday's handsome recovery was attributable partly to the latter factor, partly to "bear" covering, and partly to public buying. It was remarked, however, that buying was generally small in character.

Tension in the *Funds* was apparent on Monday, and despite a late recovery, falls of ¾ were recorded in War Loan and "old Consols." Opening encouragement on Tuesday did not last, and War Loan declined further to par, while Consols touched 72¼. On Wednesday, severe selling, on which jobbers lowered quotations in self-defence and quoted wide dealing margins of almost unprecedented extent, marked the increase in tension. Despite the recovery at the close, substantial falls, ranging up to 2½ points, were recorded on the day. These falls were practically reversed on Thursday, to the discomfiture of the "bears," on the Premier's visit. Detailed price movements in the gilt-edged and other markets will be found on page 552.

The gilt-edged market set the lead for the rest of the "House." *Home corporation* stocks, for instance, were to all intents and purposes nominal on Wednesday, but rallied smartly on Thursday. Difficult conditions also prevailed in the *European bond market*. After a certain degree of resistance (reputedly due to buying by their nationals), German and Czech bonds slumped from 4 to 5½ points on Wednesday, and did not fully maintain their smart recovery on Thursday. French railway bonds were also seriously affected.

Heavy falls in *home rail debentures* were due less to the traffics (although they were not favourable) than to the collapse of gilt-edged prices. In midweek, falls of up to 3 points were recorded by the debentures. The guaranteed and ordinary lists were more moderately affected, and improved readily on Thursday. Foreign rail stocks lost ground, although selling was small, except for Cordoba first debentures.

After making a show of indifference to serious week-end news, the industrial market's resistance broke on Wednesday, though a considerable part of these losses were recovered in early dealings on Thursday. The paucity of business, however, has hardly been changed. Even Wednesday's falls were largely a matter of precaution to discourage sellers, and the relief of feelings on Thursday was marked by a succession of small buying orders rather than "good" buying in the traditional sense. Iron and steel shares were a dull and weak market, and prices gave way before the general improvement on Thursday. Hawthorn Leslie responded to the good results. Weakness in the coal group was practically unrelieved. There were a few small rises in electrical equipment shares at first, but the entire list succumbed to Wednesday's weakness. Electric supply shares fell back on the 10 per cent. increase in charges in the Home Counties. Quite apart from general influences, motor shares were depressed by the August registration figures. Aircraft shares did not escape the universal uneasiness in the first half of the week, but declines were small. Petters went ahead on the John Brown deal (see page 553), until profit-taking brought a reaction. Hawker-Siddeley, which were a weak feature on Wednesday, recovered sharply on the following day. Brewery issues began well, but became sensitive to general conditions later on. Store issues were generally weak, but among provision and catering shares, United Dairies remained relatively firm. Textiles were more than usually friendless, but were correspondingly less affected by general market sentiment. Movements in the miscellaneous group were not consistent, though mostly downwards. Leaders such as Imperial Chemical Industries and Turner and Newall were highly sensitive on Wednesday, but recovered smartly on Thursday. Shipping shares were neglected and prices sagged.

Oil shares started fairly confidently, for Continental support helped to counteract the subdued tone of other markets. Prices were then lowered as a precautionary measure, and a little selling, accompanied, however, by some bargain hunting, was in evidence on Wednesday. The leaders were well supported in Thursday's recovery, though business did not expand greatly. The *rubber market* was too affected by political tension to respond to the Regulation Committee's quota decision or to the accompanying news of satisfactory American consumption in August. It did not escape the general weakness, though selling was not of large proportions.

Movements in the *mining markets* were rather more erratic than in other sections. Kaffirs, while fully occupied with international politics, managed to keep an eye on Paris and the Cape, and support from these quarters, combined with occasional bargain-hunting, checked the downward tendency in individual cases. With developing mines in the lead, there was a sharp recovery on Thursday, when the "bears" had sore heads to nurse. Rhodesian copper issues followed the general trend after showing good resistance on Monday. Base metals paid more attention to politics than to movements in commodity prices, and the maintenance of the tin quota, as expected, failed to arouse any interest.

"FINANCIAL NEWS" INDICATORS

1938	Total Bargains‡	Corres. Day 1937	Security Indices: 30 ord. shares*	Security Indices: 20 fixed int.†
Sept. 9	5,460	*6,180*	81·8	127·7
Sept. 12	5,585	*6,915*	81·4	126·9
Sept. 13	5,560	*6,405*	80·5	126·5
Sept. 14	6,470	*7,150*	78·2	123·6
Sept. 15	5,275	*6,355*	80·5	125·5
1938				
High...	...	...	*97·2*	*131·0*
			Jan. 12	*Feb. 4*
Low...	...	...	*78 2*	*123 6*
			Sept. 4	*Sept. 14*

‡ Approx. total recorded in S.E. List. * July 1, 1935 = 100. † 1928 = 100.

ACTUARIES' INVESTMENT INDEX

International anxieties are reflected in the Actuaries' Index of 151 industrial ordinary share prices, which on Tuesday last (September 13th) had fallen to 62·6—the lowest for the year. A week earlier the index was 63·3, and a month ago, 64·8. The corresponding average yields are 6·01, 5·97, and 5·85 per cent. We give below a selection of the component indices of prices and yields):—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100): Aug. 16, 1938	Sept. 6, 1938	Sept. 13, 1938	*Prices 1938 High*
Banks, etc. (10)	114·0	112·7	110·3	*117·0*
Bldg. materials (6)	79·6	77·8	76·5	*87·1*
Coal (9)	78·1	74·5	73·6	*106·7*
Cotton (6)	27·5	25·2	23·3	*37·1*
Motors (6)	34·4	32·7	33·1	*39·0*
Oil (4)	86·9	86·5	83·4	*92·1*
Breweries, etc. (20)	121·9	121·2	119·9	*133·6*

(*Continued on page 560*)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields of fixed interest stocks 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 increase or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1937 High-est	Low-est	Prices, Year 1938 Jan. 1 to Sept. 14, inclusive High-est	Low-est	Name of Security	Price, Sept. 14, 1938	Change since Sept. 7, 1938	Yield Sept. 14, 1938 £ s. d.
				British Funds			
84 13/16	73 1/8	79 1/4	68 1/2	Consols 2 1/2%	69	−4 3/4	3 12 6
113	105 3/4	111 3/4	103	Do. 4% (aft. 1957)	105	−4 3/4	3 14 0n
101 5/16	94 3/8	100 3/4	95	Conv. 2 1/2% 1944–49	96	−3	2 18 7
103 9/16	97 3/8	103 1/4	96 3/4	Do. 3% 1948–53	98	−3 3/8	3 3 4
106 25/32	99	104 5/8	95 1/4	Do. 3 1/2% after 1961	96 1/2	−4 1/2	3 14 7n
108	105	105 1/2	102 1/2	Do. 4 1/2% 1940–44	103 1/2	−1 5/8	3 4 0
117 1/2	111 1/4	115 5/8	109 1/2	Do. 5% 1944–64	111	−3 3/8	3 3 0
92 1/2	89	91 11/16	85 1/2	Fund. 2 1/2% 1956–61	85 1/2x	−4 1/2	3 8 3
96 7/8	89 7/8	97 13/16	91 1/2	Fund. 2 3/4% 1952–57	93 1/2	−3 1/2	3 6 0
101 5/8	92 7/8	99 5/16	94	Fund. 3% 1959–69	94 1/2x	−3	3 5 10
116 3/8	109	114 7/8	106	Fund. 4% 1960–90	106 1/2	−6 1/2	3 15 0
99 3/16	96	101 11/16	96	Nat. D. 2 1/2% 1944–48	96x	−4 1/2	2 19 4
114 3/4	107 1/8	112 13/16	104 1/2	Victory Bonds 4%	104 1/2	−5 1/2	3 16 7f
105 13/16	99 5/8	103 5/8	96	War L. 3 1/2% af. 1952	97	−4 3/4	3 17 8n
96 7/8	84 3/16	90 1/8	82	Local Loans 3%	83	−4	3 12 3
102	99 1/2	102	98 1/2	Austria 3% 1933–53	98 1/2	−2 1/2	3 3 4
72	62	68 1/2	60	India 2 1/2%	60 1/2	−5 1/2	4 2 8
85 1/4	74 1/4	82 1/4	71	Do. 3%	73 1/2	−5 1/2	4 1 8
98 3/4	87	95 5/8	84	Do. 3 1/2%	84 1/2	−8	4 2 10
119 1/2	112 1/4	117 1/8	114 1/2	Do. 4 1/2% 1958–68	114 1/2	−2 1/2	3 10 2
				Dom. & Col. Govts.			
109 7/8	105	108 7/8	100	Austr. 5% 1945–75	103 1/2	−2 1/2	4 11 6
105 3/8	101	104 15/16	98	Canada 4% 1940–60	99 1/2	−2 1/2	4 0 9
118	114 1/2	115	112 1/2	Nigeria 5% 1950–60	112 1/2	−1 1/2	4 3 0
110	104 1/4	108	99	N. Zealand 5% 1946	100 1/2	−2 1/2	5 1 6
107 3/8	103 1/4	107 15/32	98	Queens. 5% 1940–60	100	−1	5 0 0
114 1/8	110 1/2	112 13/16	106 1/2	S. Africa 5% 1945–75	109 1/2	−1 1/2	3 11 6
				Foreign Governments			
103	93	96 1/2	80	Arg. 4 1/2% Stg. Bds.	81 1/2	−4	5 12 6f
105 1/2	97 3/4	102	24	Austria 1930 5%	42 1/2	−3 1/2	11 15 3
91 3/4	84 1/4	89	48	Do. 4 1/2% 1934–59	62 1/2	−4 1/2	8 7 6
102 1/8	95 1/4	99	87	Belgian 4% (36) 1970	90	−6 1/2	4 12 2
33 1/4	24 1/2	36	31 1/2	Bulgaria 7 1/2%	34 1/2	...	7 4 11m
89 3/4	37	37 1/2	14	Brazil 5% Fd. 1914	17	−2	Nil
28	15	19 5/8	16 1/4	Chile 6% (1929)	17 1/2	...	4 9 0v
95 3/4	54 1/2	60 1/2	40 1/2	China 5% (1912)	45 1/2	−4 1/2	10 19 9f
101 7/8	59	73 1/2	43	Do. 5% (1913)	54	−4	9 5 3f
108 3/8	101 1/2	105 3/4	58	Czechoslovakia 8%	72	−4	11 8 9f
100	92 1/2	99	94	Denmark 3%	97 1/2	...	3 1 9
106 1/2	100 1/2	104	97 1/2	Egypt Unified 4%	98 1/2	−2 1/2	4 1 3
18 1/2	11	13	9 1/4	French 4% (British)	10	−1/2	5 12 6e
66	52 3/4	60	40	Ger. Dawes Ln. 5%	43	−8	11 12 6
49 1/4	35	46	28	Do. Young Ln. 4 1/2%	31	−6	14 10 2
40 3/4	30	34 1/2	25	Greek 6% Stab. Ln.	30	−1/2	7 12 6w
62	47 1/8	58 1/2	30	Hungary 7 1/2%	32 1/2	−7 1/2	13 17 0h
88 3/4	53	60	38	Japan. 5 1/2% 1936–65	43	−1	12 15 9f
94 3/4	57 1/2	64 1/2	40	Do. 6% ('24) red. 1959	45	−1	13 6 8f
61 1/2	40 3/4	50	35	Peru 7 1/2% 1922	40	−3	...
83	56	75 1/2	54	Poland 7%	75 1/2	...	7 8 6s
20 1/2	13	15 3/4	10	Roum. 4% Con. 1922	12	−1/2	15 9 0y
96 3/8	88 1/4	92	78	U.K. & Arg. C. 3%	84	−1 1/2	3 13 2
				Corporation Stocks			
118	111 1/2	115 3/4	109 1/2	Bir'ham 5% 1946–56	109 1/2	−1 1/2	3 11 4
118 3/4	112 3/4	117	111 1/2	Bristol 5% 1948–58	111 1/2	−1/2	3 12 0
95 1/4	82 1/2	87 1/2	80	L.C.C. 3%	82	−3	3 13 2
101	93	97 1/2	94	Liverpool 3% 1954–64	95 1/2	−1 1/2	3 6 3
104 3/8	100 3/8	105 3/4	100	Middx. 3 1/2% 1957–62	100	−3	3 10 0

Prices, Year 1938 Jan. 1 to Sept. 14, inclusive High-est	Low-est	Last two Dividends (a) (b) %	(c) %	Name of Security	Price, Sept. 14, 1938	Change since Sept. 7, 1938	Yield Sept. 14, 1938
				Public Boards			
115 1/2	108	2 1/2	2 1/2	C. Elec. 5% 1950–70	109	−4	4 0 8
				Lon. Pass. Transport			
119 1/2	111	2 1/4	2 1/4	4 1/2% "A" 1985–2023	114 1/2	−3	3 17 11
129 3/4	121	2 3/4	2 1/2	5% "A" 1985–2023	124 1/2	−3	3 18 2
122 5/8	116 1/2	2 1/2	2 1/2	5% "B" 1965–2023	117 1/2	−2	4 0 4
84	72 7/8	2 3/4 b	1 1/2 a	"C" 1956 or after	74 1/2	...	5 14 1
92 1/4	83 1/2	1 1/2	1 1/2	Met. W.B. "B" 3%	83 1/2	−6 1/2	3 11 10
118	113	2 1/2	2 1/2	P. of Lon. 5% 50–70	114 1/2	−1 1/2	3 12 9
				British Railways			
65	32 1/2	3 1/2 b	Nil a	G.W. Ord.	33 1/2	−1/2	10 9 0
4 5/8	2 1/8	Nil	Nil	L. & N.E.R. Def.	2 5/8	−1/8	Nil
8 3/8	3 5/8	Nil	Nil	Do. 5% Pref. Ord.	4	−1/4	Nil
97	44 1/2	3 3/4 b	Nil a	Do. 5% Pref. 1955	44 1/2	...	8 8 6f
27 1/8	9 3/4	1/2 c	1 3/4 c	Do. 4% 2nd Pf.	10 1/2	...	16 13 0
68 1/4	22 1/2	3 b	Nil a	Do. 4% 1st Pf.	25 1/2	−1	11 15 9
30 1/8	12 1/8	1 1/4 c	1 1/2 c	L.M.S. Ord.	12 1/2	−3/4	12 0 0
70 1/4	24 1/2	2 b	Nil a	4% Pf. 1923	27 1/2	−1	7 5 6
82 1/4	48 1/2	2 b	2 a	4% Pf.	50 1/2	−2	7 18 6
21 3/8	10 3/4	1/2 c	1 1/2 c	Southern Def.	11 1/4	−1/2	13 6 8
87	48 1/2	3 b	1 a	Do. 5% Pf. Ord.	49 1/2	−1	8 1 9
115 1/2	86	2 1/2 a	2 1/2 b	Do. 5% Pf.	88	−2 1/2	5 13 8
				Dom. & Foreign Rys.			
14	7 7/16	Nil	Nil	Antofagasta Ord.	11	...	Nil
6 1/2	3 3/8	Nil	Nil	B.A. & Pac. Ord.	5	...	Nil
17	8 3/4	Nil	Nil	B.A. Gt. Sthn. Ord.	10 1/2	−1	Nil
12 1/2	6 1/8	Nil	Nil	B.A. West. Ord.	7 1/2	−1/2	Nil
13 1/4	6 1/2	Nil	Nil	C. Arg. Ord.	8	−1/2	Nil
8 7/16	5	Nil	Nil	Can. Pac. Com. $25	6	−1/2	Nil
28 1/2	25 1/4	2 c	2 c	Costa Rica Ord.	25 1/2	...	7 17 0
43/9	33/9	Nil	1 c	Nitrate Rlys. £10	37/6	−2/6	5 6 9
66	32 1/2	†2 a	†2 b	San Paulo Ord.	34 1/2	...	11 11 9†
16/3	11/10 1/2	1 c	1 c	Taltal Rly. Ord. £5	15/-	...	6 13 4
				Banks and Discount			
75/6	58/9	10 b	7 1/2 a	Alexanders £2, £1 pd.	58/9	−5/-	5 18 0
35/-	32/6	5 a	5 b	Bk. of N. Zealand £1	33/9	...	4 14 8e
352 1/2	325	6 a	6 b	Bk. of England	327 1/2	−17	3 13 3
76/7 1/2	69/6	7 b	7 a	Barclay B. £1	69/6	−2/6	4 0 0
46/-	41/-	3 1/4 b	3 a	Barcl. (D.,&c.) A £1	43/-	−1/6	2 18 0
8 9/16	7 1/4	4 1/2 b	3 1/2 a	Bk. of Aust. £5	8x	−1/4	5 0 0
£44 1/2	£39 1/2	8 c	8 c	Bk. of Mont. $100	£44	−1/2	3 12 6e
26 1/2	23 1/2	5 1/4 c	6 c	Bk. of N.S.W. £20	23 1/2	−1/2	4 0 0e
55/-	22/6	6 c	Nil c	Brit. Overseas A £5	30/-	−15/-	Nil
13 1/8	11 1/4	7 b	5 a	Chtd. of India £5	11 1/4	−1 1/4	5 9 0

Prices, Year 1938 Jan. 1 to Sept. 14, inclusive High-est	Low-est	Last two Dividends (a) (b) %	(c) %	Name of Security	Price, Sept. 14, 1938	Change since Sept. 7, 1938	Yield Sept. 14, 1938 £ s. d.
13/4 1/2	12/-	3 1/2 a	3 3/4 b	Com. Bk. of Aus. 10/-	12/6	−7 1/2d	4 17 6e
53/9	50/-	5 b	5 a	District B. £1 fy pd.	52/6	...	3 16 3
90/-	73/-	3 1/2 b	3 1/2 a	En. S. & Aust. £5 £3p.	75/-	−5/-	5 12 0
10 3/8	9 13/16	10 b	8 a	Hambros £10, £2 1/2 p.	10	...	4 10 0
£96 1/4	£82	£3 b	£2 1/2 a	Hong. and S. $125.	£83 1/2	−£4	6 11 9
64/6	55/9	6 b	6 a	Lloyds £5, £1 pd.	56/6	−3/-	4 5 0
9 3/4	8 3/8	9 b	7 a	Martins £20, £2 1/2 pd.	8 3/8	−1/4	4 15 0
89/3	78/3 3/4	8 b	8 a	Midland £1, fy. pd.	81/-	−3/-	3 19 0
6 5/16	5 5/8	5 a	5 b	Nat. Dis. £2 1/2 fy. pd.	5 3/4	−5/8	4 7 0
41	29 3/4	11 b	4 a	Nat. of Egypt £10	31	−3 1/2	4 17 0
41 1/4	36 1/2	9 b	8 a	N. of Ind. £25, £12 1/2 p	36 1/2x	−1/2	5 16 0
3 7/8	3 7/16	7 1/2 b	7 1/2 a	N. Prov. £5, £1 pd.	3 1/2	−5/32	4 5 6
488	442 1/2	8 1/2 a	8 1/2 b	Roy. Bk. of Scotland	442 1/2	−15 1/2	3 16 6
16 13/32	13 7/8	5 a	10 b	St. of S.A. £20, £5 pd.	14 3/4	−1 1/8	5 1 8
51/3	39/6	6 1/4 b	3 3/4 a	Union Dis. £1	42/6	−2/6	4 14 1
99/-	89/10 1/2	11 b	9 a	West. £4, £1 pd.	91/-	−5/-	4 7 6
				Insurance			
28 5/8	24 1/2	40 a	50 b	Alliance £1, fully pd.	26	−1	3 9 3
16 1/4	12 3/4	†3/6 a	†4/6 b	Atlas £5, £1 1/4 pd.	14 1/2	−1	2 15 0†
10 3/16	9 1/8	20 a	20 b	Com. Un. £1, fy. pd.	9 1/2	−3/8	4 4 0
5 1/2	4 5/16	1/6 a	2/- b	Gen. Acc. £1, 5/- pd.	4 1/2	−3/8	3 19 0
31	26 1/8	25 a	25 b	Lon. & Lanc. £5, £2pd.	27	−1 1/2	3 14 1
11 7/8	9 1/2	3/2 a	3/1 b	N.Brit.&Mer.£1 1/4,f.p.	10 1/2	−1/2	3 0 0
20 5/8	18 1/4	†30 b	†25 a	Pearl (£1), fy. pd.	18 1/2	−1/2	3 0 0†
16	13 3/4	6/- a	6/- b	Phœnix £1, fy. pd.	15	−1/4	4 0 0
35 11/16	29 1/2	†72 1/4 b	†25 a	Prudential £1 A	34	−1	2 16 0†
106/-	81/3	†50 c	†50 c	Do. £1, with 4s. pd.	92/6	−5/-	2 3 0†
10 3/16	8 1/4	11 a	19 b	Royal Exchange £1	9 5/8	−5/8	3 2 0
9 1/16	7 1/2	3/3 a	3/3 b	Royal £1, 10/- pd.	8 3/8	−5/8	3 16 0
17	15 1/4	6/6 a	6/6 b	S.U.&Nl.A £20,£1pd.	16	−1/4	4 1 3
88/6	69/8 1/4	1/3 a	1/6 b	Sun In., £1 with 5/pd.	82/6	−2/6	3 5 6
8 13/16	7 1/4	†10 a	†10 b	Sun. Lf. Ass., £1 fy.pd	8	−1/4	2 10 0†
				Investment Trusts			
267	230	4 a	8 b	Anglo-Amer. Deb.	240	...	5 0 0
65 1/2	45 1/2	3 c	3 1/2 c	Anglo-Celtic Ord.	47 1/2	...	7 7 6
11/3	7/6	7 1/2 c	10 c	Brit. Assets Trust 5/-	11/3	...	4 9 0
233	208	6 b	4 a	Debenture Corp. Stk.	215	...	4 13 0
75	55 1/2	1 1/2 a	3 b	For. Amer. &c., Def.	66 1/2	...	6 15 3
137 1/2	119 1/2	4 1/2 b	2 1/2 a	Guardian Investment	120 1/2	...	5 16 0
254	201	4 a	8 b	Ind. and Gen. Ord.	220	−10	5 9 1
275 1/2	223	5 a	8 b	Invest. Trust Def.	225	−5	5 15 7
17/-	14/9	2 1/2 a	6 1/2 b	Lake View Inv. 10/-	15/-	−6d	6 0 0
252 1/2	232 1/2	8 1/2 b	3 1/2 a	Mercantile Inv.	232 1/2	−9	5 3 3
154	122 1/2	4 1/2 b	3 a	Merchants Trust Ord.	122 1/2	...	6 2 5
251 1/2	222 1/2	7 b	5 a	Metropolitan Trust	222 1/2	−7	5 7 10
5/-	3/4 1/2	2 1/2 c	4 c	Scottish Inv. 5/-	4/6	...	4 9 0
218	170	3 1/2 a	6 b	Scottish Mort., &c.	178 1/2	...	5 6 5
221	190 1/2	3 a	9 b	Trustees Corp. Ord.	205 1/2	...	4 17 6p
193	167	6 b	4 a	United States Deb.	175 1/2	−2	5 14 0
				Financial Trusts, &c.			
11/9	6/3	2 1/2 c	4 c	ArgentineLand,&c.10/	9/4 1/2	...	8 11 5
35/-	22/-	10 c	13 1/3 c	Brit. S.Afr. 15/-fy. pd.	22/6	−2/9	8 17 3
23/9	15/7 1/2	10 c	10 c	Charterhouse Inv. £1	20/-	...	10 0 0
16/10 1/2	13/3	2 a	2 b	C. of Lond. R. Pty. £1	15/-	...	5 6 9
33/9	25/7 1/2	†2 1/2 a	†8 3/4 b	Daily Mail & Gen. £1	27/-	−6d	8 6 6†
7	6 1/16	4 1/4 b	3 a	Dalgety £20 £5 pd.	6 3/8	...	5 14 0
23/6	17/6	3 a	6 b	Forestal Land £1	17/6	−1/6	10 5 6
25/10 1/2	18/-	Nil c	z 4 (c)	Hudson's Bay Co. £1	20/6	−6d	3 18 6
20/-	13/9	2 1/2 a	5 b	Java Invest. £1	15/7 1/2	−1/10 1/2	9 13 0
5 3/8	2	Nil	Nil	Peru. Corp. Pref.	2 1/2	...	Nil
10/6	7/-	3 c	3 1/2 c	Primitiva Hold. £1	8/6	...	8 5 0
17/3	12/6	7 1/2 c	7 1/2 c	Staveley Trust £1	13/9	...	10 1 9
34/10 1/2	23/9	10 c	12 1/2 c	Sudan Plant. £1	28/9	−1/3	8 14 0
				Breweries, &c.			
77/6	61/3	12 1/2 b	5 a	Ansell's Brewery £1	67/6	−1/-	5 3 9
32/-	21/9	5 1/2 b	2 1/2 a	Barclay Perkins £1	24/6	−6d	6 10 6
131/-	103/9	†20 b	†5 a	Bass Ratcliff Ord. £1	120/-	−4/-	4 3 4†
67/-	51/-	3 a	12 b	Charrington & Co. £1	55/6	−3/-	5 8 0
82/6	70/-	14 b	6 a	Courage Ord. £1	72/6	−1/6	5 10 4
107/9	89/-	7 1/2 a	15 b	Distillers Ord. £1	91/3	−4/9	4 18 6
125/-	102/6	12 a	17 b	Guinness Ord. £1	106/3	−7/3	5 9 0
113/6	91/-	20 b	7 1/2 a	Ind. Coope & All. £1	96/3	−5/3	5 14 0
43/-	32/-	3 1/2 a	7 1/2 b	Meux's Ord. £1	32/6	−3/6	6 15 3
93/-	76/3	15 b	8 a	Mitchells&Butlers £1	80/-	−3/-	5 15 0
75/-	63/9	5 a	12 1/2 b	Ohlsson's Cape £1	65/-	−3/6	5 7 9
78/-	65/-	14 b	4 a	Simonds (H.&G.) £1	66/3	−1/3	5 8 9
108/6	87/6	†5 a	†17 1/2 b	S. African Bws. £1	102/6	−4/6	4 8 0†
42/-	30/-	6 b	4 a	Taylor Walker Ord. £1	35/-x	−6d	5 14 0
26/3	19/4 1/2	5 1/2 b	2 a	Walker (P.)&R.Cain £1	21/3	−6d	7 1 2
77/9	62/6	6 a	12 b	Watney CombeDef.£1	65/-	−2/6	5 10 9
				Iron, Coal and Steel			
24/6	19/3	4 a	6 b	Allied Ironfound. £1.	19/4 1/2	−7 1/2d	10 6 8
44/-	33/9	4 a	6 b	Babcock Wilcox £1	35/-	−1/10 1/2	5 14 3
9/4 1/2	4/7 1/2	10 c	10 c	Baldwins 4/-	5/3	...	7 12 6
46/3	33/9	10 b	3 1/2 a	Bolsover Col. Ord. £1	35/-	−1/3	7 14 0
32/3	24/9	†5 a	†12 1/2 b	Brown (J.) Ord. 10/-	27/-	+6d	6 9 0†
36/7 1/2	25/-	†2 a	†6 b	Butterley Co. Ord. £1	25/-	−1/3	6 8 0†
11/3 3/4	6/6	8 1/3 c	4 a	Cammell Laird 5/-	7/-	−9d	5 16 3
25/7 1/2	19/3	3 a	5 b	Colvilles Ord. £1	19/4 1/2	−1/3	8 5 4
11/10 1/2	6/10 1/2	7 1/2 c	10 c	Consett Iron Ord. 6/8	7/-	−6d	9 8 0
87/6	78/1 1/2	5 a	15 b	Cory, William, Ord. £1	78/9	−3/9	5 1 6
34/3	18/1 1/2	6 c	10 c	Dorman Long Ord. £1	18/9	−1/10 1/2	10 13 4
55/3	34/3	14 c	18 c	Do. Pref. Ord. £1	37/6	...	9 12 0
70/-	60/-	†6 a	†11 1/2 b	Firth Brown £1	65/-	...	5 7 0†
31/1 1/2	21/9	†3 a	†4 1/2 b	GuestKeen&c. Ord. £1	22/9	−3d	6 12 0†
33/9	26/-	15 b	7 1/2 a	Hadfields 10/-	26/3	−9d	8 10 6
31/4 1/2	21/6	6 1/2 b	2 1/2 a	Horder Collieries £1	23/1 1/2	...	7 16 0
29/-	25/-	5 c	9 1/2 c	Lambert Bros. Ord. £1	27/6	...	6 19 0
2/4 1/2	2/-	2 c	3 1/2 c	Ocean Coal, &c. 4/-	2/-	−3d	7 0 0
12/3	7/6	5 c	10 c	Pease and Partners 10/-	8/1 1/2	−7 1/2d	12 8 0
23/9	14/4 1/2	2 a	5 1/2 b	Powell Duffryn £1	14/4 1/2	−1/7 1/2	10 9 1
48/4 1/2	35/-	†5 a	†7 1/2 b	Sheepbridge C.&I.£1	35/-x	−3/9	7 2 9†
35/4 1/2	24/4 1/2	3 1/2 a	8 1/2 b	Shipley Coll. Ord. £1	25/-	...	9 12 0
40/-	28/9	12 c	13 c	S. Durham } Ord. £1	28/9	−1/3	9 0 9
20/-	12/-	6 c	7 c	Steel & Iron } B Ord £1	12/6	...	11 4 0
47/-	38/4 1/2	4 a	6 b	Stanton Iron. £1	38/9	−7 1/2d	5 3 3
58/-	40/-	†3 a	†8 b	Staveley Coal, etc. £1	41/3x	−1/3	5 6 8†
40/3	31/6	7 1/2 c	12 1/2 c	Stewarts & Lloyds £1	33/1 1/2	−1/10 1/2	7 10 0
28/9	23/3	4 a	6 b	Swan, Hunter £1	25/-	−1/3	8 0 0
10/10 1/2	2/4 1/2	15 c	5 c	Thomas (Rich.) 6/8	2/9	...	?

(a) Interim dividend. (b) Final dividend. (c) Dividends for full year. (d) Paid in £N.Z. (e) Allowing for exchange. (f) Flat yield. (h) Yield on 4 1/2% basis. (m) Based on payment of 2 1/2%. (n) To redemption at par, in year shown. (v) Yield on 15/8% basis. (s) Yield worked on a 5 1/2% basis. (w) Yield based on 40% of coupon. † Free of Income Tax. (y) Yield based on 47% of coupon. (p) Yield worked on a 10% basis. (t) Yield worked on a 14% basis. (z) 1% paid free of income tax.

Prices, Year 1938 Jan. 1 to Sept. 14, inclusive High-est	Low-est	Last two Dividends (a) (b) %	(c) %	Name of Security	Price, Sept. 14, 1938	Change since Sept. 7, 1938	Yield Sept. 14, 1938 £ s. d.
				Iron, Coal, &c.—cont.			
25/6	20/9	Nil	Nil	Thornycroft, John £1	23/9	...	Nil
$64	$38 1/2	1 c	Nil c	U. States Steel $100	$56 1/2	−4	Nil
27/6	20/-	6 b	3 a	Un. Steel Cos. Ord. £1	22/-	−6d	8 2 0
27/6	18/9	10 c	10 c	Vickers 10/-	19/-	−1/-	5 4 0
29/6	21/-	10 c	3 3/4 a	Ward (Thos. W.) £1	22/6	−1/3	8 17 0
36/6	33/1 1/2	10 4/9 c	12 2/5 c	Weardale S. etc. Df £1	33/9	−7 1/2d	7 8 0
5 15/16	3 15/16	12 1/2 a	22 1/2 b	Whitehead I. & S. £1	4	−1/8	8 15 0
51/3	40/7 1/2	15 c	15 c	Yarrow & Co. £1	47/6	...	6 6 3
				Textiles			
5/9	2/9	Nil	Nil	Bleachers £1	2/10 1/2	−1 1/2d	Nil
5/6	2/10 1/2	Nil	Nil	Bradford Dyers £1	3/6	−6d	Nil
5/4 1/2	2/3	Nil	Nil	Brit. Cel. Ord. 10/-	3/3	−3d	Nil
7/6	4/-	Nil	Nil	Calico Printers £1	4/4 1/2	−4 1/2d	Nil
41/9	32/6	10 c	10 c	Coats, J. & P. £1	35/-	−2/3	5 14 3
48/1 1/2	26/9	7 2/3 b	1 1/2 a	Courtaulds £1	29/6	−1/9	6 2 6
39/9	26/3	2 1/2 a	7 1/2 b	English Swg. Ctn. £1	26/3	−1/9	7 12 5
6/9	2/1 1/2	Nil	Nil	Fine Cotton Spin. £1	2/4 1/2	−1/1 1/2	Nil
33/9	25/-	5 1/2 b	3 a	Linen Thread Stk. £1	27/6	−7 1/2d	6 3 7
49/4 1/2	36/3	†12 1/2 c	†10 c	Patons & Baldwins £1	45/-	−1/3	4 9 10†
18/9	5/7 1/2	Nil a	Nil b	Whitworth & Mit. £1	6/3	−9d	Nil
				Electrical Manufactg.			
45/3	34/-	10 c	10 c	Associated Elec. £1	34/6	−2/6	5 16 3
95/6	77/6	5 a	15 b	British Insulated £1	87/6	−2/6	4 11 5
103/3	78/9	15 b	5 a	Callenders £1	88/9	−6/3	4 11 5
32/6	18/9	6 1/2 b	6 a	Crompton Park. A 5/-	23/9	−1/3	2 8 9
31/10 1/2	24/4 1/2	Nil c	10 c	English Electric £1	29/6	...	6 16 3
79/3	67/-	17 1/2 c	20 c	General Electric £1	75/-	−2/-	5 6 8
21/3	16/-	15 b	5 a	Henleys (W. T.) 5/-	20/-x	...	5 0 0
41/3	34/-	5 a	7 1/2 b	Johnson & Phillips £1	38/-	...	6 11 0
30/6	21/6	7 1/2 c	7 1/2 c	Siemens £1	23/1 1/2	...	6 9 9
				Electric Light, &c.			
$13 11/16	$7 5/8	Nil	$1 c	Brazil Trac., no par	$11 1/4	−1/2	8 17 9
68/-	62/6	9 b	6 a	Bournemouth & Ple.	66/3	...	4 12 3
39/3	24/6	5 b	2 a	British Pow. & Lt. £1	28/-	−1/-	4 19 7
34/3	32/3	4 b	3 1/2 a	City of London £1	33/-	...	4 10 9
42/-	33/6	5 b	3 a	Clyde Valley Elec. £1	36/6x	−1/-	4 7 3
51/-	45/3	7 1/2 b	3 a	County of London £1	47/-	−1/6	4 9 0
27/9	26/-	4 a	5 b	Edmundsons £1	26/-	−6d	4 11 0t
35/-	30/6	2 1/2 a	5 b	Lancashire Elec. £1	31/6	−6d	4 14 0
32/4 1/2	28/9	4 b	3 a	Lond. Ass. Elec. £1	30/7 1/2	...	4 11 0
50/9	43/6	9 b	3 a	Metro. Electric £1	48/9	−9d	4 18 6
39/-	33/3	2 1/2 a	5 1/2 b	Midland Counties £1	38/-	−6d	4 5 6
33/10 1/2	26/6	4 1/2 b	2 1/2 a	North-East. Elec. £1	30/-x	−2/-	4 13 3
49/-	44/6	6 b	4 a	North Metro. £1	45/-	−3/9	4 9 10
38/9	34/-	5 1/2 b	2 1/2 a	Scottish Power £1	37/6	−6d	4 6 10
41/10 1/2	37/6	5 b	3 a	Yorkshire Electric	40/-	−1/6	4 0 0
				Gas			
25/-	21/6	2 4/5 a	2 4/5 b	Gas L. & C. £1	22/-	−9d	5 1 6
138	110	4 a	6 b	Imp. Cont. Stk.	112 1/2	−3	8 17 9
23/9	21/6	2 7/8 b	2 1/2 a	Newc.-on-Tyne £1	23/6	...	4 11 6
109 3/4	101 3/4	3 b	2 1/2 a	S. Metropolitan Stk.	105 1/2	−1	5 4 3
				Motors and Cycle			
51/3	36/3	15 c	12 1/2 c	Albion Motors Ord. £1	40/-	...	6 5 0
39/4 1/2	31/-	†7 1/2 c	†2 1/2 a	Assoc. Equip. Ord. £1	35/-	+2/6	4 6 0†
32/6	21/10 1/2	50 c	50 c	Austin 5/-	24/4 1/2	...	10 5 0
23/3	18/3	Nil	Nil	Birm. Sml. Arms £1	21/6	−6d	Nil
24/0 3/4	17/9	83 1/3 b	33 1/3 a	Dennis 1/-	18/9	...	6 3 0
23/1 1/2	15/7 1/2	6 c	5 c	Ford Motors £1	16/3	−9d	6 3 0
57/6	48/-	12 1/2 b	2 1/2 a	Lucas, J. (£1)	50/-	−2/6	6 0 0
89/4 1/2	71/3	20 c	25 c	Leyland Motors £1	80/-	−7 1/2	6 5 0
33/3	24/9	45 c	45 c	Morris Motors 5/- Od.	27/-	−9d	8 7 0
61/3	35/7 1/2	20 b	5 a	Ral. Cycle Hold. £1	37/-	−6d	13 10 0
104/3	81/3	6 a	16 1/2 b	Rolls-Royce £1	96/3	−2/6	4 12 6
16/7 1/2	9/9	25 c	40 c	Stand. Motor 5/-	12/3	−9d	8 6 0k
				Shipping			
7 3/16	3 7/8	5 a	15 b	Clan Line Steam. £1	4 1/2	...	4 9 0
4/6	2/6	Nil	Nil	Cunard £1	2/9	−3d	Nil
24/6	14/9	3 c	5 c	Furness, Withy £1	15/6	−6d	6 8 0
24/6	17/6	4 c	2 1/2 a	P. & O. Def. £1	20/-	...	4 0 0
23/7 1/2	16/9	4 1/2 c	5 c	Royal Mail Lines £1	18/-	...	5 11 0
22/3	13/6	Nil c	Nil c	Union Castle Ord. £1	14/6	−6d	Nil
				Tea and Rubber			
18/6	9/6	2 1/2 c	5 c	Allied Sumatra £1	13/9	−1/9	7 5 8
30/-	18/1 1/2	4 a	5 b	Anglo-Dutch £1	26/3	−2/3	6 17 2
29/4 1/2	18/3	5 a	10 b	Bah Lias £1	26/3	−1/3	11 8 7
27/-	22/-	2 a	6 b	Jhanzie Tea £1	22/6	−1/3	7 2 3
38/6	31/6	5 a	7 1/2 b	Jorehaut Tea £1	35/-	...	7 2 9
37/6	29/6	2 1/2 a	10 b	Jokai (Assam) £1	31/3	−3/9	8 0 0
18/10 1/2	10/-	5 c	5 c	Linggi Plant. £1	15/7 1/2	−1/10 1/2	6 8 0
3/10	2/0 3/4	5 a	7 1/2 b	London Asiatic 2/-	3/6	−1 1/2d	7 2 9
30/10 1/2	17/6	4 a	6 b	Rubber Trust £1	27/-	−2/6	7 8 0
3/8 1/4	2/-	5 a	10 b	United Serdang 2/-	3/-	−3d	10 0 0
				Oil			
113/1 1/2	67/-	5 a	20 b	Anglo-Iranian £1	93/9	−9/4 1/2	5 6 6
32/6	24/9	32 1/2 a	12 1/2 b	Apex (Trinidad) 5/-	26/-	−2/3	8 12 0
45/-	25/-	Nil	Nil	Attock £1	35/-	−5/-	Nil
6 1/16	4	5 a	25 b	Burmah Oil £1	4 3/32	−7/32	4 13 0k
12/10 1/2	3/3	10d ps c	11d ps c	Mexican Eagle M.$4	3/6	−8d	...
£42	£33 7/8	6 a	11 b	Royal Dutch fl.100	£36	−1 7/8	5 3 0e
5 1/16	3 1/2	†7 1/2 a	†12 1/2 b	Shell Transport £1	4 5/16	−1/4	4 15 6†
5 3/8	4 1/16	20 b	10 a	Trinidad Lease. £1	4 5/8	−3/16	6 8 0
				Miscellaneous			
20/6	17/3	5 c	5 c	Aerated Bread £1	19/4 1/2	−7 1/2d	5 3 4
25/-	20/-	9 c	8 c	Allied News. £1	21/-	+9d	7 10 7
25/9	18/-	7 c	7 c	Amal. Metal £1	18/9	−3/9	7 9 4
16/6	11/3	5 a	3 b	Amal. Press 10/-	13/-	−6d	6 2 0
15/-	11/-	10 a	10 b	Assoc. Brit. Pic. 5/-	12/-	−1/-	8 6 9
17/9	10/3	26 2/3 c	25 c	Assoc. News. Df. 5/-	11/-	−9d	11 6 0
88/1 1/2	67/6	7 1/2 a	15 b	Assoc. P. Cement £1	72/6	−5/-	6 4 0
72/6	54/7 1/2	10 b	5 a	Barker (John) £1	56/3	...	5 6 9
9/6	7/4 1/2	85 c	17 1/2 a	Beechams Pills Df. 2/6	7/6x	...	?
49/9	37/6	m 29 c	s 32 1/3 c	Boots Pure Drug 5/-	39/4 1/2	−1/3	4 8 0
29/9	23/-	7 1/2 c	10 c	Borax Deferred £1	24/4 1/2	...	8 4 2
17/9	11/9	9 c	Nil c	Bow. Paper Mills £1	12/3	...	Nil
57/10 1/2	44/3	7 1/2 a	17 1/2 b	Bristol Aero. 10/-	50/-	−2/-	5 0 0
53/1 1/2	40/6	4 a	8 1/2 b	Brit. Aluminium £1	48/1 1/2	−7 1/2d	5 4 0
36/3	31/-	2 3/4 a	5 b	British Match £1	33/6	+6d	4 13 0
5 7/16	4 13/32	†20 c	†21 1/4 c	Brit.-Amer. Tob. £1	4 7/8x	−1/4	4 6 0†
84/4 1/2	63/9	7 a	10 b	British Oxygen £1	68/9	...	4 8 7
62/-	46/3	17 1/2 b	7 1/2 a	Brockhouse (J.) £1	47/6	...	10 11 0
68 3/4	37	Nil c	4 c	Cable & Wir. Ord.	38 1/2	−6	11 18 9
7 1/2	6	20 b	15 a	Carreras A Ord. £1	7	−3/8	5 0 0
14/-	8/3	20 c	25 c	Crittall Mfg. Ord. 5/-	10/-	...	12 10 0
47/6	38/3	10 c	12 1/2 c	De Havilland Air. £1	45/-	...	5 11 0
33/-	25/3	9 c	9 c	Dunlop £1	26/6	−6d	6 15 0
38/6	31/10 1/2	5 a	7 1/2 b	Eastwoods Ord. £1	33/9	...	7 13 9
16/3	9/0	10 c	10 c	Elec. & Mus. Ind. 10/-	10/-	−1/6	10 0 0
26/3	17/-	15 a	20 b	Ever Ready Co. 5/-	18/-	−3d	9 14 6

Prices, Year 1938 Jan. 1 to Sept. 14, inclusive High-est	Low-est	Last two Dividends (a) (b) %	(c) %	Name of Security	Price, Sept. 14, 1938	Change since Sept. 7, 1938	Yield Sept. 14, 1938
26/4 1/2	17/-	10 c	†12 1/2 c	Fairey Aviation 10/-	22/6	−9d	5 11 0
56/9	45/-	5 a	7 1/2 b	Finlay (Jas.) & Co. £1	51/3	−2/6	4 19 6
6 21/32	5 5/16	7 1/2 a	20 b	Gallaher Ltd. Ord. £1	6 1/8	−1/4	4 9 0
7/-	3/9	Nil c	Nil c	Gaumont-Brit. 10/-	4/3	−3d	Nil
20/6	10/-	16 c	Nil a	Gen. Refract's 10/-	10/6	−9d	15 4 9
35/3	23/-	15 a	22 b	Gestetner (D) (5/-)	27/6	...	7 12 5
90/7 1/2	68/9	5 a	20 b	Harrisons&Cros.Df.£1	85/-	−3/9	(d)
76/6	60/-	13 1/2 b	5 a	Harrods £1	62/6	−1/3	6 0 0
30/-	19/10 1/2	27 1/2 b	15 a	Hawker Siddeley (5/-)	23/6	−2/6	8 12 0
28/3	21/-	8 c	9 c	Imp. Airways £1	26/3	−1/3	6 17 2
35/3	27/6	3 a	5 1/2 b	Imp. Chem. Ord. £1	29/6	−1/3	5 15 6
13/7 1/2	6/3	5 c	Nil c	Imp. Smelting £1	7/6	+1/3	Nil
7 3/4	6	†17 1/2 b	†7 1/2 a	Imp. Tobacco £1	6 5/8	−3/8	3 15 6†
$53 1/2	$38 7/8	c$1·30	c$2·25	Inter. Nickel n.p.	$47 1/2	−3	4 4 3n
12/9	8/7 1/2	5 a	5 b	International Tea 5/-	9/3	−9d	5 2 0
40/3	31/-	4 a	6 b	Lever & Unilever £1	33/9	−2/6	5 18 6
60/-	43/9	22 1/2 c	20 c	London Brick £1	52/6	−7 1/2d	7 12 5
5 13/16	5	8 1/3 a	14 1/6 b	Lyons (J.) Ord. £1	5 1/4	−1/8	4 5 0
60/7 1/2	42/6	15 a	27 1/2 b	Marks & Spen. 'A' 5/-	48/9	−7/6	4 4 0
4 11/16	3 3/8	12 1/2 b	7 1/2 a	Murex £1 Ord.	3 3/4	−3/16	5 6 9
37/-	30/-	2 1/2 a	9 3/8 b	Phillips (Godfrey) £1	31/3	−1/3	7 12 0
35/6	24/4 1/2	10 b	7 1/2 a	Pinchin Johnson 10/-	25/-x	−3/9	7 0 0
42/9	26/3	12 1/2 a	37 1/2 b	Prices Trust Ord. 5/-	33/9	−2/6	7 8 0
58/9	42/6	11 7/8 b	3 1/8 a	Radiation Ord. £1	50/-	−1/3	6 0 0
5 15/32	4 7/8	22 1/2 c	22 1/2 c	Reckitt & Sons Ord. £1	5 5/16x	−1/16	4 5 6
14/3	9/4 1/2	†8 1/3 b	5 a	Sears (J.) Ord. 5/-	10/-	...	8 5 0
14/6	8/9	2 1/2 c	4 c	Smthfld.&Arg.Mt.£1	10/6	+1/-	7 12 0
60/6	51/6	2 1/2 a	12 1/2 b	Spillers Ord. £1	55/-	−1/6	5 8 0
26/10 1/2	21/-	Nil	Nil	Swed. Match. B.kr.25	25/-	−7 1/2d	Nil
83/-	70/-	14 b	4 1/4 a	Tate and Lyle £1	72/6	−4/4 1/2	5 0 0
48/3	36/6	5 b	5 a	Tilling, Thos. £1	43/9x	+4 1/2d	4 11 5
68/4 1/2	52/6	11 b	5 a	Tob. Secrts. Ord. £1	65/-	−1/3	4 18 6
53/-	27/-	35 c	25 c	Triplex Safety G. 10/-	28/9	−1/10 1/2	8 14 0
89/4 1/2	73/9	16 1/4 b	10 a	Tube Investments £1	75/-	−3/9	7 0 0
87/6	68/9	16 1/4 b	3 3/4 a	Turner & Newall £1	71/3	−6/3	5 12 0
57/4 1/2	46/3	7 1/2 b	5 a	United Dairies £1	53/9	...	4 13 0
27/7 1/2	18/4 1/2	15 b	7 1/2 a	United Molasses 6/8	20/-	−7 1/2d	7 10 0
39/8 1/4	33/9	7 1/2 b	5 a	W'llpapr Mfrs.Def.£1	35/-	−7 1/2d	7 2 9
39/3	32/6	3 a	7 b	Wiggins,TeapeOrd.£1	36/-	+3d	5 10 0
70/-	57/6	15 a	45 b	Woolworth Ord. 5/-	60/-	−3/-	5 0 0
				Mines			
73/6	52/6	95 c	95 c	Ashanti Goldfields 4/-	68/9	−3/9	5 11 0
12/10 1/2	8/0 3/4	p6 a	p4 b	Burma Corp. Rs. 9	9/-	−3d	9 9 0†
3/6	1/6	Nil c	Nil	Commnwlth. Mng. 5/-	2/-	−4 1/2d	Nil
81/3	62/6	32 1/2 c	6 1/4 a	Cons.Glds.of S. Af. £1	70/-	−5/7 1/2	5 14 3
17 3/4	14 3/4	95 b	95 a	Crown Mines 10/-	16 7/8	−1/2	5 12 0
13 [illegible]/16	6	30 a	Nil b	De Beers (Def.) £2 1/2	7 7/8	−1/2	9 10 0
69/4 1/2	43/9	20 c	15 c	Jo'burg. Cons. £1	46/3	−3/9	6 9 9
48/3	30/10 1/2	11 1/4 b	11 1/4 a	Randfontein £1	36/3	−1/3	12 8 0
12 7/8	9 1/8	37 1/2 b	25 a	Rhokana Corp. £1	10 1/2	−7/8	6 0 0
19 7/8	11 1/2	Nil	Nil	Rio Tinto £5	11 1/2	−1 1/2	Nil
21/7 1/2	13/7 1/2	10 a	10 b	Roan AntelopeCpr.5/-	15/9	−1/9	6 6 0
11 15/16	9 5/8	75 a	75 b	Sub Nigel 10/-	11 1/8	−1/2	6 12 0
9 13/32	7	2/6 a	6/- b	Union Cp. 12/6 fy pd.	8 1/2	−11/16	5 0 0
9 25/32	5 5/8	Nil	Nil	W. Witwatersrand 10/-	6	−1 1/8	Nil
19/1 1/2	5/2 1/4	10 c	Nil c	Wiluna Gold £1	13/9	−1/9	Nil

NEW ISSUE PRICES

Issue	Issue price	Sept. 14, 1938	Change since Sept. 7	Issue	Issue price	Sept. 14, 1938	Change since Sept. 7
Af. Ex. 5 1/2% pf.	21/-	2/3 pm	−3d	Ipswich 3 1/4%	98 1/2	3–2 dis	−3 1/4
Am. Pr. 4% db.	99	4 1/4–3 3/4 dis	−1/2	Leeds 3 1/4%	98	1–3 dis	−1 7/8
Bechm. 5% pf.	1	6d dis	−6d	Luton 3 1/4%	98 1/2	2 1/2–1 1/2 dis	−1 3/4
Bootle 3 1/4%	98 1/2	3 1/2–2 1/2 dis	−2 1/2	Odhms (Wat.)			
Bnmth. 3 1/4%	98 1/2	1 1/2–1/2 dis	−1 11/16	5% db.	100	7/8–1 1/8 pm	−1/4
Bwtr. 4 1/2% db.	98	6 1/2–5 1/2 dis	−3/4	Pretoria 3 1/2%	99	4 1/2–3 1/2 dis	−2 1/2
Brt. Ox. 5% pf	22/6	7 1/2d dis	−1/3	S.Mt.El.4% Pf.	20/6	1/- dis	−9d
Brtn. (M) 5% db	100	2 1/4–1 3/4 dis	−1	Do. 3 1/2% db.	100	1/2 dis	−1/2
Cov. GP4% dbs	99	5 1/2–4 1/2 dis	−3	Stoke 3 1/4%	98 1/2	4 1/2–3 1/2 dis	−2 3/4
Easterns 5% db.	100	99–100	...	Wolrhptn 3 1/4%	98 1/2	3 1/2–2 1/2 dis	−2 1/8

UNIT TRUST PRICES

as supplied by managers and Unit Trusts Association
(Table does not include certain closed trusts)

Name and Group	Sept. 14, 1938	Change since Sept. 7	Name and Group	Sept. 14, 1938	Change since Sept. 7
Municipal & Gen.			**Keystone**		
For. Govt. Bond	No price	...	Gold 2nd Ser.	18/3–19/3	−7 1/2d
Limited Invest.	17/3–18/3	−10 1/2d	Gold 3rd Ser.	13/–14/-	−7 1/2d
Mid. & Southern	18/–19/-	−4 1/2d	Keystone	15/3–16/3	−6d
Scottish & Northn.	15/9–16/9	−7 1/2d	Keystone 2nd	12/3–13/3	−4 1/2d
Bank-Insurance			Keystone Flex.	13/7 1/2–14/7 1/2	−4 1/2d
Bank & Insur.*	18/–19/-	−9d	Key. Consol.	13/6–14/6	−4 1/2d
Insurance*	20/–21/-	−3d	**Allied**		
Bank*	17/–18/-x	−6d	Amer. Indsts.	16/6–17/6	−1/3
Invest. Trust*	13/6–14/3	...	Brit. Ind. 1st	16/3–17/3x	−3d
Scot. B.I.I.T.*	14/7 1/2–15/6	...	Do. 2nd	14/3–15/3	−3d
Cornhill deb.*	20/7 1/2–21/4 1/2	−4 1/2d	Do. 3rd	14/9–15/9	−3d
Cornhill def.*	13/–14/-	−3d	Do. 4th	15/–16/-	−3d
			Elec. Inds.	15/6–16/6	−3d
National			Metals & Min.	13/–14/-	−9d
National C.	17/–18/-x	−3d			
National D.	15/–16/-	−1/-	**Other Groups**		
Nat. Invest.	12/1 1/2–13/1 1/2	−7 1/2d	Brit. Emp. 1st Unit.	15/7 1/2–16/7 1/2x	...
Amalgamated	19/–20/-	−1/-	Brit. Gen. "C"	13/10 1/2–14/10 1/2x	−6d
Century	16/3–17/3	−4 1/2d	Rubber & Tin	1/1 1/2–1/3	...
Gilt-edged	16/6–17/-	−9d	Brit. & Amer.	14/3–15/3	−6d
Scottish	16/–17/-	−6d	Producers	7/6–8/-	...
Universal	16/6–17/6x	−6d	Domestic	6/6–7/-	−3d
Protected 1st	16/3–17/3x	−9d	Do. Priority	9/–9/6x	−3d
Do. 2nd	14/3–15/3	−9d	1st Prov. "A"	19/6–20/6	...
Do. 3rd	9/9–10/9	−1/-	Do. "B"	14/3–15/3	−6d
			Do. Reserves	14/6–15/6	−3d
"15 Moorgate"			Selective "A"	14/9–15/9	−9d
Inv. Flexible	11/9–12/9x	−3d	Selective "B"	14/9–15/9	−4 1/2d
Inv. Gas & El.	12/7 1/2–13/7 1/2	−1 1/2d			
Inv. General	15/9–16/9	−3d	Brit. Trans.	11/9–12/9x	...
Inv. 2nd Gen.	13/1 1/2–14/1 1/2	...	Bank, Ins. & Fin.	15/–16/-	...
Inv. Gold	16/6–17/6x	...	British Bank Shrs.	19/9–20/-	−6d
Hundred	16/9–17/9	−3d	Do. Insur. Shrs.	16/–17/-x	−3d
Provident	13/–14/-	−3d	Brit. Dom. In.	15/–16/-	−6d
Savings Unit	8/6–9/1 1/2	−1 1/2d	Four Square	19/–20/-	−3d
Security First	13/1 1/2–14/1 1/2	−3d	Brewery	13/6–14/6	−3d

* Bid and offered prices are free of Commission and Stamp Duty. (a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (k) Yield on 20% basis. (m) Including bonus of 5% free of tax. (n) Yield worked on a $2 basis. (f) Annas per share. Latest annual dividend equal to about 6·945% tax free. (s) 8 1/3% paid free of income tax. † Free of Income Tax. (t) Yield worked on 6% basis. (e) Allowing for rate of exchange. (d) 17 1/2% cash dividend and 7 1/2% in deferred ordinary stock.

(*Continued from page 557*)

Group	Yield (%) Aug. 16, 1938	Sept. 6, 1938	Sept. 13, 1938	*Prices 1938 Low*
Banks and disc. co.s	4·11	4·15	4·24	*110·3*
Building materials...	6·95	7·12	7·22	*75·0*
Coal	7·09	7·00	7·11	*73·6*
Cotton	3·07	3·17	3·26	*23·3*
Motors.....	6·97	7·26	7·19	*32·0*
Oil	6·95	7·02	7·29	*67·1*
Breweries, etc.	5·47	5·50	5·56	*119·8*

New York

WALL STREET again proved no less sensitive to European events than London, and responded with considerable violence to hour-to-hour news. The sharp break in prices on Tuesday and Wednesday was accompanied by heavy selling, and erratic and contrary movements in the course of single sessions have been somewhat in contrast with London's movements. On Monday, industrials went ahead, the Dow Jones index rising 1.9 points, steel and motor shares in particular being strong. Favourable news included an estimate that the Labour Day loss of steel production had been caught up, and good trade news from Chrysler Corporation. While reports continued to be satisfactory (*Iron Age* estimating ingot production at 45½ per cent. of capacity for the current week), steels and motors shared in Tuesday's weakness (trade in General Motors being at one time suspended), and were in the forefront of Wednesday's erratic fluctuations. Railroads were sluggish, but were not indifferent to the general slump in Wednesday afternoon's session. Copper shares proved resistant in mid-week.

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).

WEEKLY AVERAGES

	1938 Low Mar. 30	1938 High Aug. 24	Aug. 31, 1938	Sept. 7, 1938	Sept. 14, 1938
347 Ind'ls. ...	75·9	109·2	105·1	107·9	98·5
32 Rails	19·0	31·4‡	26·6	27·1	23·2
40 Utilities...	57·7	78·8‡	73·4	74·5	68·6
419 Stocks ...	63·7	90·7‡	87·2	89·3	81·4
Av. yield %*	8·35 High	3·92 Low	4·06%	3·94%	4·30%

* 50 Common Stocks. † January 12th. ‡ July 20th.

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

Sept. 8	Sept. 9	Sept. 10	Sept. 12	Sept. 13	Sept. 14
123·0	120·2	118·7	120·7	113·7	113·3

1938 High: 127·4 August 6th. Low: 83·6 March 31st.

TOTAL DEALINGS IN NEW YORK

1938	Stock Exchange Shares 000's	Stock Exchange Bonds $000's	Curb Shares 000's
Sept. 8	570	4,090	90
„ 9	700	5,230	103
„ 10*	420	2,960	54
„ 12	600	4,390	92
„ 13	1,700	7,170	199
„ 14	2,820	10,850	318

* Two-Hour Session.

New York Prices

	Close Sept. 8, 1938	Latest Sept. 15, 1938
1. Rails and Transport		
Atchison	36½	32¾
Balt. & Ohio...	7½	6¾
B.M.T.....	9¼	8½
Can. Pacific...	6⅝	5¾
Ches. & Ohio	29¾	27½
G.N. Ry. Pf...	20½	17¾
Illinois Cent...	11⅝	9⅞
N.Y. Central..	18¾	16⅛
Northern Pac.	12	9⅝
Pennsylv. R...	19⅝	18
Southern Pac.	18⅜	15¼
Southern Rly.	12¾	10⅞
Union Pac. ...	91	84
Greyhound ...	16¾	15⅛
2. Utilities and Communications		
Am. W'works.	10⅛	8½
C'wlth. & S....	1⅛	1
Con. Edison...	26⅛	24¾
Col. Gas & El	6¾	5¾
El Bond & Sh.	7⅛	6¼
Nat Pwr & Lt.	6¾	5⅞
N. American..	19½	17⅞
Pac. Gas & El	25⅞	25⅛
Pac. Lighting	37½	36
Pub Serv N.J.	29	27⅝
Stan Gas & E.	3½	2⅞
United Corp.	2⅝	2¼
Un. Gas Imp.	9⅞	9⅝
Amer. Tel. ...	144¼	138
Internat. Tel.	8⅝	7⅝
Westn. Union	28½	25½
Radio	7½	6⅝
„ B. Pref	59½	54¼
3. Extractive and Metal		
Am. Rol. Mill	18½	16⅝
Beth. Steel ...	59½	56⅝
Beth. Steel P.	100½	97
Republic St.	18⅜	16¼
U.S. Steel ...	59⅞	56⅝
U.S. Steel Pf.	113½	110
Alaska J'neau	10⅝	10
Am. Metal ...	36¼	33
Am. Smelting	48	45
Anaconda ...	34½	32
Bohn Alum ...	27½	24
Cerro de Pas..	45	43⅛
Int. Nickel ...	49	47⅞
Kennecott ...	41⅛	39¾
Patino Mines	11	9¾
Tex. Gif. Sul.	36½	35
U.S. Smelt....	62⅝	58
Vanadium ...	19¼	17½
Atlantic Refg.	23	21¼
Phillips Petr.	39⅝	37
Shell Union...	15½	14⅝
Shell Un. Pf...	105¼	105¼
Socony Vac....	13⅜	12¾
Stan. Oil Cal.	30½	29
Stan. Oil N.J.	54¼	51⅝
Texas Corp.	44⅜*	41⅞
4. Manufacturing		
Briggs	36½	32½
Chrysler	75¼	69½
Elec. Autolite	33	31
Gen. Motors..	48½	45⅛
Hudson Mtr.	8⅞	8
Nash Kelvntr	10	8⅞
Packard Mtr..	4⅞	4¼
Bendix Avtn.	23	20¼
Boeing Airpln	23¼	21⅝
Douglas Air...	46½	42⅝
United Aircft.	26½	25¼
Air Reduction	61¾	57½
Allied Chemk.	178	176
Col. Carbon	90	83
Dupont	133¾	130
Un. Carbide	83¾	79
U.S. Ind. Alc.	22½	19
Allis Chalmer	50½*	46⅝
Gen. Electric	41¾	39¼
West'hseElec.	104	98⅜
American Can	98	94¼
Addressogrph	29¼	26
Caterpillar ...	50	45¼
Cont. Can. ...	40¼	39
Ingersoll Rnd	97	95
Int. Harvester	61¾	58⅜
Johns Manvle	99	94¾
Am. Radiator	15¾	14½
Corn Prods....	70	56
J I Case & Co.	91	83½
Glidden	22½	20
G. Am. Trans	49	47
Allied Stores	10⅞	9⅞
Celanese of A.	23⅜	20⅝
Ind. Rayon...	28½	25½
Colgate Palm.	12	10½
Eastm'n Kdk.	176	168
Gillette	9¼	8
Lambert Co.	13⅞	12⅝*
Loews	51¼	48
20th Cen. Fox	26⅜	24¼
5. Retail Trade, etc.		
Mont. Ward	47⅝	44½
J. C. Penney	83½	78½*
Sears Roebck	73	68¾
Walgreen ...	16	15⅞
Woolworth ...	45⅝	44⅜
Borden	16¼	15¾
Gen. Foods...	35⅛	32⅞
Kroger Grcy.	17⅝	16⅝
Nat. Biscuit	24⅞	22¾
Nat. Dairy ...	13	12¼
Stand. Brands	7¼*	6¾
Am. Tob. B.	88½	83¼
Lig. Myers B.	99	96½
Lorillard	20¼	18⅝
Reyn. Tob.B.	42½	41¼
Nat. Distillers	25	22½
Schenley Dis.	18	15
6. Finance		
Comcl. Credit	50¼*	46¼
Atlas Corp....	7¼	6⅞
Com Inv. Tr.	52½*	50½

* xd.

Capital Issues

TWO new capital issues have braved the worst week in Stock Exchange history for several years. The *Beechams Pills* issue of 2,400,000 2s. 6d. deferred shares, at 7s. 6d., proved a prompt success—assisted doubtless by loyal support from existing shareholders, who were entitled to pink forms. The issue provides for the financial completion of the Macleans deal, which was described on page 378 of *The Economist* of August 20th, and for other purposes. The shares necessarily bear, in some degree, the speculative risk which is inseparable from the patent medicine trade, and the prospective earnings yield of 10 per cent. on the issue price, according to the directors' estimate, appears a reasonable basis of valuation. The *Harland Engineering Company*, on behalf of which an offer of preference and ordinary shares has been made at par, is a moderate-sized concern, which can claim a sound technical reputation. Neither issue is large enough to command a wide market, however, and its profits are necessarily subject to a fairly wide degree of fluctuation between different phases of the trade cycle.

CAPITAL ISSUE TOTALS

Week ending September 17	Nominal Capital £	Conversions £	New Money £
To the Public	455,369	...	1,055,369
To Shareholders	Nil	...	Nil
By S.E. Introduction....	200,000	...	210,000
By Permission to Deal .	14,089	...	14,089
Sav. Certs., week ending September 10	*Dr100,000*	...	*Dr100,000*

Year to date	Including Conversions £	Excluding Conversions £
1938 (New Basis)	236,604,620	216,713,657
1937 (New Basis).....	*453,658,779*	*404,984,884*
1938 (Old Basis).....	173,589,796	154,678,928
1937 (Old Basis)	*257,433,683*	*211,842,272*

Destination (Excluding Conversions)

Year to date	U.K. £	Brit. Emp. ex U.K. £	Foreign Countries £
1938 (New Basis)	166,647,724	47,215,756	2,850,177
1937 (New Basis)	*346,770,325*	*54,956,200*	*3,258,359*
1938 (Old Basis).	131,069,625	20,729,231	2,820,072
1937 (Old Basis)	*194,076,774*	*16,272,998*	*1,492,500*

Nature of New Borrowing (Excluding Conversions)

Year to date	Deb. £	Pref. £	Ord. £
1938 (New Basis)	137,311,362	15,376,192	61,022,803
1937 (New Basis)	*204,521,510*	*26,278,146*	*174,185,228*
1938 (Old Basis)	126,491,813	9,252,053	18,935,062
1937 (Old Basis)	*147,636,092*	*16,457,821*	*47,748,359*

NOTE.—"Old Basis" includes only public issues and issues to shareholders only; "New Basis" includes all new capital in which permission to deal has been granted.

PUBLIC OFFER

Beecham's Pills, Ltd.—Issue of 2,400,000 2s. 6d. deferred shares at 7s. 6d. Proceeds to complete Macleans, Ltd., purchase and for general purposes. Beechams' profits after development expenditure and depreciation, years to March 31: 1936, £424,511; 1937, £462,351; 1938, £501,963. Macleans' profits, years to June 30: 1936, £182,485; 1936, £302,893; 1937, £316,488. Lists closed 9.1 a.m., September 14th. At that hour some 8,000 applications had been received covering the issue approximately twice over.

OFFER FOR SALE

Harland Engineering Company.—Offer for sale at par of 140,554 6 per cent. cumulative 10s. preference and 340,370 5s. ordinary shares. Electrical machinery, etc., makers. Owns British Electric Plant Company. Combined net assets, £256,102. Combined profits after depreciation: 1935, £10,078; 1936, £17,334; 1937, £29,626. London Industrial Finance Trust take issue at total cost of 9·6s. per preference and 4·7s. per ordinary share.

ISSUE TO SHAREHOLDERS ONLY

Wilkes Berger Engineering Company.—It is proposed to issue 60,000 new 5½ per cent. redeemable cumulative £1 preference shares at par. Prudential Assurance take any shares not subscribed by holders, for 2½ per cent. commission.

Industry and Trade

Business and the Crisis.—With Europe's fate in the balance, it is scarcely surprising that business transactions are being held up. While there has been no panic among business men, the difficulty of planning ahead has led many buyers to hold their hand for the time being. Export business, naturally, has been severely curtailed. Consequently, there have been no indications, so far, of the usual increase in the flow of new orders to industry at this time of the year. As this week's industrial reports on pages 564-5 show, new transactions in the coal, iron and steel, cotton and wool textile trades were small in volume. It is clear, therefore, that, in the absence of an early and peaceful settlement of the conflict over Czechoslovakia, the hopes of a revival of commercial—as distinct from armament—activity this autumn may be disappointed. With a few exceptions, the commodity markets, on the other hand, were firm this week, partly as a result of the fall in the exchange value of the pound in terms of dollars and partly because of the favourable business news from the United States. Non-ferrous metals, cotton, linseed oil and raw sugar were all marked up in price. Wheat, exceptionally, continued to decline in price for reasons discussed in a leading article on page 544, though on Wednesday, when fears of war were at their height, prices were marked up sharply. But while the crisis has undoubtedly caused some dislocation of business, one of the features of the past week has been the calm and steadiness of business men in face of the biggest crisis since 1914.

* * *

Cotton Yarn Price Agreements.—Rumours on the Manchester Royal Exchange this week suggested that some of the price agreements in the cotton spinning industry were breaking down. It has been reported that one member of the American medium ring yarn pact has resigned, and that the other members have become restive as a large part of the business was secured by firms outside the agreement. Meetings of the committee have been held this week, and it is expected that a full meeting of members will take place within the next few days, when all the facts of the situation will be placed before them. The agreement covers about 75 mills, containing some 5,000,000 spindles. The committee of the 42's American weft agreement has also met, and the advisability of extending the scope of the coarse counts agreement to counts of yarn finer than 26's was discussed. Last Monday there was a general meeting in Manchester of the members of the Egyptian mule-spinners' agreement, and it was decided to renew the agreement for a further period of twelve months, despite the fact that three or four members have resigned. Recently, a firm in this section has been charged with breaking the agreement by accepting prices below the list rates, and it is reported that the company has been fined £2,500. As a result of the severe fall in demand, price agreements in the spinning section of the cotton industry are being severely tested.

* * *

Decline in Overseas Trade.—The trade returns for August are not as encouraging as the employment statistics, which were discussed in last week's issue of *The Economist*. Compared with August, 1937, the value of total imports declined by 14.4 per cent., that of British exports by 14.6 per cent., and that of re-exports by 21.5 per cent. Some of this decline in the value of imports may be ascribed to the fall in prices. But as there was one more working day in August of this year than in August, 1937, the value of imports and exports per working day has fallen by more than the percentages given above. Some comfort may perhaps be derived from the fact that the fall in the value of British exports between August, 1937, and the past month, at 14.6 per cent., is considerably less than the 21.2 per cent. decline registered in July. Compared with a year ago, the excess of imports over exports has been sharply reduced by the absolutely greater fall in imports.

(£ thousands)

	1936	1937	1938	Change between 1937 and 1938	Per cent.
August					
Total imports	66,056	86,648	74,131	– 12,517	– 14·4
British exports	35,258	42,546	36,331	– 6,215	– 14·6
Re-exports	4,126	6,687	5,044	– 1,643	– 21·5
Total exports	39,684	49,233	41,376	– 7,857	– 16·0
Excess of imports over exports	26,372	37,415	32,755	– 4,660	– 12·5
Transhipments under bond ...	2,524	2,969	2,749	– 220	– 7·4
Eight Months ended August					
Total imports	536,565	655,046	616,596	– 38,450	– 5·8
British exports	283,170	341,439	306,904	– 34,535	– 10·1
Re-exports	41,810	54,201	42,351	– 11,850	– 21·8
Total exports	324,980	395,640	349,255	– 46,385	– 11·7
Excess of imports over exports	211,585	259,406	267,341	+ 7,935	+ 3·1
Transhipments under bond ...	17,784	24,504	20,946	– 3,558	– 14·5

Our index for the volume of raw material imports, adjusted for seasonal variations, declined from a provisional figure of 113½ (1935 = 100) in July to 111½ in August, and the index for the volume of exports of British manufactures fell from 93½ to 90½. Comparing the eight months ended in August with the corresponding period of 1937, the value of British exports shows a fall of 10.1 per cent., while the value of imports, which were fairly well maintained in the early months of the current year, declined by only 5.8 per cent. There are no indications of an early reversal of the downward trend of Britain's overseas trade.

* * *

Overseas Trade by Commodities.—Quantitative changes in British imports have been somewhat irregular. Compared with a year ago, imports of seven of the eighteen

RETAINED IMPORTS—MONTH OF AUGUST

Item and Measure	1936	1937	1938
Wheat ..... '000 cwts.	7,483	8,588	10,313
Beef and veal ..... '000 cwts.	1,178	1,181	1,202
Mutton and lamb ..... '000 cwts.	442	693	426
Sugar (unrefined) ..... '000 cwts.	4,136	3,551	4,523
Iron ore and scrap ..... '000 tons	630	691	32
Raw cotton ..... '000 centals	1,145	645	903
Sheep's and lambs' wool ..... '000 centals	334	374	259
Flax, hemp and jute ..... tons	21,757	18,019	19,806
Crude petroleum ..... '000 galls.	50,565	42,966	56,894
Hides, wet and dry ..... '000 cwts.	168	217	133
Wood pulp..... '000 tons	197	172	140
Rubber ..... '000 centals	89	414	389
Unwrought copper ..... tons	27,588	37,904	22,876
Pig lead ..... tons	29,424	27,379	30,442
Tin: Ore and concentrates ..... tons	4,033	5,091	3,870
Blocks, ingots, slabs and bars... tons	432	2,932	710
Iron and steel manufactures..... '000 tons	142	213	50
Machinery ..... tons	8,227	12,667	8,723

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JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED

(Incorporated in the Union of South Africa)

REPORT OF DIRECTORS.—To be submitted to the Shareholders at a Meeting to be held in the Board Room, Johannesburg Consolidated Investment Company, Limited, Consolidated Building, Fox Street, Johannesburg, on Tuesday, the 22nd November, 1938, at 11 o'clock in the forenoon.

ACCOUNTS.—1. The Company's Balance Sheet as at 30th June, 1938, and Profit and Loss Account for the year ended on that date, are submitted herewith.

PROFIT AND LOSS.—2. After making provision for taxation, for all ascertained and estimated charges and depreciation, and for contingencies, the profit for the year amounts to £720,380 2 6

To which is added the balance brought forward from the preceding year 168,753 5 8

Giving an available balance of £889,133 8 2

The Directors have transferred to Reserve Fund the sum of £100,000 0 0

And on 6th July declared a Dividend of 3s. per share, less United Kingdom Income Tax, the gross amount absorbed being 592,500 0 0

692,500 0 0

Leaving a balance to be carried forward amounting to £196,633 8 2

RESERVE FUND.—3. With the addition of the amount of £100,000 transferred from Profit and Loss Account the Reserve Fund now stands at £3,050,000.

VALUE OF SHAREHOLDINGS, ETC.—4. The Company's shareholdings for which market quotations are available are included in the Balance Sheet at or below cost and in no case above the market value at 30th June, 1938. The Directors have considered it prudent to provide against contingencies by writing down certain shares to below both cost and market value. Unquoted investments have been valued by the Directors on a conservative basis and in no case above cost. The Directors have also reviewed the other assets of the Company and made provision for contingencies where considered advisable. In the aggregate, the market value of the shareholdings shows a large surplus over the book value. The strong financial position of the Company has been maintained.

GOLD MINING INTERESTS.—5. The relations of the European workmen with the Mining Companies continued on a satisfactory basis, and such points of difference as arose were settled by friendly negotiations. A shortage of native labour was experienced in the first few months of the present calendar year. Although the position has improved, in all probability the shortage will recur and will be accentuated as more new mines commence operations, unless the supply of natives from north of latitude 22° S. can be increased. Every endeavour is being made to further arrangements in this connection.

GOLD MINING COMPANIES OF THE GROUP.—During the year ended 31st December, 1937, the Gold Mining Companies of the Group crushed some 12,316,000 tons of ore and produced 2,591,432 ounces of fine gold. The total value of the production was £18,275,364. There were employed some 7,900 Europeans and 65,000 natives.

The table below summarises the details from the reports and accounts of the Companies for the year ended 31st December last, and it also gives the figures of the previous year for comparison, except in the case of The East Champ d'Or Gold Mining Company, Limited. The programme of modernising and enlarging the works of that Company has been completed with the result that the present scale of operations cannot reasonably be compared with the past.

For the first six months of 1938 the working profit amounted to £161,273. Development is being conducted in a vigorous manner and recent results have shown improvement.

DIAMONDS.—6. The diamond trade, which was so active during the first six months of 1937, fell away during the latter half of that year, though the total sales for the year were well ahead of 1936. The first six months of 1938 have also been disappointing, but there are now signs of revival which it is hoped will continue to develop. The selling organisation continues to function satisfactorily and is a great source of strength to the market.

COPPER.—7. Copper had a wonderful period of prosperity during the first six months of 1937 and, as a result, Rhokana Corporation, Limited, made a total profit of £2,019,866 for the year ended 30th June, 1937. Dividends totalling 62½ per cent. were paid for that year. Prices gradually fell away subsequently; but, in spite of this, Rhokana Corporation, Limited, has recently intimated that its profit for the year ended 30th June, 1938, subject to taxation, is estimated at £1,950,000, not including its share of such dividend as may be declared by Mufulira Copper Mines, Limited, for the same period. The Rhodesian Anglo American, Limited, paid dividends totalling 1s. 6d. per share for the year ended 30th June, 1937, and an interim dividend of 6½d. per share has been paid for the year ended 30th June, 1938. The Nchanga Consolidated Copper Mines, Limited, was formed in March, 1937, and adequate finance provided. This rich property is now being opened up and the prospects are excellent.

Recently the price of copper has taken an upward turn and the outlook is promising, so that we are justified in regarding our considerable investments in copper mining companies with satisfaction.

PLATINUM.—8. The additions to the plant at the Rustenburg mine have been completed and the plant is functioning satisfactorily; the mine, however, has been somewhat short of native labour. Platinum, like most other metals, has been suffering from a fall in price and a weak market, but there are signs of a recovery, and given any substantial improvement of business in America the market for platinum would respond quickly.

COAL.—9. The equipment of the new section of Consolidated Collieries, Limited, is now nearing completion and the Colliery is again making profits. The Natal Cambrian Collieries, Limited, has repaid its debt and is making satisfactory profits, which will enable it to pay a first dividend at the end of its financial year. Phœnix Colliery, Limited, is making satisfactory profits and will soon be in a position to declare its first dividend.

ESTATES.—10. During the year most of the remaining stands on the Company's Johannesburg estates were sold, and the income from this source is not likely to be so great as it has been during the past few years.

SOUTH AFRICAN CARBIDE AND BY-PRODUCTS COMPANY, LIMITED.—11. This Company continues to prosper and for the year ended 31st August, 1938, paid 20·2 per cent. on its preference shares and 33 per cent. on its ordinary shares.

THE SOUTH AFRICAN BREWERIES, LIMITED.—12. The report of The South African Breweries, Limited, for the year ended 31st March, 1938, shows excellent results and the total distribution on the ordinary capital for the year was at the rate of 22½ per cent., free of tax.

COMPARATIVE STATEMENT OF RESULTS OF OPERATIONS, ETC., OF THE GOLD MINING COMPANIES OF THE GROUP
Referred to in paragraph 5 of Directors' Report.

		Government Gold Mining Areas (M) Consolidated Ltd.	New State Areas, Ltd.	Langlaagte Estate and G.M. Co. Ltd.	Randfontein Estates G.M. Co. W. Ltd.	Van Ryn Deep Ltd.	Witwatersrand G.M. Co. Ltd.	Totals and Averages excluding E. Champ d'Or Co.	East Champ d'Or G.M. Co., Ltd. (6 Mths. to 31/12/37 only).
Tons Milled	1937	2,552,000	1,475,000	1,148,000	4,657,000	1,265,000	1,032,000	12,129,000	112,500
" "	1936	2,568,000	1,471,000	1,128,000	4,612,000	1,250,000	1,038,000	12,067,000	—
Yield per Ton (dwts.)	1937	5·87	6·08	3·16	3·33	3·70	3·10	4·20	4·57
" "	1936	6·21	6·18	3·25	3·48	3·83	3·12	4·38	—
Working Costs per ton	1937	17s. 9d.	18s. 4d.	18s. 5d.	16s. 7d.	17s. 3d.	19s. 2d.	17s. 6d.	25s. 11d.
" "	1936	17s. 8d.	18s. 5d.	17s. 3d.	16s. 9d.	17s. 11d.	19s. 4d.	17s. 6d.	—
Working Profit	1937	£3,018,776	£1,812,835	£223,096	£1,609,550	£557,689	£139,631	£7,361,577	£33,652
" "	1936	£3,343,572	£1,842,446	£313,961	£1,789,383	£561,303	£137,417	£7,988,082	—
Taxation and Government's Share of Profit	1937	£1,703,408	£1,304,101	£49,903	£453,019	£207,390	£22,600	£3,740,421	£4,387
" " " " "	1936	£1,931,811	£1,328,038	£101,990	£567,995	£211,217	£19,741	£4,160,792	—
Dividends	1937	90%	30%	17½%*	22½%	25%	25%	—	—
"	1936	110%	30%	15%	25%	25%	22½%	—	—
" Six months to 30th June, 1938		35%	15%	5%	11¼%	12½%	10%	—	20%
Ore Reserves, 31st December, 1937 (Gold at £7 per fine oz.)		10,247,000	4,203,000	1,115,000	14,100,000	3,433,000	1,620,000	34,718,000	476,000
Assay Value (dwts.)		6·0	6·2	3·2	3·9	3·5	3·2	—	5·0
Stoping Width (inches)		58	48	43	46	49	58	—	48
Ore Reserves, 31st December, 1936 (Gold at £7 per fine oz.)		11,024,000	4,190,000	1,205,000	14,057,000	3,430,000	1,614,000	35,520,000	—
Assay Value (dwts.)		6·5	6·7	3·4	3·9	3·8	3·2	—	—
Stoping Width (inches)		58	48	42	46	50	56	—	—

* Includes 5 per cent. Bonus out of Sales of Property.

OTHER GOLD MINING INTERESTS—The large areas in the Roodepoort District in which the Company is interested have been proved to carry the Main Reef series at a workable depth, but conditions have not been favourable for raising capital for new enterprises. It is hoped, however, that the time is not far distant when it will be possible to finance them, as they are among the few attractive areas underlain by the Main Reef series at a workable depth to the east of the Roodepoort-Witpoortje fault zone for the working of which provision has not yet been made.

Rand Leases (Vogelstruisfontein) Gold Mining Company, Limited, showed excellent results for the year ended 31st December, 1937; 1,018,500 tons were crushed resulting in a working profit of £375,904, and dividends amounting to 1s. 6d. per share were paid. It is expected that in a few months the additions to plant will be completed and the ore crushed raised to 145,000 tons per month. Development results during the year were satisfactory, and it is considered that the Company has been launched on a long and successful career.

Consolidated Murchison (Transvaal) Goldfields and Development Company, Limited, has not yet altogether surmounted extraction difficulties, but the position tends to improve.

Vogelstruisbult Gold Mining Areas, Limited, crushed during the year ended 31st December last 656,050 tons of ore and made a working profit of £155,524.

DIRECTORS.—13. In May last Mr J. H. Crosby resigned from his position as a Director of the Company and as Joint General Manager in South Africa. Mr Crosby had been with the Company for twenty-one years and the Directors wish to express their appreciation of his faithful service during that period. The Board also records with regret that Sir Reginald A. Blankenberg, K.B.E., resigned his seat on the Board after serving the Company in that capacity for twelve years.

In terms of the Company's Articles of Association the following three Directors retire by rotation and, being eligible, offer themselves for re-election; viz., Mr F. L. Johnson, Mr J. Friedlander and Rt. Hon. Sir Arthur S. T. Griffith-Boscawen, P.C.

OFFICIALS.—14. Mr G. H. Beatty has been appointed General Manager in South Africa and Mr K. Richardson has been appointed Consulting Engineer in South Africa.

ELECTION OF AUDITORS.—15. Messrs S. Thomson and F. Dix, the Auditors of the Company in Johannesburg, and Messrs Kemp, Chatteris, Nichols, Sendell and Company, the Auditors in London, retire from office and offer themselves for re-election.

By Order of the Board,
A. W. CHRISTIE, Secretary.

10 & 11 Austin Friars, London, E.C.2.
15th September, 1938.

BALANCE SHEET, 30th JUNE, 1938

CAPITAL AND LIABILITIES

	£ s. d.	£ s. d.
Capital in Shares of £1 each. Authorised	4,345,000 0 0	
Issued (fully paid)		3,950,000 0 0
Reserve Fund	2,950,000 0 0	
Transfer from Profit and Loss Account	100,000 0 0	
		3,050,000 0 0
Sundry Creditors, including Reserves for Taxation and Contingencies		1,061,031 10 11
Dividend No. 46 of 3s. per Share, subject to United Kingdom Income Tax, declared 6th July, 1938		592,500 0 0
Profit and Loss Account—Balance		196,633 8 2
Contingent Liabilities— Uncalled Capital on Investments, etc.	£186,252 0 0	
		£8,850,164 19 1

ASSETS

	£ s. d.
Stocks and Shares	6,375,553 6 1
Mining Properties, including Advances to Mining Companies	526,491 18 11
Real Estate and Buildings	3 3
Office Furniture, etc.	6,624 19 2
Loans on Mortgage and Real Estate	103,832 5 5
Loans at Short Call on Market and other Securities	314,267 16 3
Sundry Debtors and Advances including Dividends Accrued	382,167 1 3
Cash at Bankers and in Hand	1,035,501 8 9
	£8,850,164 19 1

J. B. JOEL, *Chairman,*
J. FRIEDLANDER, } *Directors.*

A. W. CHRISTIE, *Secretary.*

commodities given in the first table have increased, including imports of raw cotton and petroleum; compared with the preceding month of July, imports of raw cotton and wool were smaller, but imports of petroleum, hides, wood pulp and rubber were larger.

Compared with August of last year, British exports are heavily down. Of the nineteen commodities included in the next table, exports of only two—iron and steel scrap and locomotives—showed an increase. Exports of cotton piece goods declined from 162,000 square yards to 108,000 square yards. Shipments of woollen piece goods showed a slight increase from the July figures, though they were still lower than in August of last year:—

BRITISH EXPORTS—MONTH OF AUGUST

Item and Measure	1936	1937	1938
Coal '000 tons	2,754	3,529	2,863
Iron and steel scrap tons	8,350	12,818	26,310
Pig-iron and ferro-alloys tons	10,056	14,231	4,241
Railway materials tons	21,137	23,838	11,653
Total, iron and steel manufactures ... tons	163,959	201,352	135,068
Textile machinery tons	4,248	5,858	5,331
Total machinery tons	28,243	34,723	33,869
Cotton yarns '000 lb.	11,685	13,577	8,967
Cotton piece goods sq. yds.	158,995	161,992	108,177
Wool tops '000 lb.	3,928	3,303	2,631
Worsted yarns '000 lb.	2,166	2,025	1,900
Woollen tissues '000 sq. yds.	7,907	8,377	6,443
Worsted tissues '000 sq. yds.	3,889	4,145	3,160
Linen piece-goods '000 sq. yds.	6,563	6,494	3,609
Leather boots and shoes doz. pairs	27,110	35,494	28,017
Leather cwts.	19,661	18,201	14,700
Paper and cardboard cwts.	290,185	393,353	255,148
Locomotives and parts tons	1,064	1,653	2,125
Motor vehicles and chassis No.	5,458	8,433	5,056

As there has been no noticeable improvement in new export orders, a further decline in the shipments of many commodities seems unavoidable.

* * *

U.S. Cotton Crop.—At the end of last week the United States Government published its second estimate of this year's cotton crop, the figure being 11,825,000 bales, against 11,988,000 bales forecast a month earlier. The forecast was slightly below expectations, but had practically no effect upon prices. The condition of the crop was given at 65 per cent. of normal, compared with 78 per cent. at the beginning of August, the deterioration being due to the ravages of the boll weevil. The yield per acre is now expected to be 214.1 lbs., against 217.9 lbs. a month earlier. World supplies of cotton are so enormous that the slight decline in the estimates for the United States has had little effect on the market. World consumption is at present running at a very low level, and there is every probability of a further increase in the carry-over at the end of this season.

* * *

Recession in Iron and Steel.—The iron and steel industry is making a valiant effort to adjust its output to the fall in demand. As the following table shows, production was further reduced between July and August. The output of pig iron and crude steel last month was lower than in any corresponding month since 1933, and imports have been severely curtailed:—

PRODUCTION AND TRADE IN IRON AND STEEL
(In thousands of tons)

Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average	855·0	638·6	185·9	414·1
1929 " "	632·4	803·0	235·2	364·9
1932 " "	297·8	438·5	132·7	157·4
1936 " "	643·5	982·1	123·6	183·8
1937 " "	708·0	1,080·3	170·0	214·7
" 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
" October	769·6	1,133·6	220·5	206·9
" November	762·3	1,178·3	272·5	198·0
" December	783·8	1,103·8	288·3	196·8
1938—January	761·1	1,081·4	308·7	191·2
" February	693·3	1,057·6	230·4	156·7
" March	714·6	1,115·8	276·8	176·1
" April	661·0	938·6	61·5	168·3
" May	633·9	957·0	55·7	167·5
" June	541·5	776·1	60·9	150·9
" July	507·8	683·2	65·0	135·1
" August	443·0	658·9	50·6	135·1

Despite the sharp curtailment of output and imports, however, there are as yet no signs of a revival of demand, and stocks of a number of materials are reported to be still substantial.

* * *

Further Restriction of Wood Pulp Output.—A further restriction of output for export has been decided by the sulphite pulp producers of Finland, Norway and Sweden. The first curtailment, enforced in April last, provided for a reduction of exports by 20 per cent. during the current year. According to the new restriction plan, output for export will be stopped for eight weeks before the end of this year and for another seven weeks in the first half of 1939. Under this scheme the output of sulphite pulp in Scandinavia this year will be reduced to 70 per cent. of agreed capacity. This step has become necessary owing to the prolonged depression on the world's pulp markets, which began in the autumn of last year with the setback in the United States and the liquidation of unusually large purchases. Stocks at consumers' yards, at the pulp mills and at ports, although recently reduced to some extent, are still large, and sporadic offers of material assigned to banks are disturbing the market. An aggravating factor has been the cessation of Japanese purchases, due partly to the lack of foreign currency, which has particularly injured producers in British Columbia. The recent revival on American paper markets has not been sufficient to stiffen prices which,

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED

(Continued from previous page)

We report to the Shareholders that we have audited the accounts of the Johannesburg Office of the Johannesburg Consolidated Investment Company, Limited, dated 30th June, 1938, and have obtained all the information and explanations we have required. The Balance Sheet of the Johannesburg Office of the Company is, in our opinion, properly drawn so as to exhibit a true and correct view of the state of the Company's affairs in Johannesburg according to the best of our information and the explanations given to us, and as shown by the books of the Company in Johannesburg. We have also verified the securities in South Africa. The Company has kept proper books and records.

SAML. THOMSON, *Chartered Accountant*
FRANCIS DIX, *Incorporated Accountant* } *Auditors.*

Johannesburg, 6th July, 1938.

We report to the Shareholders that we have audited the Accounts of the London Office of the Johannesburg Consolidated Investment Company, Limited, dated 30th June, 1938, and have obtained all the information and explanations we have required. The Audited Accounts of the Johannesburg Office have been properly incorporated in the above Balance Sheet and Profit and Loss Account, and, in our opinion, the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company. We have also verified the securities in London. The Company has kept proper books and records.

KEMP, CHATTERIS, NICHOLS, SENDELL & CO., *Chartered Accountants* } *Auditors.*

London, 28th July, 1938.

PROFIT AND LOSS ACCOUNT for the year ended 30th June, 1938

Dr. **Cr.**

	£ s. d.		£ s. d.
To Directors' Fees, Salaries and other Expenses, less amounts received from other Companies including Transfer Fees	24,609 0 5	By Profits realised on Stocks and Shares, Dividends, and Sundry Revenue, less provisions for Taxation and Contingencies, and amounts written off	744,989 2 11
To Balance carried down	720,380 2 6		
	£744,989 2 11		£744,989 2 11
	£ s. d.		£ s. d.
To Reserve Fund	100,000 0 0	By Balance brought down	720,380 2 6
To Dividend No. 46 of 3s. per share, subject to United Kingdom Income Tax, declared 6th July, 1938	592,500 0 0	By Balance of Profit and Loss Account at 30th June, 1937	168,753 5 8
	196,633 8 2		
To Balance per Balance Sheet	£889,133 8 2		£889,133 8 2

as the following table shows, are still considerably below the level of the end of last year.

WOOD PULP PRICES IN GREAT BRITAIN
(In £ per ton c.i.f.)

	June, 1936	June, 1937	Dec., 1937	Sept., 1938
	£ £	£ £	£ £	£ £
Chemical Grades				
Bleached sulphite (silk pulp)...	12–13	21–23	20–22	16–18
Bleached, sulphite (prime) ...	11½–12	19½–20½	18–19	10–10⅞
Sulphite, easy bleaching	8¾–9	17½–18½	16–17	8¾–9
Sulphite, strong	8–8¼	16½–17	15–16	7¾–8
Sulphite, easy bleaching	8⅞	15½	16–16½	10½–11
Kraft, prompt	8¼	...	4	6¾–7¼
Mechanical Grades				
Pine, 40 p. ct. moist, prompt	2⅛–2¼	3⅝–3⅞	3⅝–3¾	2⅝–2⅝
Pine, 50 p. ct. moist, forward...	2⅛–2¼	3⅝–3¾	3⅝–3¾	2⅝–2¾
Pine, dry, prompt	4⅝–4⅝	8⅞	8⅞–9	6¼–6¾

But the curtailment of output in the Scandinavian countries alone, unaccompanied by a cessation of forced sales and a substantial increase in the demand for paper, will hardly reverse the price trend.

* * *

Improvement in Coffee.—Coffee prices, which fell sharply between November, 1937, and April, 1938, have since registered an appreciable rise. The London price of "Santos Superior" has recovered to 33s. per cwt., after having been down to 27s. 6d. earlier this year. Even at its present level, however, the price is still 14s. 6d. per cwt. below that ruling before Brazil changed her policy in favour of free competition on the world markets at the beginning of last November. A further improvement is not impossible. World consumption of coffee is expanding, and the 1938-39 crop is expected to be appreciably smaller than last season's harvest. In the season ended on June 30, 1938, world deliveries reached 25,609,000 bags of 60 kilos. each, compared with 25,006,000 bags in 1936-37. In the first two months of the current season deliveries were 4,327,000 bags, an increase of 801,000 bags on the year and a record for that period. The new Brazilian crop is officially estimated at 21,873,000 bags, but private estimates expect a harvest of less than 20,000,000 bags, compared with 25,931,000 harvested in 1937. The mild coffee crops are likely to fall below 10,000,000 bags, against last year's harvest of 11,500,000 bags. The decline in new supplies of mild coffee this season may help Brazil to recover some of the ground lost to other producing countries in recent years.

* * *

Wholesale Price Fluctuations.—Fears of war were reflected during the past fortnight in an increase in the price of metals, but in spite of this the general level of British wholesale prices is lower. The complete *Economist* index has fallen by 1.1 per cent., while the British primary products index is 0.4 per cent. lower than a fortnight ago. On the other hand, the American primary products index has risen by 1.5 per cent., while the Irving-Fisher complete index is unchanged. There has been a fairly general rise in American prices, the chief exceptions being cotton, tin and coffee. French wholesale prices are slightly lower.

SEPTEMBER 18, 1931 = 100

Date	*The Economist* Indices: British Complete Index (sterling)	Primary Products: British (sterling)	Primary Products: American (dollar)	Price of Gold (sterling)	U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
1936								
Dec. 30th	131·3	163·9	187·3	166·7	128·8	113·0	116·3†	95·4
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	144·3	181·9	199·7	167·4	137·3	121·8	126·2	97·5
Apr. 28th	142·0	169·9	183·5	165·4	135·6	120·5	128·7	97·0
June 2nd	142·7	170·2	178·9	165·6	134·3	119·8	133·2	97·5
June 30th	139·5	165·9	176·8	165·7	134·1		134·2	97·5
July 28th	140·2	167·1	171·8	164·5	133·8	130·8	137·1	97·9
Aug. 25th	137·9	164·4	165·3	164·2	133·0	133·3	137·1	98·1
Sept.22nd	136·0	164·0	166·3	165·1	133·7	139·4	137·7	97·6
Oct. 20th	133·6	156·2	152·3	165·4	129·5	138·8	141·6	97·3
Dec. 1st	127·5	145·4	138·9	164·8	125·1	134·0	143·3	97·0
Dec. 29th	127·8	147·4	135·3	164·2	120·5	135·8	143·8	97·0
1938								
Feb. 2nd	126·6	144·4	135·4	164·5	119·8	137·9	142·9	97·0
Mar. 2nd	125·1	143·1	138·7	164·5	120·3	138·1	142·5	97·2
Mar.30th	122·7	137·0	129·3	164·6	117·7	139·4	141·7	97·1
Apr. 27th	121·4	137·8	127·5	164·3	116·9	139·9	142·8	97·0
May 25th	119·6	132·2	121·9	165·5	117·2	145·6	143·4	96·3
June22nd	119·3	133·2	124·8	165·8	117·6	147·3	143·8	96·9
July 6th	120·8	135·7	129·7	165·9	117·7	148·7	143·5	97·0
July 20th	119·5	137·4	128·6	166·5	118·2	147·8	142·7	97·1
Aug. 3rd	119·2	138·0	127·1	167·2	117·4	144·6	142·4	97·5
Aug.17th	118·3	136·1	124·7	167·6	115·9	145·5	142·8	97·5
Aug. 31st	116·5	133·5	125·0	168·6	116·8	144·9	143·6	97·3
Sept.14th	115·2	133·0	126·9	170·6	116·8*	144·5*	...	97·3*

* These figures relate to Sept. 7th. † Monthly average.

The following table shows the complete *Economist* index number in greater detail:—

THE ECONOMIST INDEX
(1927 = 100)

	Sept. 18, 1931	Sept. 8, 1937	Aug. 31, 1938	Sept. 14, 1938
Cereals and meat...	64·5	88·1	76·7	72·7
Other foods	62·2	66·8	57·5	58·0
Textiles	43·7	68·0	53·3	52·6
Minerals	67·4	108·9	91·8	93·8
Miscellaneous	65·8	85·3	74·5	74·0
Complete index	60·4	83·0	70·4	69·5
1913 = 100	83·1	114·2	96·8	85·6
1924 = 100	52·2	71·7	60·8	60·1

Grain prices have continued to fall during the past fortnight, while meat is also cheaper. Cotton, wool and flax prices are also lower than a fortnight ago, but hemp and jute are unchanged. Non-ferrous metals are all higher, with the exception of tin. In the miscellaneous group there were decreases in hides and rubber.

INDUSTRIAL REPORTS

OWING to the fear of armed German intervention in Czechoslovakia and its probable consequences, many business transactions have been held up. The flow of new orders to industry, therefore, remained small, and generally new business was restricted to immediate needs. There has been some improvement in the demand for house coal, but industrial and export demand remained quiet. Inquiry for iron and steel materials has shown some increase, but actual transactions were limited in volume. Business in cotton and wool textiles was very quiet.

Coal

Sheffield.—There has been some improvement in domestic demand, although business in industrial sorts is not particularly active. Steam coal is in steady request. Collieries are making better time, and it is stated that a heavy tonnage has been disposed of to Australia. House coal is in better request and pits which did not increase prices at the beginning of the month have now done so, raising prices in the Sheffield district by 2s. 2d. and 2s. 6d. per ton, while one colliery has advanced prices by a further sixpence per ton on those made on September 1st. There is still a hesitant call for cokes and heavy stocks have accumulated.

Export business continues dull, but some inquiry is reported for best hards and cobbles. Bunker trade is poor.

★

Newcastle-on-Tyne.—The Finnish State Railways have placed orders for 32,000 tons of Northumberland screened steams and the Norwegian Railways for 40,000 tons of Durham screened steams. Apart from the business which is expected to come to this district under the trading agreements, there are few transactions. The Northumberland steam coal position remains quiet; a few collieries are well placed, but others would welcome more trade. The Durham section shows no improvement; foreign trade is extremely quiet, but it is expected that there will be some seasonal increase next month.

★

Glasgow.—There was a further decline in Scottish coal shipments during the week, the total being 213,000 tons, compared with 227,000 tons in the previous week and 248,000 tons in the same week last year. Shipments so far this year were 7,123,000 tons, against 8,585,000 tons in 1937. Export business generally continues quiet, and the only encouraging feature has been a brightening of demand from Denmark, chiefly for washed nuts. Home business remains fairly satisfactory, but in most districts the collieries are now working under their quotas and a fair amount of short-time is being experienced. The trend of prices for large coals is easy, but nuts remain firm owing to the restricted outputs. The London trade is moderate.

★

Cardiff.—Business on the Cardiff coal market is still inactive. Contract deliveries are well maintained, and shipments at the docks of the Great Western Railway Company last week totalled 376,400 tons, compared with 373,200 tons in the previous week. They were, however, nearly 75,000 tons less than in the corresponding week last year, and a considerable proportion of the week's output went into stock. Neither the grave political situation in Europe nor the strike in Australia have yet had any repercussions on the market. There are inquiries for sized coals for the Montevideo Electricity Works, and it is reported that the Portuguese Railways have now placed the whole of their order for the delivery of 220,000 tons during 1939 in Germany. Prices are nominally unchanged.

Iron and Steel

London.—The weekly report of the London Iron and Steel Exchange indicates that a brighter tone has been noticeable during the past week. This has been due principally to some increase in inquiry, which has followed the close of the holiday season, and to some expansion in buying. Consumers, however, are disinclined to commit themselves forward and most of the transactions have been for comparatively small parcels for near delivery.

Business in the pig iron market has been restricted, as not only have most of the important consumers covered their requirements for some time to come, but the demand for foundry products has declined during recent months. The stocks of foreign iron in this country, however, have been reduced and this has helped to give the market a better tone. The reserves of steel-making pig iron remain heavy, but apparently the tendency for stocks to increase has been checked.

In the semi-finished steel department of the market similar conditions prevail, but imports have been restricted and the large stocks in the hands of consumers have been materially reduced.

The demand for finished steel is irregular and is not sufficient to enable the producing works to operate on full time. Business in the lighter branches of the industry has shown a slight improvement of late, but there is still a considerable amount of unemployed plant. Export business shows few signs of expansion, although inquiry has broadened slightly.

★

Sheffield.—Taken all round there is a somewhat better feeling in the iron and steel market, though so far this does not translate itself into actual business on any substantial scale. There is next to nothing doing in forge iron, but a few limited parcels of foundry and basic iron are changing hands. Forward buying is almost entirely absent. Consumers of hematite are well covered by contract, and special qualities alone evoke any interest, these being in fairly steady demand. Business in finished iron has fallen to very small dimensions.

There is a slight upward movement in the demand for acid steel billets, but no improvement is yet noted in basic. Wire rods, strip and structural steel requirements show some improvement, while there is no falling off in the demand for stainless steel sheets.

The iron and steel scrap market remains inactive.

★

Glasgow.—New business has not been plentiful in the West of Scotland this week, but the feeling is general that buyers are holding back much important business. Work on hand, however, is still considerable and plants are regularly employed. Manufacturing concerns in this district are exceedingly busy, many of them having large contracts for works for various Government Departments, and much of their material is being obtained from local producers of lighter sections and plates.

★

Cardiff.—In the South Wales tinplate industry, production in the week ended September 3rd was at the rate of 48.70 per cent. of capacity, compared with 48.15 per cent. in the previous week, and 76.39 per cent. in the corresponding period last year. There was a little more activity in the export trade, where shipments totalled 5,505 tons, as against 3,387 tons the previous week, and 5,880 tons in the corresponding week last year; stocks in warehouses and vans have dropped to 3,514 tons, compared with 10,935 tons a year ago. The market for galvanised sheets is very restricted both for the inland and export trades, and the demand for motor car sheets and other partly finished steel materials is also disappointing. Prices are unaltered.

Textiles

Cotton (Manchester).—There has been increasing nervousness owing to political developments, and buyers and sellers have not been prepared to enter into negotiations of any importance. Indeed, business has been thoroughly disorganised. Raw cotton prices in Liverpool have been sustained by the further fall in the exchange value of the pound. The official United States crop estimate of 11,825,000 bales was rather less than expected. The condition of the crop was given as 65 per cent. of normal, against 78 per cent. a month earlier, the deterioration having been caused by the boll weevil. The figures had practically no effect upon prices.

The yarn market has been disturbed by rumours with regard to the price agreements. One member has resigned from the medium American ring agreements and there is uncertainty concerning the future of this pact. A mass meeting of Egyptian mule spinners has decided to renew the price agreement for twelve months. Demand for American and Egyptian counts has been for small lots.

A slightly better feeling has prevailed in the cloth section. Without there being any general activity, more contracts have been put through for India. Some useful orders have been reported in printing and finishing qualities for South America. Drills have attracted some attention for the Dominions. Buying for the home trade has been of limited dimensions.

★

Wool (Bradford).—The past two weeks have not witnessed any satisfactory development. Wool prices in Australia, where the new clip is now being marketed, have, if anything, moved slightly in favour of buyers, though prices are fully equal to the values obtainable in England for the partly and fully manufactured article. Last week there were considerable sales of average 64's tops in Bradford at 24d. per lb., but the present disposition is to await developments.

International tension is seriously affecting business. The improvement at the manufacturing end of the trade noticeable two to three weeks ago has not been sustained. It is significant that a Czechoslovakian firm has purchased a leading manufacturing business in the Huddersfield district.

The fifth series of London sales begins in Coleman Street, London, next Tuesday, and selling brokers have declared an available quantity of 94,000 bales. The indications are that prices will move slightly in favour of buyers, especially for merinos.

THE COMMODITY MARKETS

THE trend of the prices of many important primary products was upwards this week, both in this country and in the United States. The rise in the United States was due, in a large measure, to the continued expansion of business activity. The firmer trend of prices in the United States found reflection on the commodity markets in this country, where prices were given an additional upward twist by the depreciation of the pound in terms of dollars and, possibly, by purchases made as a precaution against contingencies arising from a European war.

Non-ferrous metals were all marked up, the market in tin receiving support from the decision of the International Tin Committee not to alter the output quota for the fourth quarter of this year. Raw cotton, linseed oil and raw sugar were also dearer than a week ago. Wheat prices fell early in the week, but rallied sharply on Wednesday. The wheat outlook is discussed on page 544.

The rise of prices in the United States is revealed by Moody's index for staple commodities (December 31, 1931 = 100) which rose from 143.1 to 145.6 during the week ended last Wednesday. A month ago the index stood at 141.7 and a year ago at 195.7.

Metals

Copper.—Copper remained remarkably steady and closed the past week at £41 8s. 9d. per ton, a net gain of 8s. 9d. At times there was some

(*Continued on page 568*)

BRITISH WHOLESALE PRICES

	Sept. 7, 1938	Sept. 14, 1938
CEREALS AND MEAT		
GRAIN, etc.—		
Wheat—	s. d.	s. d.
No. 2, N. Man. 495 lb.	30 3	30 3
Eng. Gaz. av., per cwt.	5 5	5 1
Liv. Oct., per cental	4 9⅛	5 2
Flour, per 280 lb.—		
Straights, d/d London	26 6	26 6
Manitoba, ex store	24 9	24 9
	26 3	26 3
Barley, Eng. Gaz. av. per cwt.	10 3	10 2
Oats, „ „	6 9	6 9
Maize, La Plata, landed, 480 lb.	26 9	26 9
Rice, No. 2 Burma, per cwt.	9 0	9 0
MEAT—		
Beef, per 8 lb.—		
English long sides	4 0	4 0
	4 10	4 8
Argentine chilled hinds	4 3	4 0
	4 8	4 5
Mutton, per 8 lb.—		
English wethers	4 4	4 0
	5 0	4 8
	3 0	3 0
N.Z. frozen wethers	3 8	3 8
Lamb, per 8 lb.—		
N.Z. frozen	4 10	4 10
	5 6	5 6
	6 4	6 0
Pork, English, per 8 lb.	7 4	7 0
BACON (per cwt.)—		
English	99 0	99 0
Danish	99 0	99 0
Dutch	95 0	96 0
Irish	90 0	92 0
	99 0	99 0
HAMS (per cwt.)—		
Canadian	98 0	98 0
United States	88 0	90 0
	90 0	
OTHER FOODS		
BUTTER (per cwt.)—		
Australian	121 0	116 0
		117 0
New Zealand	124 0	120 0
		121 0
Danish	135 0	135 0
	136 0	136 0
CHEESE (per cwt.)—		
Canadian	78 0	79 0
	80 0	80 0
New Zealand	73 0	72 6
		73 0
English Cheddars	86 0	86 0
	88 0	88 0
Dutch	52 0	52 0
	56 0	57 0
COCOA (per cwt.)—		
Accra, g.f.	24 6	24 6
	24 9	25 0
Trinidad	36 0	36 0
	44 0	44 0
Grenada	34 0	34 0
	36 0	36 0
COFFEE (per cwt.)—		
Santos supr. c. & f.	33 0	33 0
Costa Rica, medium to good	44 0	44 0
	65 0	65 0
Kenya, medium	50 0	50 0
	70 0	70 0
EGGS (per 120)—		
English (15–15½ lb.)	19 6	19 6
	20 0	20 0
Danish (15½ lb.)	14 6	14 6
	14 9	14 9
FRUIT—		
Oranges, S. African boxes	10 0	9 9
	13 0	14 0
„ Brazilian Peras...boxes	8 9	10 0
	12 6	12 3
Lemons, Naples ..... boxes	18 6	17 0
	30 0	31 0
„ Sicilian ..... boxes	17 9	18 0
	24 0	24 0
Apples, Amer. (var.).....barrels	30 0	30 0
	30 0	32 0
„ Californian Gravenstein Boxes	11 3	7 9
	12 6	8 0
Grapes, Almeria .....barrels	...	...
	...	...
Grapefruit, S. African	6 6	8 0
	12 3	14 0
LARD (per cwt.)—		
Irish, finest bladders	50 0	50 0
	56 0	56 0
U.S.	46 0	48 0
	48 6	50 0
PEPPER, per lb.—		
Black Lampong (in Bond)	0 2⅝	0 2⅝
„ „ (Duty paid)	0 3⅛	0 3⅛
White Muntock (in Bond)	0 3¼	0 3¼
	0 3⅞	0 3⅞
„ „ (Duty paid)	0 4⅜	0 4⅜
	0 4½	0 4½
POTATOES (per cwt.)—		
English King Edward	5 0	5 0
	6 0	5 6
SUGAR (per cwt.)—		
Centrifugals, 96°, prpt. shipm. c.i.f. U.K./Cont.	5 5¼	5 9
REFINED London—		
Yellow Crystals	18 9	19 0
Cubes	23 0	23 3
	23 6	23 9

* Weeks ended Sept. 1st. and Sept. 8th.

	Sept. 7, 1938	Sept. 14, 1938
SUGAR (per cwt.)—cont.	s. d.	s. d.
Crushed	21 3	21 6
Granulated	19 1½	19 4½
	20 0	20 3
Home Grown	19 0	19 3
	19 3	19 6
TEA* (Auction Average) (per lb.)—	d.	d.
N. India	15·97	14·05
S. India	12·95	13·12
Ceylon	15·42	15·66
Java	12·08	12·61
Sumatra	10·83	11·26
Africa	10·21	11·85
Total	15·27	15·48
TOBACCO (per lb.)—	s. d.	s. d.
Virginia stemmed and unstemmed, common to fine	0 8	0 8
	2 6	2 6
Rhodesian stemmed and unstemmed	0 9	0 9
	1 10	1 10
Nyasaland stemmed and unstemmed	0 7	0 7
	1 4	1 4
East Indian Stemmed	0 4	0 4
	1 7	1 7
East Indian Unstemmed	0 5	0 5
	1 6	1 6
TEXTILES		
COTTON (per lb.)—	d.	d.
Raw, Mid-American	4·69	4·77
„ Sakellaridis, F.G.F.	7·69	7·84
„ Giza, F.G.F.	7·34	7·49
Yarns, 32's Twist	9¼	9¼
„ 40's Weft	10⅛	10⅛
„ 60's Twist (Egyptian)	17¼	17¼
Cloth, 32 in. Printers, 116 yds., 16×16, 32's & 50's	s. d. 16 5	s. d. 16 5
„ 36 in. Shirtings, 75 yds., 19×19, 32's & 40's	22 10	22 10
„ 38 in. ditto, 38 yds., 18×16, 10 lb.	9 8	9 8
„ 39 in. ditto, 37½ yds., 16×15, 8¼ lb.	8 8	8 8
FLAX (per ton)—	£ s.	£ s.
Livonian ZK	65 0	65 0
	66 0	66 0
Pernau HD	66 0	66 0
Slanetz Medium, 1st sort	88 0	88 0
	90 0	90 0
HEMP (per ton)—		
Italian PC	70 0	70 0
Manilla, Sept.–Nov. "J2".	21 0	21 0
JUTE (per ton)—		
Native 1st mks., c.i.f. H.A.R.B., Aug.-Sept.	19/6/3	19/0/0
Daisee 2/3 c.i.f. Dundee, Oct.–Nov.	19/5/0	18/15/0
SISAL, (per ton)—	£ s.	£ s.
African, Sept.–Nov.	14 10	14 0
	16 10	16 10
SILK (per lb.)—	s. d.	s. d.
Canton	7 3	7 3
Japan	8 0	8 0
	8 0	8 0
Italian, raw, fr. Milan	7 3	7 3
WOOL (per lb.)—	d.	d.
English, Southdown, greasy	12½	12½
„ Lincoln hog, washed	11	11
Queensland, scd. super combg.	24	23
N.S.W. greasy, super combg.	13	12½
N.Z., greasy, half-bred 50–56 .. Crossbred 40–44..	11	11
	10	10
Tops—		
Merinos 70's average	27	27
„ 64's „	25	25
Crossbred 48's	16	16
„ 46's	15½	15½
MINERALS		
COAL (per ton)—	s. d.	s. d.
Welsh, best Admiralty	19 6	19 6
	22 6	22 6
Durham, best gas, f.o.b. Tyne	18 9	18 9
	19 0	19 0
Sheffield, best house, at pits	23 0	23 0
	24 0	24 0
IRON AND STEEL (per ton)—		
Pig Cleveland No. 3, d/d.	109 0	109 0
Bars, Middlesbrough	265 0	265 0
Steel rails, heavy	202 6	202 6
Tinplates per box	21 6	21 6
NON-FERROUS METALS (per ton)—		
Copper—		
Standard cash	41/0/0	41/8/9
	41/1/3	41/10/0
Three months	41/5/0	41/13/9
	41/6/3	41/15/0
Tin—		
Standard cash	190/15/0	192/10/0
	191/5/0	192/15/0
Three months	191/15/0	193/5/0
	192/0/0	193/10/0
Lead, soft foreign—		
Cash	14/13/9	15/10/0
	14/16/3	15/11/3
English, pig	16/15/0	17/10/0
Spelter, G.O.B.—		
Spot	13/2/6	14/2/6
	13/3/9	14/5/0
Aluminium, ingots and bars	94/0/0	94/0/0
„ rolling billets	102/0/0	102/0/0
Nickel, home and export	180/0/0	180/0/0
	185/0/0	185/0/0
Antimony, Chinese	50/0/0	50/0/0
	s. d.	s. d.
Wolfram, Chinese per unit	57 0	59 0
	59 0	62 0
	£ s. d.	£ s. d.
Platinum, refined per oz.	8/0/0	8/0/0
Quicksilver per 76 lb.	13/18/0	13/18/0
	13/18/6	13/18/6

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

	Sept. 7, 1938	Sept. 14, 1938
	s. d.	s. d.
GOLD, per fine ounce	143 8⅛	144 11
SILVER (per ounce)—		
Cash	1 7⅛	1 7 11/16
MISCELLANEOUS		
CEMENT, best Eng. Portland, d/d site, London area, in paper bags 20 to ton (free, non-returnable)—		
4-ton loads and upwards	42s. per ton	
CHEMICALS—	s. d.	s. d.
Acid, citric, per lb., less 5%	1 0	1 0
	1 0¼	1 0¼
„ Nitric	0 2	0 2
	0 3	0 3
„ Oxalic, net	0 5	0 5
	0 6	0 6
„ Tartaric, English, less 5%	1 1	1 1
	1 1¼	1 1¼
Alcohol, Plain Ethyl	12 0	12 0
Ammonia, carb. ton	20/0/0	20/0/0
	21/0/0	21/0/0
„ Sulphate	7/3/6	7/5/0
Arsenic, lump per ton	35/0/0	35/0/0
	s. d.	s. d.
Borax, gran. per cwt.	13 6	13 6
„ powder	15 0	15 0
Nitrate of soda per cwt.	8 0	8 0
	0 4	0 4
Potash, Chlorate, net	0 4	0 4
	0 4½	0 4½
„ Sulphate per cwt.	10 0	10 0
Soda Bicarb. per cwt.	10 0	10 0
	11 0	11 0
Crystals per cwt.	5 0	5 0
	5 3	5 3
Sulphate of Copper per ton	18/5/0	18/5/0
COPRA (per ton)—		
S.D. Straits, c.i.f.	10/12/6	10/15/0
HIDES (per lb.)—	s. d.	s. d.
Wet salted, Australian	0 4	0 4
	0 4⅞	0 4⅝
West Indian	0 3	0 3
	0 3¼	0 3¼
Cape	0 4¾	0 4⅝
	0 5	0 5
Dry and Drysalted Cape	0 6½	0 6½
	0 7¼	0 7,
Market Hides, Manchester— Best heavy ox and heifer	0 4⅛	0 4⅛
	0 5⅜	0 5⅜
Best cow	0 4⅛	0 4⅜
	0 4⅜	
Best calf	0 5	0 5
	0 6⅝	0 6⅝
INDIGO (per lb.)—	s. d.	s. d.
Bengal, gd. red.-vio. to fine	5 0	5 0
	6 0	6 0
LEATHER (per lb.)—		
Sole Bends, 8/14 lb.	1 0	1 0
	1 10	1 10
Bark Tanned Sole	2 0	2 0
	2 10	2 10
Shoulders from DS Hides	0 6	0 6
	0 8	0 8
„ Eng. or WS do.	0 7½	0 7½
	1 3	1 3
Bellies from DS do.	0 4¾	0 4¾
	0 5¾	0 5¾
„ Eng. or WS do.	0 6	0 6½
	0 8	0 8½
Dressing Hides	1 0	1 0
	1 8	1 8
Ro. Eng. Calf, 20/35 lb. per doz.	3 6	3 6
	4 6	4 6
PETROLEUM PRODUCTS (per gall.)—		
Motor Spirit No. 1, London	1 6	1 6
Petroleum, Amer. rfd. brl. Lond.	0 10	0 10
Fuel oil, in bulk, for contracts ex. instal. Thames—		
Furnace	0 3¾†	0 3¾†
Diesel	0 4½†	0 4½†
ROSIN (per ton)—		
American	13/5/0	13/0/0
	17/15/0	18/0/0
RUBBER (per lb.)—	s. d.	s. d.
St. ribbed smoked sheet	0 7 15/16	0 7 15/16
Fine hard Para	0 7¾	0 7¾
SHELLAC (per cwt.)—		
TN Orange	38 6	39 0
	41 6	42 0
TALLOW (per cwt.)—		
London town	17 6	17 6
TIMBER—		
Swedish u/s 3×8 per std.	21/0/0	21/0/0
„ 2½×7 „	20/10/0	20/10/0
„ 2×4 „	18/0/0	18/0/0
Canadian Spruce, Dls.	22/10/0	22/10/0
Pitchpine per load	13/10/0	13/10/0
Rio Deals per std.	35/0/0	35/0/0
Teak per load	25/0/0	25/0/0
Honduras Mahogany logs c. ft.	0/12/0	0/12/0
English Oak Planks „	0/6/0	0/6/0
English Ash Planks „	0/7/0	0/7/0
VEGETABLE OILS (per ton net)—		
Linseed, naked	21/7/6	21/15/0
Rape, refined	31/10/0	31/15/0
Cotton-seed, crude	18/0/0	18/0/0
Coconut, crude	14/17/6	15/0/0
Palm	12/15/0	13/2/6
Oil Cakes, Linseed, Eng.	9/2/6	9/2/6
Oil Seeds, Linseed—		
La Plata, Sept.	10/12/6	10/15/0
Calcutta	11/16/3	12/1/3
	s. d.	s. d.
Turpentine per cwt.	32 3	32 3

* Weeks ended Sept. 1st and Sept. 8th.

COMMODITY STATISTICS

Coal

COAL OUTPUT ('000 tons)

District	Week ended Aug. 27, 1938	Week ended Sept. 3, 1938	Jan.-July 1937	Jan.-July 1938
Northumberld.	261·0	288·8	8,265·1	7,878·4
Durham	568·2	596·7	19,166·3	19,252·1
Yorkshire	648·8	791·4	26,419·7	25,133·8
Lancs, Cheshire and N. Wales.	315·1	320·0	10,394·6	10,296·9
Derby, Notts & Leicester	550·9	554·7	19,728·1	19,524·0
Staffs, Worcs, Salop & Warwick	375·4	365·8	11,997·2	11,962·1
South Wales & Monmouth	755·0	740·0	22,157·2	22,040·8
Other English districts*	114·6	119·2	3,189·4	3,227·7
Scotland	580·3	572·1	18,498·8	17,672·9
Total	4,169·3	4,348·7	139817·4	138109·7

* Including Cumberland, Gloucester, Somerset, and Kent.

Cotton

RAW COTTON delivered to Spinners ('000 bales)

Variety	Week ended Sept. 2, 1938	Week ended Sept. 9, 1938	Total Deliveries Aug. 1, 1937–Sept. 10, 1937	Total Deliveries Aug. 1, 1938–Sept. 9, 1938
American	13·4	18·6	120	104
Brazilian	2·1	3·9	44	19
Peruvian, etc.	1·5	1·5	15	9
Egyptian	6·2	3·9	26	28
Sudan Sakel	2·6	2·2	19	21
East Indian	6·5	3·9	45	69
Other countries	2·6	2·2	27	13
Total	34·9	36·2	296	263

Metals

SALES ON LONDON METAL EXCHANGE

	Week ending Sept. 7, 1938	Week ending Sept. 14, 1938	From Jan. 1 to Sept. 14, 1938
	Tons	Tons	Tons
Copper	4,350	6,350	323,175
Tin	690	1,305	59,455
Lead	6,300	9,850	247,850
Spelter	4,450	4,250	205,025

U.K. STOCKS

	Sept. 3, 1938	Sept. 10, 1938
	Tons	Tons
Copper (Br. official w'houses):	5,786	5,151
Refined	30,710	30,404
Rough	7,971	8,132
Tin (London and Liverpool)		

METALS—(cont.)

TINPLATE INDUSTRY

	Week ended Sept. 4, 1937	Week ended Aug. 27, 1938	Week ended Sept. 3, 1938
Production—per cent. of capacity	76·39	48·15	48·70
	Week ended Sept. 9, 1937 Tons	Week ended Sept. 1, 1938 Tons	Week ended Sept. 8, 1938 Tons
Shipments	5,880	3,387	5,505
Stocks (warehouse and in vans)	10,935	4,814	3,514
	Thirty-six Weeks ended Sept. 9, 1937 Tons		Thirty-six Weeks ended Sept. 8, 1938 Tons
Shipments	282,853		170,419

Foods

WORLD SHIPMENTS OF WHEAT AND FLOUR ('000 quarters)

	Week ended Sept. 3, 1938	Week ended Sept. 10, 1938	Season to Sept. 11, 1937	Season to Sept. 10, 1938
From—				
N. America	513	425	2,035	3,015
Argentina and Uruguay	181	95	684	816
Australia	270	182	928	1,626
Russia	296	495	397	2,350
Danube and dist.	35	80	837	409
India	41	38	375	391
Other Countries	...	...	152	...
Total	1,336	1,315	5,408	8,607
To—				
U.K.	209	186	1,376	1,612
"Orders"	390	542	908	2,899
France	47	49	27	197
Belgium	134	118	605	744
Holland	161	51	258	668
Italy	24	7	141	69
Greece	12	47	166	181
Scandinavia	23	13	163	96
Austria, etc.	18	23	129	225
Other European Countries	127	48	300	492
Ex-European Countries	198	231	1,335	1,464
Total	1,336	1,315	5,408	8,607

WORLD SHIPMENTS OF MAIZE AND MAIZE MEAL ('000 quarters)

From	Week ended Sept. 3, 1938	Week ended Sept. 10, 1938	From Apr. 1 to Sept. 11, 1937	From Apr. 1 to Sept. 10, 1938
Argentina	408	467	19,873	5,335
Atlantic America	269	494	4	10,277
Danube Region	31	11	2,029	2,104
S. & E. Africa	25	82	1,760	508
Indo-China, etc.	65	69	246	858
Total	798	1,123	23,932	19,082

OTHER FOODS

	Week ended Sept. 3, 1938	Week ended Sept. 10, 1938
BACON:		
Arrivals in London (bales)		
Danish	14,933	15,329
Canadian	4,486	4,512
Dutch	2,313	2,607
Lithuanian	1,509	1,358
Polish	2,714	2,929
COCOA:		
Movements in Lond. (bags):		
Landed	24,332	12,720
D/d for home consumption	8,987	5,938
Exports	1,683	219
Stocks, end of week	186,094	192,657

OTHER FOODS—(cont.)

	Week ended Sept. 3, 1938	Week ended Sept. 10, 1938
COFFEE:		
Movements in Lond. (cwt.)		
Brazilian—Landed	...	4
„ D/d for home consn.	51	93
„ Exports	1	...
„ Stocks, end of week	2,346	2,257
Central and S. American:		
Landed	144	1,160
D/d for home consumption	1,631	2,566
Exports	3,223	1,731
Stocks, end of week	114,754	111,617
Other kinds—Landed	975	643
„ D/d for home consn.	3,245	3,441
„ Exports	1,122	187
„ Stocks end of week.	74,761	71,776
MEAT:		
Supplies at Smithfield (tons):		
Total	9,043	8,853
Beef and veal	4,718	4,556
Mutton and lamb	2,921	2,606
Pork and bacon	807	984
Poultry, etc.	597	707
SUGAR:		
Movements, London and Liverpool (tons):		
Imports	3,551	14,296
Deliveries	17,121	15,251
Stocks, end of week	218,036	217,081
TEA:*		
Sales on Garden A/c. (pkgs.):		
N. India	46,862	48,490
S. India	9,823	7,626
Ceylon	27,052	24,298
Java	2,757	2,108
Sumatra	972	406
Africa	513	2,261
Total	87,979	85,189

* Weeks ended Sept. 1st and Sept. 8th.

Miscellaneous Commodities

MOVEMENTS OF RUBBER IN LONDON AND LIVERPOOL

	Week ended Sept. 3, 1938	Week ended Sept. 10, 1938
Landed tons	1,424	1,864
Delivered tons	1,079	2,056
Stocks, end of week tons	99,725	99,533

WORLD SHIPMENTS OF LINSEED ('000 tons)

	Week ended Aug. 27, 1938	Week ended Sept. 3, 1938	From Jan. 1 to Sept. 4, 1937	From Jan. 1 to Sept. 3, 1938
Argentine to—				
U.K. and Orders	1·8	6·7	371·0	203·4
Continent	10·2	10·0	399·8	453·7
U.S.A. and Canada	...	2·1	582·7	226·8
Australia, Brazil, etc.	0·8	...	19·1	14·4
Calcutta to—				
U.K. and Orders	2·0	0·1	92·1	72·5
Continent	...	...	0·2	0·9
Bombay to—				
U.K. and Orders	7·2	3·5	42·1	115·3
Continent	...	2·5	10·5	6·3
Madras to U.K.	...	...	...	...
India to—				
Australia, etc.	...	...	11·1	10·4
U.S.A.	...	...	...	...
Sundries	...	...	0·2	...
Total	22·0	24·9	1528·8	1103·7

AMERICAN WHOLESALE PRICES

	Sept. 7, 1938	Sept. 14, 1938
GRAINS (per bushel)—	Cents	Cents
Wheat, Chicago, Sept.	61 1/16	66¾
Winnipeg, Oct.	59	66½
Maize, Chicago, Sept.	50⅝	53⅞
Oats, Chicago, Sept.	23¾	26⅛
Rye, Chicago, Sept.	40⅛	44½
Barley, Winnipeg, Oct.	33½	36¾
METALS (per lb.)—		
Copper, N.Y., Domestic spot	9·90	9·92½
Producers' export	10·22½	10·25
METALS (per lb.)—*cont.*		
Tin, N.Y., Straits spot	42·80	42·85
Lead, N.Y., spot	4·90	4·90
Spelter, East St. Louis, spot	4·75	4·75
MISCELLANEOUS (per lb.)—		
Cocoa, N.Y., Accra, Sept.	5·17	4·92
Coffee, N.Y., cash—		
Rio, No. 7	5½	5¼
Santos, No. 4	8¼	8
Cotton, N.Y., Am. mid., spot	8·18	7·95
MISCELLANEOUS (per lb.)—*cont.*		
Cotton, Am. Mid., Sept.	8·03	7·80
Lard, Chicago, Sept.	7·57½	7·87½
Petroleum, Mid-cont. crude 33 deg. to 33·90, at well, per barrel	11¢	11¢
Rubber, N.Y., smkd. sheet spot	16 1/16	16¼
Do. do. Oct.	16 5/16	16 5/16
Sugar, N.Y., Cuban Cent., 96 deg., spot	2·95	3·00

COMPANY MEETING

D. GESTETNER, LIMITED

RECORD SALES

The ordinary general meeting of D. Gestetner, Limited, was held on the fifteenth instant, at Tottenham.

Mr Sigmund Gestetner (chairman and managing director) said: The sales last year, in spite of troubled world conditions, in the latter months of our financial year, constitute a record. This is particularly satisfactory because conditions in certain countries in which we are trading were so extremely difficult that a loss of sales in those countries was inevitable; but we have more than recouped that falling off in other markets. Incidentally, I would mention here that provision has been made for all our commitments and investments in what I would term the troubled countries.

The profit available for dividend is £11,000 down on last year. Reference to the profit and loss account will show you that this year we had only a small profit on investments of £1,285, compared with a profit on redemption of sinking fund policies, less loss on investments, of £11,428 last year.

We have again actively pursued our policy of research with results that have been appreciated by users of Gestetner products.

You will, no doubt, expect me to say something with regard to the outlook for the coming year. This is a difficult thing for me to do because apart from those general considerations arising out of the present tension and uncertainty which at this juncture are common to all businesses and affect nearly every country, the year covered by these accounts only ended a fortnight ago and obviously in so short a space of time we can have received no indications as to what the current financial period has in store for us. If I may judge the outlook from the standpoint of the spirit of our organisation, I can say at once that it has never been brighter and that right throughout our organisation the will and the enthusiasm are there to do better than ever before, in spite of any difficulties which world conditions may bring about.

Early in March we hope to have our usual interim report in your hands and that, I hope, will give you as much satisfaction as I feel this year's results have done. It seems to me fitting that we should, in conclusion, record our thanks to the entire staff of D. Gestetner, Limited, for their work in the past year.

The report and accounts were unanimously adopted.

(*Continued from page 565*)

evidence of armament buying, but on the whole the turnover of the London Metal Exchange remained comparatively small. The Copper Institute's statistics for August showed that there had been increases in both production and consumption, which resulted in a sharp decline in world stocks, from 523,196 short tons on July 31st to 494,524 short tons on August 31st. The increase in production was to be expected, as several of the large United States mines had resumed operations on August 1st. On the other hand, the rise in consumption came as a surprise, as August is normally a quiet month for the copper-consuming industry. Consumption in the United States advanced from 41,249 short tons in July to 48,071 short tons in August and the consumption elsewhere totalled 129,479 short tons in September, against 126,533 short tons in August. Possibly these increases reflect the armament purchases and the effects of the re-stocking movement in the United States. On Wednesday the domestic price of copper in the United States was raised by ¼c. to 10.25c. per lb.

★

Tin.—Tin prices improved by £1 15s. to close at £192 10s. per ton. The I.T.C. decided at its last meeting to maintain the quota for the last quarter of this year at 35 per cent. of the standard output for the free market, plus 10 per cent. for the buffer pool. This decision was in conformity with market expectations, and although it is likely to have a stimulating effect on tin prices later this year, for the time being its influence on the market will probably be limited, as consumers' stocks are known to be large.

★

Lead and Spelter.—No details regarding the new lead agreement have been received and it appears that the final details of the new restriction scheme have not yet been adopted. Nevertheless, the price of lead improved this week by 16s. 3d. to close at £15 10s. per ton, and the price of spelter also advanced sharply to close at £14 2s. 6d. per ton, a net gain of £1 on the week. This improvement was based on the hope that after the settlement of the lead restriction problems, international zinc discussions will take place, although no official announcement has so far been made. Consequently the rise in spelter this week appears somewhat optimistic.

Grains

THE serious international situation led to an advance in wheat prices on Wednesday last, following a decline on Monday and Tuesday. Compared with a week ago, prices of Manitoba wheat, for which there has been a fair demand from the United Kingdom, are up to 1s. per quarter higher, while other grades show small losses. The Dominion Bureau of Statistics estimates the 1938 Canadian crop of winter and spring wheat at 358 million bushels, which is in accordance with most private estimates. The September official estimate places the United States' spring wheat harvest at 251 million bushels, a reduction of 17 million bushels from the August forecast. Selling pressure from the Argentine led to a fall in the price of Plate maize early in the week, and there was a considerable shift in demand from American to Plate; as a result, prices hardened later in the week, but American maize still remains barely competitive. Business in barley is largely confined to Russia, whose prices again declined: parcels of Soviet barley afloat changed hands at 14s. 9d. to 15s. per quarter, c.i.f.

Other Foods

Provisions. — Dominion butter prices fell by 3s. to 5s. per cwt. early this week, with Danish little changed; the market has been quiet. Dutch and Irish bacon is a little dearer on the week; prices for home-killed meat were generally lower.

★

Colonial Produce.—Sugar prices were advanced by 3d. per cwt. on Wednesday for all types, and a brisk trade was done at the higher prices. The cocoa and coffee markets have been quiet, but a good trade was done at the tea auctions at higher prices.

★

Fruit and Vegetables.—Heavier supplies of potatoes at the Borough have been cleared with difficulty, and prices are lower on the week: best siltland King Edwards were quoted at 5s. to 5s. 6d. per cwt. The markets for fruit and vegetables have been quiet, and prices are hardly changed.

Milk.—The latest statistics published by the Milk Marketing Board, which are summarised in the table here given, show that liquid sales declined by 2 million gallons between July and August, when they were, however, 2.4 million gallons larger than in August last year. The total sales were considerably larger than a year ago, so that sales for manufacture increased by 5.5 million gallons. Owing to the increase in the value of milk products and to the rise of 2d. per gallon in the wholesale price of liquid milk, the pool price in August was 1.1d. per gallon higher than a year ago.

	Aug., 1937	June, 1938	July, 1938	Aug., 1938
Prices (per gall.)	d.	d.	d.	d.
Liquid	13	13	17	15
Av. manufacturing	6·292	6·699	6·655	6·606
Av. pool	10·41	10·32	12·61	11·50
Contract sales (mill. galls.)				
Liquid	48·7	52·4	53·1	51·1
Manufacturing	26·6	37·4	35·0	32·1
Total contract	75·3	89·8	88·1	83·2
Used by farmhouse cheesemakers	2·7	3·5	3·4	3·3

Miscellaneous Commodities

Oils and Oilseeds.—The markets in these products were still affected by the political tension, but were rather steadier than during the previous week. A fair business was done in linseed at last week's low prices, from which some recovery was made; the new Indian crop is being quoted tentatively at £11 15s. per ton for March-April loading. Egyptian cottonseed has sold better and the price for this has also been advanced; refined cotton oil ex Hull is 5s. per ton dearer on the week. The demand for oilcakes is about normal for the time of year.

★

Rubber.—Turnover in rubber has been small in the past week, owing to the political situation; prices have fluctuated within narrow limits and show little change on the week. The decision of the Committee to leave the exportable percentage at 45 for the last quarter of the year was in accordance with the market's expectations, but the rise in price which this decision might otherwise have brought was overruled by the general nervousness.

CURRENT STATISTICS

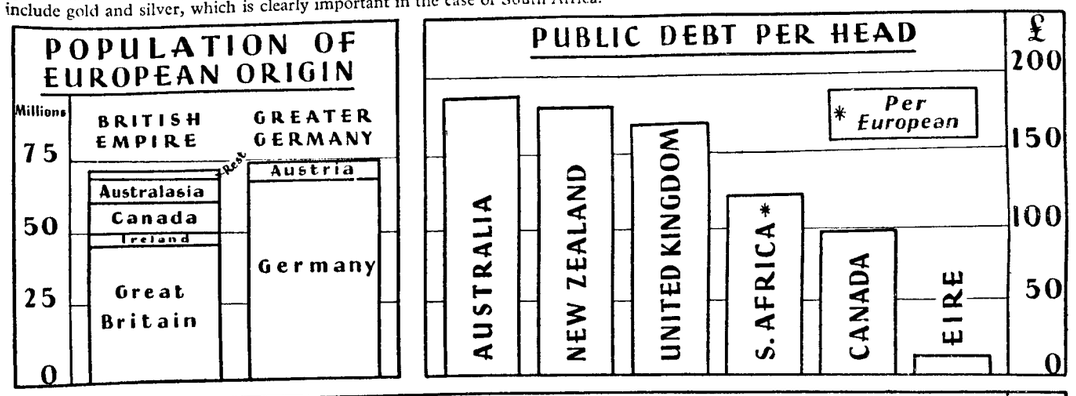
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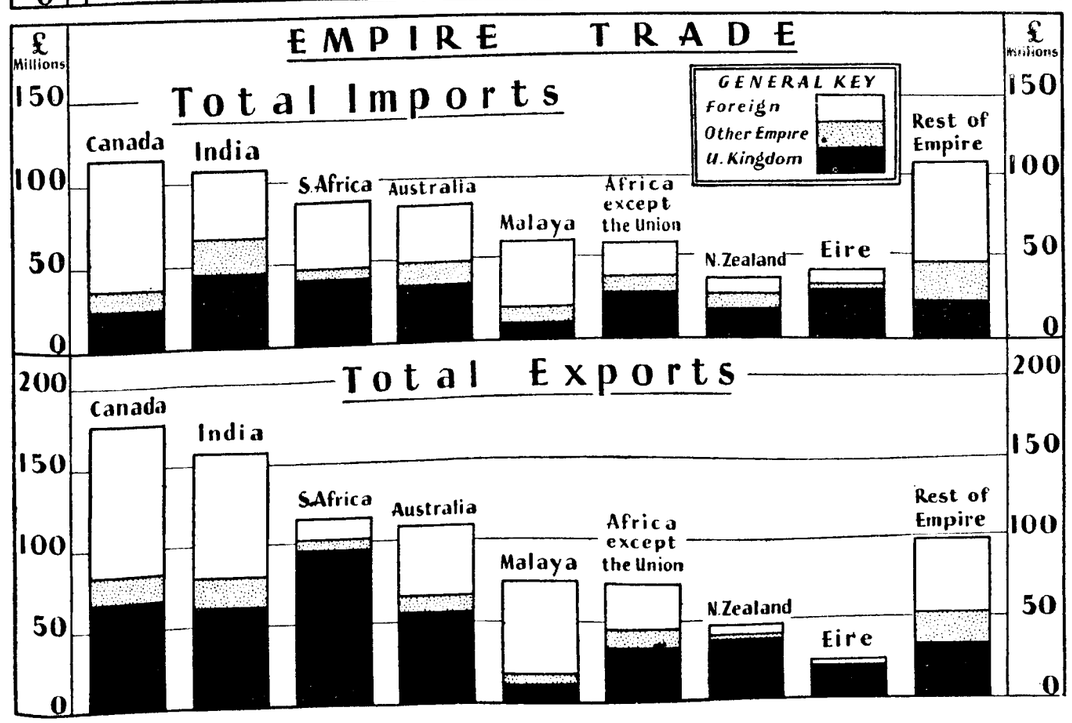
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All tables appear regularly except those whose titles are printed in italics, which are special to this issue.

Empire Miscellany

In the following charts we have assembled a number of statistics relating to the Empire, for which we are mainly indebted to a statistical summary prepared by Mr L. St. Clare Grondona (obtainable by post only, with diagrams, from 28 Victoria Street, S.W.1, price 5s.). For the purpose of these charts the term "British Empire" includes mandates and protectorates; as well as Dominions and Colonies. All the figures refer to 1936 except those of public debt for Canada, which is for 1935, and those of public debt in South Africa and Australia which are for 1937. It should be emphasised that the foreign trade statistics relate to total exports (f.o.b.) and total imports (c.i.f.)—that is, they include gold and silver, which is clearly important in the case of South Africa.





Finance

GOVERNMENT RETURNS

For the week ended September 10, 1938, total ordinary revenue was £9,452,000, against ordinary expenditure of £12,352,000. Thus, excluding sinking fund allocations, the deficit accrued since April 1st last is £144,521,000, against a deficit of £87,124,000 a year ago.

ORDINARY AND SELF-BALANCING REVENUE AND EXPENDITURE

Revenue	Receipts into the Exchequer (£ thousands), Estimate, 1938–39	April 1, 1937, to Sept. 11, 1937	April 1, 1938, to Sept. 10, 1938	Week ended Sept. 11, 1937	Week ended Sept. 10, 1938
ORDINARY REVENUE					
Inc. Tax ...	‡341150	49,786	51,017	1,176	1,573
Sur-tax ...	62,000	6,460	7,880	80	110
Estate, etc., Duties ...	88,000	42,390	34,110	1,630	1,010
Stamps ...	24,000	8,010	8,290	230	...
N.D.C. ...	20,000	...	5,770	...	320
Other In. Rev. Duties	1,250	140	480	...	...
Total I. Rev.	536,440	106,786	107,547	3,116	3,013
Customs ...	227,950	99,119	98,806	4,872	4,817
Excise ...	116,150	47,200	46,900	935	985
Total Cust. and Excise	344,100	146,619	145,706	5,807	5,802
Motor Duties ...	36,000	8,496	8,360	134	141
P.O. (Net Receipt) ...	8,670	7,800	6,290	350	450
P.O. Fund ...	2,400	...	...	...	...
Crown Lds. ...	1,330	590	620	...	...
Rec. from Sun. Loans	5,250	3,405	3,925	...	...
Misc. Rec.	10,500	3,784	2,884	53	46
Total Ordinary Revenue	944,650	277,480	275,332	9,460	9,452
SELF-BAL. REVENUE Post Office and Broadcasting* ...	80,442	29,800	31,460	900	850
Total ...	1025092	307,280	306,792	10,360	10,302

Expenditure	Issues out of the Exchequer to meet payments (£ thousands), Estimate, 1938–39	April 1, 1937, to Sep. 11, 1937	April 1, 1938, to Sep. 10, 1938	Week ended Sep. 11, 1937	Week ended Sep. 10, 1938
ORDINARY EXPEND.					
Int. & Man. of Nat. Dt.	230,000	105,487	105,453	313	327
Payments to N. Ireland Other Cons. Fund Serv.	8,900	3,070	3,298	...	277
	5,239	1,522	1,276	...	...
Total ...	244,139	110,078	110,027	313	604
Supply Serv.	†702409	251,526	309,826	9,490	11,747
Total Ordy. Expend. ...	§946548	364,604	419,853	9,803	12,352
SELF-BAL. EXPEND. P.O. and Broadcasting Votes	80,442	29,800	31,460	900	850
Total ...	1026990	394,404	451,313	10,703	13,202

* Revenue required to meet expenditure.
† Excluding Post Office and Broadcasting and £112,900,000 under Defence Loans Act.
‡ After concessions of £100,000 made during passage of Finance Act.
§ After adding Navy and Air Supplementary Estimates, Consol. Fund increase under Eire Act and reduction by revised Civil Estimate (net increase, £2,150,000).

After raising Exchequer balances by £178,870 to £2,800,924, the other operations for the week (as shown below, but excluding £240,000 issued to sinking funds), raised the gross National Debt by £3,319,000 to about £8,290 millions.

WEEK'S CHANGES IN DEBT

(£ thousands)

Net Increases in Debt		Net Repayments, etc.	
Treasury Bills ...	2,254	Nat. Savings Certs.	100
Public Dept. Adv.	1,900	P.O. & Tel. (Mon.) Acts ...	700
		N. Atl. Shipping	35
	4,154		835

AGGREGATE ISSUES AND RECEIPTS

The aggregate issues and receipts from April 1, 1938, to September 10, 1938, are shown below :—

(£ thousands)

Ordinary Exp. ...	419,853	Ordinary Rev. ...	275,332
Increase in balances	437	Eire receipts* ...	5,000
		Gross. borr.	144,730
		Less Sinkg. Fds.	4,772
		Net borrowing ...	139,958
	420,290		420,290

* Receipts under Sec. 2 (3) of Eire (Confirmation of Agreement) Act, 1938.

FLOATING DEBT

(£ millions)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt	Floating Assets
1937						
Sept. 11	573·0	291·0	34·7	...	898·7	325·7
Dec. 31	889·7*		39·4	55·7	984·9	..*
1938						
June 4	575·0	308·7	43·9	2·0	929·6	352·6
„ 11	580·0	310·7	41·6	...	932·3	352·3
„ 18	585·0	303·4	40·1	...	928·5	343·5
„ 25	583·0	305·7	44·7	...	933·4	350·4
„ 30	851·0*		42·4	41·5	934·9	...*
July 9	573·0	298·3	43·1	...	914·5	341·4
„ 16	568·0	302·3	40·7	...	911·1	343·0
„ 23	568·0	304·1	37·2	...	909·4	341·3
„ 30	565·0	309·1	46·6	...	920·7	355·7
Aug. 6	560·0	320·1	44·2	...	924·3	364·3
„ 13	555·0	303·4	44·1	...	902·5	347·5
„ 20	555·0	296·2	41·9	...	893·1	338·1
„ 27	555·0	294·0	45·7	...	894·7	339·7
Sept. 3	550·0	316·9	44·1	...	911·0	361·0
„ 10	545·0	324·1	46·0	...	915·1	370·1

* Owing to inequalities between Treasury bill payments and maturities at the end of the quarter, it is impossible to separate tender and tap issues or to calculate floating assets.

TREASURY BILLS

(£ millions)

Date of Tender	Amount Offered	Amount Applied for	Amount Allotted	Average Rate %	Per Cent. Allotted at minimum Rate
1937				s. d.	
Sept. 10	50·0	92·7	50·0	10 2·62	41
Dec. 31	50·0	80·5	50·0	10 11·59	47
1938					
June 3	50·0	83·1	50·0	12 1·04	51
„ 10	50·0	86·0	50·0	12 9·19	58
„ 17	50·0	80·5	48·0	11 5·68	69
„ 24	45·0	66·7	45·0	10 9·18	57
July 1	45·0	84·8	45·0	10 5·33	40
„ 8	45·0	85·2	45·0	10 5·43	40
„ 15	45·0	90·7	45·0	10 5·21	37
„ 22	45·0	88·3	42·0	10 5·03	32
„ 29	40·0	82·4	40·0	10 1·90	58
Aug. 5	35·0	78·6	35·0	10 1·80	40
„ 12	30·0	76·8	30·0	10 1·50	30
„ 19	35·0	82·2	35·0	10 1·51	32
„ 26	40·0	87·6	40·0	10 1·53	36
Sept. 2	45·0	74·6	45·0	10 5·87	37
„ 9	45·0	63·1	42·0	11 11·02	60

Bills are paid for during following week, on any working day at applicant's option. When normal length is 92 days, bills paid for Saturday are 91-day bills and there are no Monday maturities. When normal length is 90 days, bills paid for on Monday are 89-day bills. Bills paid for in February are 89-day bills, except those paid for each Tuesday, which are 88-day bills.

On September 9th, applications at £99 17s. 0d. per cent. for bills to be paid for on any day of the following week were accepted as to about 60 per cent. of the amount applied for. Applications at higher prices were accepted in full. £40·0 millions of Treasury bills are being offered on September 16th.

NATIONAL SAVINGS CERTIFICATES

Sales in	Number	Purchase Price
34 weeks to :—		
Aug. 28, 1937† ...	21,425,635	16,069,227
Aug. 27, 1938 ...	21,612,367	16,209,275
Week to :—		
Aug. 28, 1937 ...	496,454	372,341
Aug. 20, 1938 ...	522,557	391,918
Aug. 27, 1938* ...	507,180	380,385

* Net Exchequer receipts, week ended August 27, 1938, *Dr. £100,000*.
† After adjustments to June 19th.

BANK OF ENGLAND RETURNS

SEPTEMBER 14, 1938

ISSUE DEPARTMENT

	£		£
Notes Issued :		Govt. Debt.	11,015,100
In circultn.	478,592,649	Other Govt. Securities ..	188,443,906
In Bnkg. Department..	47,821,624	Other Secs.	532,653
		Silver Coin	8,341
		Amt. of Fid. Issue ...	200,000,000
		Gold Coin & Bullion ...	326,414,273
	526,414,273		526,414,273

BANKING DEPARTMENT

	£		£
Props. Capital	14,553,000	Govt. Secs.	98,531,164
Rest ...	3,680,688	Other Secs. :	
Public Deps.*	21,569,786	*Discts., etc.*	*5,879,782*
Other Deps. :		*Securities ...*	*22,069,689*
Bankers ...	*99,593,044*		27,949,471
Other ...	*36,376,604*	Notes ...	47,821,624
	135,969,648	Gold & Silver Coin ...	1,470,863
	175,773,122		175,773,122

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

THE WEEK'S CHANGES

(£ thousands)

Both Departments	Amt. Sept. 14, 1938	Compared with Last Week	Compared with Last Year
COMBINED LIABILITIES			
Note circulation ...	478,593	– 1,522	– 9,560
Deposits : Public ...	21,570	– 10,582	– 9,107
Bankers' ...	99,593	+ 8,317	– 8,804
Others ...	36,377	+ 1,524	– 285
Total outside liabilities	636,132	– 2,246	– 8,972
Capital and rest ...	18,234	+ 14	– 20
COMBINED ASSETS			
Govt. debt and securities	297,990	– 3,090	– 10,743
Discounts and advances	5,880	+ 526	+ 841
Other securities ...	22,602	+ 285	+ 1,076
Silver coin in issue dept.	8	– 3	+ 4
Gold coin and bullion ...	327,885	+ 51	+ 163
RESERVES			
Res. of notes & coin in banking department ...	49,293	+ 1,573	+ 9,397
Proportion of reserve to outside liabilities—			
(*a*) Bnkg. dept. only ("proportion")	31·2%	+ 1·1%	+ 5·8%
(*b*) Gold stocks to deposits and notes ("reserve ratio")	51·5%	+ 0·1%	+ 0·7%

COMPARATIVE ANALYSIS

(£ millions)

	1937	1938			
	Sept. 15	Aug. 24	Aug. 31	Sept. 7	Sept. 14*
Issue Dept.:					
Notes in circ.	488·2	478·7	480·4	480·1	478·6
Notes in banking dept.	38·3	47·7	46·0	46·3	47·8
Govt. debt and securities ...	199·6	199·2	199·0	199·7	199·4
Other secs. ...	0·3	0·7	0·2	0·2	0·5
Gold ...	326·4	326·4	326·4	326·4	326·4
Deposits:					
Public ...	12·5	24·0	27·8	32·2	21·5
Bankers' ...	108·4	101·6	91·7	91·3	99·6
Others ...	36·1	34·1	36·4	34·8	36·4
Total ...	157·0	159·6	158·9	158·3	157·5
Bkg. Dept. Secs.:					
Government ...	109·1	101·9	102·1	101·3	98·5
Discounts, etc.	5·0	6·3	5·4	5·4	5·9
Other ...	21·2	20·6	22·3	22·1	22·1
Total ...	135·3	128·8	129·8	128·8	126·5
Banking dept. reserve ...	39·9	48·9	47·3	47·7	49·3
"Proportion"	25·4	30·6	29·7	30·1	31·2
Reserve ratio†	50·8	51·3	51·2	51·4	51·5

† Gold stocks in both departments to deposits and notes in circulation. * At this date, Government debt was £11,015,100 ; silver coin in Issue Department, £8,341 ; capital, £14,553,000 ; rest, £3,680,688.

OVERSEAS BANK RETURNS

NOTE.—A return of the Bank of Spain appeared in *The Economist* of May 28th last. The latest return of the Banque Mellie Iran appeared in *The Economist* of August 20th; of the Banks of Argentina, Danzig, Egypt and Lithuania, of August 27th; Japan and South Africa, of September 3rd; International Settlements, Australia, Canada, Denmark, Hungary, New Zealand, Poland, Federal Reserve Reporting Member Banks and Portugal, of September 10th.

U.S. FEDERAL RESERVE BANKS

Million $'s

12 U.S.F.R. Banks	Sept. 16, 1937	Aug. 18, 1938	Sept. 8, 1938	Sept. 15, 1938
RESOURCES				
Gold certifs. on hand and due from Treas.	9,130	10,633	10,631	10,630
Total reserves ...	9,435	11,036	10,996	11,019
Total cash reserves ...	296	394	356	379
Total bills discounted	23	7	7	7
Bills bt. in open mkt.	3	1	1	1
Total bills on hand ...	26	7	8	7
Industrial advances ...	21	16	16	16
Total U.S. Govt. secs.	2,526	2,564	2,564	2,564
Total bills and secs. ...	2,573	2,587	2,587	2,587
Total resources ...	12,980	14,250	14,241	14,475
LIABILITIES				
F.R. notes in actual circulation ...	4,271	4,136	4,212	4,201
Aggregate of excess mr. bank res. over reqts.	880	2,920	3,030	3,130
Deposits — Member-bank reserve account	6,865	8,046	8,269	8,425
Govt. deposits ...	348	839	561	346
Total deposits ...	7,525	9,249	9,147	9,188
Cap. paid in and surplus	306	309	309	309
Total liabilities ...	12,980	14,250	14,241	14,475
Ratio of total res. to deposit and F.R. note liabs. combined ...	80·0%	82·4%	82·3%	82·3%
U.S.F.R. BANKS AND TREASURY COMBINED RESOURCES				
Monetary gold stock ...	12,651	13,033	13,237	13,421
Treasury and Nat. Bk. currency ...	2,590	2,723	2,729	2,733
LIABILITIES				
Money in circulation ...	6,554	6,466	6,579	6,550
Treasury cash and deposits with F.R. Bks.	3,843	3,206	3,140	3,105

NEW YORK FEDERAL RESERVE BANK.—Million $'s

	Sept. 16, 1937	Aug. 18, 1938	Sept. 8, 1938	Sept. 15, 1938
Total gold reserves ...	3621·2	4655·4	4598·6	4601·2
Total bills discounted	15·6	1·7	2·3	2·3
Bills bt. in open mkt.	1·1	0·2	0·2	0·2
Total U.S. Govt. secs.	725·0	780·1	780·1	780·1
Total bills and securts.	747·1	785·8	786·3	786·3
Deposits — Member-bank reserve account	2970·6	3846·8	3995·9	4131·1
Total res. to dep. and Fed. Res. note liabilities combined ...	84·5%	86·9%	86·7%	86·7%

BANK OF FRANCE.—Million francs

Assets	Sept. 9, 1937	Aug. 11, 1938	Sept. 1, 1938	Sept. 8, 1938
Gold ...	55,761	55,808	55,808	55,808
Advances on gold coin	1,099	...	...	...
Bills : Commercial ...	8,907	6,347	8,360	9,816
Bought abroad	837	726	726	726
Advances on securities	3,841	3,588	3,693	3,717
Thirty-day advances ...	820	665	766	732
Loans to State without interest : (*a*) general	3,200	3,200	3,200	3,200
(*b*) provisional ...	26,008	40134†	†40134	40134†
Negotiable bonds, Sinking Fund Dept.	5,637	5,670	5,570	5,570
Other assets ...	4,285	4,280	4,560	4,345
LIABILITIES				
Notes in circulation ...	89,370	100224	101760	102900
Deposits : Public ...	2,312	3,155	2,539	2,528
Private ...	15,314	14,235	15,805	16,078
Other liabilities ...	3,402	2,705	2,713	2,743
Gold reserve to sight liabilities ...	52·1%	47·4%	46·4%	45·9%

† Of which frs. 18,050 millions under Conventions whose permissible limit is frs. 30,000 millions.

NATIONAL BANK OF BELGIUM

Million belgas

Assets	Aug. 18, 1938	Aug. 25, 1938	Sept. 1, 1938	Sept. 8, 1938
Gold ...	3,066	3,047	3,085	3,101
Silver and other coin ...	46	47	46	46
Foreign exchange, etc.	917	927	927	957
Bills and securities ...	608	604	590	538
Advances ...	48	43	56	47
LIABILITIES				
Notes in circulation ...	4,226	4,223	4,297	4,320
Deposits : Govt. ...	8	15	31	11
Other ...	364	344	289	323

NATIONAL BANK OF CZECHOSLOVAKIA.—Million Cz. kr.

Assets	Sept. 9, 1937	Aug. 8, 1938	Aug. 31, 1938	Sept. 7, 1938
Gold ...	2,573	2,653	2,653	2,653
Balance abroad and foreign currencies ...	358	233	202	167
Discounts and advances	2,300	3,471	4,001	4,381
State notes debt ...	2,014	2,005	2,005	2,005
LIABILITIES				
Bank notes in circulatn.	6,094	7,527	8,087	8,206
Deposits ...	361	398	138	411

REICHSBANK

Million Reichsmarks

Assets	Sept. 7, 1937	Aug. 6, 1938	Aug. 31, 1938	Sept. 7, 1938
Gold ...	70·0	70·8	70·8	70·8
Of which depstd. abroad	20·1	20·3	10·6	10·6
Res. in foreign currencs.	5·8	5·6	5·5	5·4
Bills of exchange and cheques ...	5105·1	6065·7	6648·3	6378·1
Silver and other coin ...	140·7	141·6	129·9	133·3
Advances ...	40·6	38·7	35·2	28·5
Investments ...	403·7	847·2	847·8	847·8
Other assets ...	737·9	1167·4	1137·7	1149·4
LIABILITIES				
Reserves ...	493·0	514·4	514·4	514·4
Notes in circulation ...	4936·5	6429·4	6868·5	6689·7
Other daily maturing obligations ...	665·1	958·1	1032·9	948·0
Other liabilities ...	259·2	285·0	309·4	311·3
Cover of note circulatn.	1·53%	1·19%	1·11%	1·14%

NATIONAL BANK OF BULGARIA

Million levas

Assets	Aug. 31, 1937	July 31, 1938	Aug. 23, 1938	Aug. 31, 1938
Gold holdings ...	1,833	1,994	1,994	1,994
Balances abroad and foreign currencies ...	302	846	677	640
Discounts and advances	1,286	917	1,003	1,014
Advances to Treasury	3,523	3,468	3,468	3,468
LIABILITIES				
Reserves ...	1,209	1,195	1,194	1,123
Notes in circulation ...	2,856	2,489	2,879	2,969
Sight liabs. and deposits	2,885	3,749	3,349	3,200

BANK OF ESTONIA

Million Estonian krones

Assets	Aug. 31, 1937	July 31, 1938	Aug. 23, 1938	Aug. 31, 1938
Gold coin & gold bullion	34·21	34·26	34·27	34·27
Net foreign exchange	17·09	16·39	15·74	17·12
Home bills discounted	12·63	9·55	8·82	8·88
Loans and advances ...	12·50	12·51	10·51	13·20
LIABILITIES				
Notes in circulation ...	45·56	47·90	49·12	48·36
Sight dep. and current accounts, of which...	39·06	33·86	30·03	33·72
(*a*) Government...	27·80	14·77	11·62	16·30
(*b*) Bankers ...	9·17	16·70	13·23	15·17
Reserve to current liabilities ...	60·7	62·0	63·2	62·6%

BANK OF FINLAND

Million F. marks

Assets	Sept. 8, 1937	Aug. 8, 1938	Aug. 31, 1938	Sept. 8, 1938
Gold reserve ...	602·8	620·6	620·6	620·5
Gold abroad not in gold reserve ...	37·0	...	...	...
Foreign correspondents	2084·7	2003·0	2058·4	2057·9
Foreign bills, etc. ...	85·4	76·9	101·3	105·9
Inl. bills and home loans	1011·5	1522·2	1507·6	1525·8
Finnish & foreign bonds	515·8	403·3	402·4	397·4
LIABILITIES				
Notes in circulation ...	1913·6	2028·8	2050·0	2032·1
Sight deposits : Govt.	291·6	69·9	98·0	203·1
Other	908·0	1259·0	1204·4	1190·1
Ordinary cover to sight liabilities ...	79·2%	74·2%	72·9%	74·3%

BANK OF GREECE.—Million drachmae

Assets	Aug. 31, 1937	July 31, 1938	Aug. 23, 1938	Aug. 31, 1938
Gold and gold exchange	3,267	3,297	3,280	3,264
State gold bonds ...	528	522	522	522
Bills discounted ...	562	664	653	662
Advances ...	3,908	6,469	6,861	6,980
State debt ...	3,849	3,763	3,782	3,782
LIABILITIES				
Notes in circulation ...	6,428	6,551	6,661	6,723
Dep. and current accts.	5,086	7,580	7,927	7,794
Foreign exch. liabilities	134	190	186	188

RESERVE BANK OF INDIA

Million rupees

Assets	Sept. 3, 1937	Aug. 5, 1938	Aug. 26, 1938	Sept. 2, 1938
Gold coin and bullion	444	444	444	444
Rupee coin ...	612	673	689	690
Balances abroad...	136	33	24	21
Sterling securities ...	803	695	695	695
Indian Govt. rupee securities...	274	324	324	324
Investments ...	81	64	64	61
LIABILITIES				
Notes in circulation : India ...	1,773	1,671	1,646	1,671
Burma...	37	72	68	69
Deposits : Govt. ...	130	150	171	171
Banks ...	302	229	247	214
Gold and sterling to liabilities ...	58·5	55·3	52·9%	52·9%

NATIONAL BANK OF JUGOSLAVIA

Million dinar

Assets	Sept. 8, 1937	Aug. 8, 1938	Aug. 31, 1938	Sept. 8, 1938
Cash reserve : Gold at home and abroad...	1,692	1,839	1,844	1,845
Other foreign exchange	733	387	391	394
Discounts and advances	1,596	1,579	1,593	1,618
Government advances	2,252	2,241	2,242	2,242
LIABILITIES				
Notes in circulation ...	5,866	6,166	6,246	6,282
Sight liabilities ...	2,209	2,268	2,215	2,203

BANK OF JAVA.—Million florins

Assets	Sept. 11, 1937	Aug. 13, 1938	Sept. 3, 1938	Sept. 10, 1938
Gold and silver ...	131·61	137·21	138·16	138·23
Discounts, advances & other investments ...	79·47	72·45	73·76	72·83
Foreign bills ...	4·63	3·58	2·64	1·93
Other assets ...	74·46	54·43	56·38	56·11
LIABILITIES				
Notes in circulation ...	202·73	193·01	191·09	189·74
Deposits and bills ...	73·87	61·93	66·77	66·29

BANK OF LATVIA

Million lats

Assets	Aug. 30, 1937	Aug. 1, 1938	Aug. 22, 1938	Aug. 29, 1938
Gold coin and bullion	77·47	77·60	77·60	77·60
Silver coin ...	14·98	13·95	14·03	13·93
Foreign currency ...	40·87	37·66	38·03	37·93
Treas. notes and change	7·13	8·96	8·90	7·86
Short-term bills...	49·62	51·03	49·97	50·39
Loans against securities	70·61	77·71	76·39	76·74
LIABILITIES				
Notes in circulation ...	50·51	61·00	60·79	60·84
Deposits & currnt. accs.	140·97	142·31	141·25	141·78
Government accounts	61·30	55·69	55·87	54·69

NETHERLANDS BANK

Million florins

Assets	Sept. 13, 1937	Sept. 15, 1938	Sept. 5, 1938	Sept. 12, 1938
Gold ...	1265·8	1480·5	1480·5	1499·8
Silver ...	18·3	22·0	19·5	9·3
Home bills, etc. ...	10·6	9·6	9·3	9·3
Foreign bills ...	5·1	5·0	4·9	4·1
Loans and advances in current account...	179·5	298·0	295·5	299·6
LIABILITIES				
Notes in circulation ...	834·8	911·8	952·2	963·9
Deposits : (*a*) Govt. ...	82·8	191·7		
(*b*) Other ...	580·7	730·3	875·9	867·3

BANK OF NORWAY

Million kroner

Assets	Sept. 7, 1937	Aug. 8, 1938	Aug. 31, 1938	Sept. 7, 1938
Coin and bullion (gold reserve) ...	118·8	134·0	134·0	134·0
Bal. abroad & for. bills	143·1	186·4	174·8	176·1
Funds provisionally in gold, not in gold res.	70·3	87·7	87·7	87·7
Norwegian and foreign Govt. securities ...	85·8	120·0	124·8	124·9
Discounts and loans ...	144·3	106·3	106·8	106·2
LIABILITIES				
Notes in circulation ...	416·3	450·3	452·8	443·8
Deposits at sight ...	97·9	138·1	127·1	138·1

NATIONAL BANK OF ROUMANIA

Million lei

Assets	July 31, 1937	July 16, 1938	July 23, 1938	July 30, 1938
Gold and gold exchange	16,016	16,898	16,911	16,911
Clearing and other for. exchange...	3,533	1,179	1,179	1,103
Commercial bills ...	6,175	7,310	7,342	7,438
Agric. & urban advncs.	2,062	1,937	1,936	1,912
Treasury bills issued agnst. losses on credits	6,450	4,803	4,803	4,795
State debt and adv. to Treasury ...	4,619	5,601	5,601	5,601
Secs. and participatns.	957	1,644	1,644	1,644
LIABILITIES				
Notes in circulation ...	26,487	29,565	29,609	29,659
Other sight liabilities...	12,783	12,664	12,721	12,690
Long-term liabilities...	2,591	3,199	3,204	3,257

BANK OF SWEDEN.—Million kronor

Assets	Sept. 7, 1937	Aug. 6, 1938	Aug. 31, 1938	Sept. 7, 1938
Gold reserve ...	467·4	526·2	527·8	537·9
Govt. secs. : Swedish	2·0	56·0	66·0	66·0
Foreign	47·9	41·9	41·2	41·1
Gold abroad not in gold reserve ...	68·6	89·8	89·6	95·7
Balances with foreign banks ...	236·5	249·3	244·3	295·5
Bills payable in Sweden	12·0	11·7	11·8	11·6
Bills payable abroad ...	686·9	510·6	511·3	511·2
Advances ...	25·1	22·1	22·5	22·6
LIABILITIES				
Notes in circulation ...	854·5	911·8	971·3	933·2
Deposits : Government	128·9	274·9	260·2	255·9
Com. banks	732·9	541·3	511·9	627·5
Other ...	10·2	2·9	2·7	2·8

SWISS NATIONAL BANK

Million francs

Assets	Sept. 7, 1937	Aug. 6, 1938	Aug. 31, 1938	Sept. 7, 1938
Gold ...	2543·9	2794·2	2836·8	2846·9
Foreign exchange ...	217·0	387·5	374·2	374·0
Discounts, etc. ...	9·3	4·9	13·6	11·0
Advances ...	27·2	20·1	19·9	20·4
Securities ...	15·9	94·8	94·7	94·7
LIABILITIES				
Notes in circulation ...	1387·1	1511·9	1554·5	1545·6
Deposits ...	1394·3	1761·2	1762·9	1775·5

N.B.—Exchange Equalisation Fund and assets included in returns December 31, 1936, onwards at 538,583,653 frs.

BANK CLEARINGS

LONDON

(£ thousands)

	Month of August			Week ended Wednesday		Aggregate from January 1 to	
	1937	1938	*Change* †	Sept.15, 1937	Sept.14, 1938	Sept. 15, 1937	Sept. 14, 1938
Number of wkg. days:	25	26	%	6	6	215	216
Town	2,706,649	2,734,864	— *2·8*	613,795	647,405	26,430,610	23,817,030
Metropolitan ...	161,802	157,725	— *6·3*	33,697	32,692	1,541,075	1,474,587
Country	295,490	285,833	— *7·0*	64,289	59,253	2,695,618	2,606,152
Total	3,163,941	3,178,422	— *3·4*	711,781	739,350	30,667,303	27,897,769

† Based on average working day.

PROVINCIAL

(£ thousands)

	Month of August			Week ended Saturday		Aggregate January 1 to	
	1937	1938	*Change* †	Sept.11, 1937	Sept.10, 1938	Sept.11, 1937	Sept. 10, 1938
No. of working days:—	25	26	%	6	6	213	214
BIRMINGHAM	9,116	8,165	— *13·9*	1,838	1,514	95,798	85,399
BRADFORD ...	4,121	3,010	— *29·1*	792	544	38,138	28,408
BRISTOL	5,017	5,222	+ *0·1*	1,137	1,175	46,297	45,497
HULL	3,638	3,406	— *10·0*	791	771	33,141	30,423
LEEDS	3,341	3,262	— *6·1*	618	590	36,766	34,613
LEICESTER ...	2,732	2,467	— *13·1*	656	508	27,461	25,136
LIVERPOOL ...	26,153	20,091	— *26·1*	5,367	4,148	253,661	188,394
MANCHESTER	43,974	36,166	— *20·9*	9,096	6,940	400,754	333,701
NEWCASTLE...	6,483	5,822	— *13·7*	1,352	1,022	53,595	54,441
NOTTINGHAM	1,916	1,788	— *19·2*	406	398	18,902	18,017
SHEFFIELD ...	4,442	3,902	— *15·6*	827	778	40,130	39,371
Total: 11 Towns	110,933	93,331	— *19·1*	22,880	18,388	1,044,643	883,400
DUBLIN	...	...	...	5,248	5,125	210,003‡	225,750‡

† Based on average working day. ‡ 37 calendar weeks.

MONEY RATES

LONDON

	Sept. 8, 1938	Sept. 9, 1938	Sept.10, 1938	Sept.12, 1938	Sept.13, 1938	Sept.14, 1938	Sept.15, 1938
Bank rate (changed from 2½% June 30, 1932)	% 2	% 2	% 2	% 2	% 2	% 2	% 2
Market rates of discount							
60 days' bnkrs.' drafts	17/32	5/8	5/8	11/16	11/16–3/4	15/16–7/8	15/16–7/8
3 months' do.	17/32	5/8	5/8	11/16	11/16–3/4	15/16–7/8	15/16–7/8
4 months' do.	9/16	5/8–11/16	5/8–11/16	3/4	11/16–3/4	15/16–1	15/16–1
6 months' do.	9/16–5/8	11/16–3/4	11/16–3/4	3/4–7/8	7/8	1	1
Discount Treasury Bills							
2 months'	17/32	19/32	19/32	19/32–5/8	5/8	11/16–3/4	11/16–3/4
3 months'	17/32	19/32	19/32	19/32–5/8	5/8	11/16–3/4	11/16–3/4
Loans—Day-to-day ...	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1
Short	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1	1/2–1
Deposit allwnces.: Bk.	1/2	1/2	1/2	1/2	1/2	1/2	1/2
Discount houses at call	1/2	1/2	1/2	1/2	1/2	1/2	1/2
At notice	5/8	5/8	5/8	5/8	3/4	3/4	5/8

Comparison with previous weeks

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1938	%	%	%	%	%	%	%
Aug. 18...	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 25...	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
Sept. 1...	1/2–1	17/32	17/32–9/16	9/16	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 8...	1/2–1	17/32	9/16	9/16–5/8	2–2 1/2	2 1/4–2 1/2	2 1/2–3
„ 15...	1/2–1	13/16–7/8	15/16–1	1	2–2 1/2	2 1/4–2 1/2	2 1/2–3

NEW YORK

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

	Sept. 15, 1937	Aug. 17, 1938	Aug. 24, 1938	Aug. 31, 1938	Sept. 7, 1938	Sept. 14, 1938
Call money	% 1	% 1	% 1	% 1	% 1	% 1
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:—			Selling Rates			
Members—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Non-mem.—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Commercial accept., 90 dys.	1	1	1	1	1	1

EXCHANGE RATES

LONDON—SPOT

(*a*) Active Exchanges

(Range of the day's business)

London on	Par of Exch. per £	Sept. 9, 1938	Sept. 10, 1938	Sept. 12, 1938	Sept. 13, 1938	Sept. 14, 1938	Sept. 15, 1938
New York, $...	‡4·86 2/3	4·81 7/8–82 1/4	4·81–82	4·80 3/8–82	4·80–81 3/4	4·79–80 1/2	4·80 3/8–82 1/2
Montreal, $ ...	4·86 2/3	4·83–84 1/4	4·82 1/4–83 1/2	4·82 1/4–83 3/4	4·82 1/4–84	4·81 1/2–83 1/2	4·82 1/2–84 1/2
Paris, Fr. ...	124·21	178 5/16–7/16	178 5/16–7/16	178 5/16–7/16	178 5/16–7/16	178 5/16–7/16	178 5/16–7/16
Brussels, Bel...	35·00	28·59–67	28·56–62	28·51–61	28·43–61	28·35–46	28·47–55
Milan, L. ...	92·46	91 7/16–15/16	91 5/8–11/16	91 1/4–5/8	91 3/16–9/16	90 15/16–91 5/16	91 1/4–5/8
Zurich, Fr. ...	25·22 1/2	91·70 21·30–32	91·70 21·29–31 1/2	91·40 21·27–31	91·40 21·26–32	91·10 21·25–31	91·50 21·28–32 1/2
Athens, Dr....	375	540–555	540–555	540–555	540–555	540–555	540–555
Amst'd'm, Fl.	12·107	8·91 3/4–92 3/4	8·91 1/2–92 1/2	8·91 1/2–92 1/2	8·91 1/2–92 1/4	8·91 1/2–92 1/2	8·91 5/8–92 5/8
Berlin, Mk....	20·43	12·02–05	12·01–04	11·98–12·02	11·97–12·01	11·95–12·01	11·97–12·04
Registered Marks	(*c*)	58–63	58–63	59–64	59–64	60 1/2–65 1/2	61–66
Br. India Rup.	†18d.	17 27/32–18 1/32	17 5/8–15/16	17 5/8–15/16	17 5/8–15/16	17 5/8–15/16	17 29/32–18 3/32
Hong Kong, $	† ...	1 47/32–15/16	1 47/32–15/16	1 47/32–15/16	1 47/32–15/16	1 47/32–15/16	1 47/32–15/16
Shanghai, $...	† ...	8–9(*l*)	8–9(*l*)	8–9(*l*)	8–9(*l*)	8–9(*l*)	8 1/4–9 1/4(*l*)
Rio, Mil.	†5·899d.	2 1/2·*m*	2 1/2·*m*	2 15/16·*m*	2 15/16·*m*	2 13/16·*m*	2 15/16·*m*
B. Aires, $ ...	11·45	19·03–11g	19·05–10g	19·03–09g	19·03–10g	19·00–10g	19·02–10g
Valparaiso, $..	40	16 1/2h	16 1/2h	16 1/2h	16 1/2h	16 1/2h	16 1/2h
Montevideo, $	†51d.	121e(*l*)	121e(*l*)	120e(*l*)	120e(*l*)	119e(*l*)	120(e)*l*
Lima, Sol. ...	17·38	19 1/2–20 1/2	19 1/2–20 1/2	19 1/2–20 1/2	19 1/2–20 1/2	19 1/2–20 1/2	19 1/2–20 1/2
		23–24(*l*)	23–24(*l*)	23 1/2–24 1/2(*l*)	23 1/2–24 1/2(*l*)	23 1/2–24 1/2(*l*)	23 1/2–24 1/2(*l*)
Mexico, Pes..	9·76	Un'q't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd
Manila, Pes....	†24·66d.	24 1/4–7/8	24 5/8–7/8	24 1/2–25	24 1/2–25	24 1/2–25	24 1/2–25
Moscow, Rbls.	...	25·57 1/4–7/8	25 5/8–7/8	25·46 3/4–47 5/8	25·51 1/4–52	25·39 5/8–40	25·39 5/8–40

Usance: T.T., Rio de Janeiro, Lima, Valparaiso (90 days). * Sellers. † Pence per unit of local currency. ‡ Par 8·23 31/32 since dollar devaluation on February 1, 1934. (*a*) Prior to devaluation on April 2, 1935. (*c*) Per cent. discount. (*e*) Latest "export" rate. (*g*) Official rate is $15 sellers. (*h*) Average remittance rate for importers. (*i*) Rate for payments to the Bank of England, for account Controller of Anglo-Italian debts. (*l*) Nominal. (*m*) Official.

(*b*) Other Exchanges

London on	Par of Exch. per £	Sept. 9, 1938	Sept. 14, 1938	Sept. 15, 1938
Helsingfors, M.	193·23	226 1/2–227	226 1/2–227	226 1/2–227
Madrid, Pt.	25·22 1/2	100–200 (*l*) 77*j*	100–200(*l*) 77*j*	100–200(*l*) 77*j*
Lisbon, Esc.	110	110–110 3/8	110–110 7/8	110–110 3/8
Budapest, Pen.	27·82	24 1/4–5/4	24–24 1/8	24 1/8–24 5/8
Prague, Kc.	8164 5/8	139 1/4–140	139 1/4–140 1/4	139 1/4–140 1/4
Danzig, Gul.	25·00	25 3/4–7/8	25 1/4–25 1/4	25 1/4–25 3/4
Warsaw, Zl.	48·38	25 3/8–7/8	25 1/4–25 1/4	25 1/4–25 3/4
Riga, Lat....	25·22 1/2	24 1/4–25 1/4	24 1/4–25 1/4	24 1/4–25 3/4
Bucharest, Lei	813·8	660–680	655–675	655–675
Constantinople, Pst. ...	110	608* 606*k*	603* 604*k*	603* 604*k*
Belgrade, Din.	276·32	209–219	209–219	209–219
Kovno, Lit.	48·66	28 1/2–29 1/2	28 1/4–29 1/4	28 1/4–29 1/4
Sofia, Lev.	673·66	390–420	390–420	390–420
Tallinn, E. Kr.	18·159	17 3/4–18 3/4	17 3/4–18 3/4	17 3/4–18 3/4
Oslo, Kr.	18·159	19·85–95	19·85–95	19·85–95
Stockholm, Kr.	18·159	19·35–45	19·35–45	19·35–45
Copenhagen, Kr.	18·159	22·35–45	22·35–45	22·35–45
Alexandria, Pst.	97 1/2	97 3/4–98	97 3/4–98	97 3/4–98
Kobe, Yen	†24·58d.	13 15/16–14 1/16	13 15/16–14 1/16	13 15/16–14 1/16
Singapore, $	† 28d.	27 15/16–28 1/16	27 15/16–28 1/16	27 15/16–28 1/16
Batavia, F.	12·11	8·89–92	8·89–92	8·89–92
Bangkok, Baht	†21·82d.	22–22 1/4	22–22 1/4	22–22 1/4

Usance: T.T., except Alexandria (Sight). * Sellers. † Pence per unit of local currency. § Par, 197·10 5/16 since koruna devaluation on February 17, 1934. Rate for payments to the Bank of England: (*j*) Under Anglo-Spanish Agreement. (*k*) Under Anglo-Turkish Agreement. (*l*) Nominal.

LONDON—FORWARD

(Closing quotations)

London on		Sept. 9, 1938 Per £	Sept. 10, 1938 Per £	Sept. 12, 1938 Per £	Sept. 13, 1938 Per £	Sept. 14, 1938 Per £	Sept. 15, 1938 Per £
New York, cent.	1 Month	(*p*) 1/2–5/8	(*p*) 1/2–5/8	(*p*) 1/2–5/8	(*p*) 15/16–1	(*p*) 7/8–5/4	(*p*) 11/16–9/16
	2 „	7/8–3/4	7/8–3/4	15/16–15/16	1 3/16–1 1/8	1 1/8–1 3/8	1 1/4–1
	3 „	1 3/8–1 1/8	1 3/8–1 1/8	1 3/8–1 1/4	1 3/4–1 1/4	1 7/8–1 7/8	1 5/8–1 3/8
Paris, francs	1 Month	(*d*) 1–1 1/4	(*d*) 1–1 1/4	(*d*) 1 1/4–1 1/2	(*d*) 1 1/4–1 5/8	(*d*) 1 1/4–1 5/8	(*d*) 1 1/4–1 5/8
	2 „	2 1/4–2 3/4	2 5/8–2 3/8	2 1/2–2 3/4	2 3/4–2 7/8	2 3/4–2 7/8	2 5/8–2 3/8
	3 „	3 1/8–3 1/4	3 11/16–3 15/16	3 3/4	3 3/4–4	3 3/4–4	3 11/16–3 15/16
Amsterdam, cent.	1 Month	(*p*) 1 1/8–5/8	(*p*) 1 1/8–5/8	(*p*) 1 1/8–5/8	(*p*) 1 1/8–5/8	(*p*) 1 5/8–1 1/8	(*p*) 1 5/8–7/8
	2 „	1 7/8–1 5/8	1 7/8–1 5/8	1 7/8–1 5/8	2–1 1/2	2 1/4–1 3/4	2 1/4–1 3/4
	3 „	3–2 1/2	3 1/8–2 7/8	3 1/8–2 7/8	3 1/4–2 3/4	3 3/4–3 1/4	3 1/2–3
Brussels, cent.	1 Month	(*d*) 8–10	(*d*) 9–11	(*d*) 8–10	(*d*) 10–12	(*d*) 12–16	(*d*) 12–15
	2 „	24–28	23–28	25–30	25–29	29–34	28–32
	3 „	44–48	45–49	45–50	47–51	53–58	50–54
Geneva, cent.	1 Month	(*p*) 3 1/2–2 1/2	(*p*) 3 1/2–2 1/2	(*p*) 6–4	(*p*) 5–3	(*p*) 4–2	(*p*) 4–2
	2 „	5 1/2–4 1/2	5 1/2–4 1/2	7 1/2–5 1/2	8–6	7–5	6–4
	3 „	7–6	7 1/2–6 1/2	9–7	10–8	11–9	9–7

(*p*) Premium. (*d*) Discount.

EXCHANGE RATES—*cont.*

NEW YORK

New York on	Par of Exch. per cent.	Sept. 8, 1938	Sept. 9, 1938	Sept. 10, 1938	Sept. 12, 1938	Sept. 13, 1938	Sept. 14, 1938
London:—*	Old Par						
60 days ...	4·8666	4·82 15/32	4·81 15/32	4·80 19/32	4·80 3/32	4·79 29/32	4·78 27/32
Cables ...	New Par	4·82 15/16	4·82	4·81 1/8	4·80 1/8	4·80 1/8	4·79 1/4
Demand...	8·2397	4·82 13/16	4·81 7/8	4·81	4·80 1/2	4·79 1/4	4·78 1/8
Paris, Fr. ...	6·63	2·70 7/8	2·70 5/8	2·69 7/8	2·69 1/2	2·69 1/4	2·68 5/8
Brussels, Bel.	23·53	16·86	16·84	16·83 1/2	16·83	16·86	16·87 1/2
Switz'l'd, Fr.	32·67	22·66	22·62 1/2	22·59	22·58 1/2	22·57	22·52 1/2
Italy, Lira ...	8·91	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4	5·26 1/4
Berlin, Mk. ...	40·33	40·09	40·07	40·05	40·05	40·05	40·01 1/2
Vienna, Sch.	23·82	...	...	...	...	...	...
Madrid, Pt. ...	32·67	...	...	...	...	...	...
Amst'd'm Gldr	68·06	54·09	54·04	53·96 1/2	53·89 1/2	53·81	53·73
Cop'h'gn, Kr.	145·37	21·56	21·52	21·47 1/2	21·45	21·44	21·38 1/2
Oslo, Kr. ...		24·27	24·22	24·18	24·15 1/2	24·13 1/2	24·07 1/2
St'h'lm, Kr.		24·90	24·85	24·81	24·78	24·76	24·70
Athens, Dr....	1·29	0·88 5/8	0·88 5/8	0·88 1/4	0·88 1/4	0·88 1/4	0·88 1/8
Montreal, Can. $	169·31	99·750	99·710	99·650	99·500	99·430	99·310
Yo'hama, Yen	84·40	28·16	28·15	28·07	28·07	28·02	27·97
Shanghai, $....	...	17·25	17·24	17·18	17·25	17·40	17·90
B. Aires, Peso	...	29·97	29·89	29·84	29·82	29·78	29·73
Rio, Ms. † ...	11·96	5·90	5·90	5·90	5·90	5·90	5·90

Usance: T.T. * Dollars per £1. † Official.

IMPORTS AND EXPORTS OF GOLD AND SILVER

Week ended September 15, 1938

Imports			Exports		
From	Bullion	Coin	To	Bullion	Coin
GOLD	£	£	GOLD	£	£
British S. Africa	353,114	...	Canada.....	29,777	...
British E. Africa	26,755	...	Finland	47,779	...
British India	72	157,500	Sweden.....	2,372,762	...
Germany	1,706,268	...	Netherlands	1,316,217	283,802
Belgium	7,325,331	...	Syria	...	32,381
Switzerland	54,860	49,511	Switzerland	585,979	20,369
Brazil	128,000	87,536	United States.....	13931081	...
Total*	9614749†	313,749†	Total*	18292116	394,940
SILVER			SILVER		
Germany	14,480	...	Palestine	...	2,150
Netherlands	...	157	Aden and Dep.....	...	17,046
Belgium	8,314	390	Sweden.....	2,530	...
Denmark	33,800	194	France	3,350	14
Czechoslovakia	14,100	...	Poland	3,480	...
Morocco	...	2,450	Portugal	1,840	...
Other countries	1,264	800	United States.....	103,881	...
Total.....	71,958	3,991	Total*	118,202	19,814

* Including other countries.
† Last week's totals should read £7,008,215 and £504,847 respectively.

MONTHLY STATEMENT OF LONDON CLEARING BANKS

(000's omitted)

Average Weekly Balance August, 1938	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	44,127	1,853	8,139	3,119	46,386	9,871	53,269	3,162	31,418	35,896	3,740	240,980
Balances with and cheques in course of collection on other Banks in Great Britain and Ireland	10,167	636	2,000	1,762	9,235	2,649	11,927	294	6,970	8,265	1,500	55,405
Items in transit	...	...	...	...	3,568	569	...	...	...	...	...	4,137
Money at call and short notice.....	25,835	2,433	7,980	7,542	25,762	6,572	22,991	2,838	20,862	23,795	6,462	153,072
Bills discounted	69,634	862	4,918	391	50,005	3,737	78,490	1,504	39,740	54,886	558	304,725
Investments	97,848	7,570	29,659	10,407	109,229	35,148	128,604	14,342	84,811	112,281	11,625	641,524
Advances to customers and other accounts	198,992	10,964	30,705	8,907	164,336	43,537	210,973	17,177	141,285	128,651	14,728	970,255
Liabilities of customers for acceptances, endorsements, etc.	14,205	858	6,688	2,974	37,001	7,506	16,867	178	7,782	19,676	1,972	115,707
Bank premises account.....	7,492	412	1,580	740	7,586	2,745	9,658	631	7,341	5,143	1,071	44,399
Investments in affiliated banks and subsidiary companies	6,989	...	...	...	3,525	...	7,874	...	2,514	2,993	...	23,895
	475,289	25,588	91,669	35,842	456,633	112,334	540,653	40,126	342,723	391,586	41,656	2,554,099
Ratio of cash to current, deposit and other accounts	10·16	8·15	10·30	10·07	11·76	10·16	10·74	8·79	9·91	10·16	10·11	10·49
LIABILITIES												
Capital paid up	15,858	1,000	2,976	1,060	15,810	4,160	15,159	1,500	9,479	9,320	1,875	78,197
Reserve fund	10,750	1,000	2,976	530	9,500	3,500	12,410	1,150	8,500	9,320	800	60,436
Current, deposit and other accounts	434,476	22,730	79,029	30,983	394,316	97,150	496,217	35,961	316,962	353,259	37,009	2,298,092
Acceptances, endorsements, etc.....	14,205	858	6,688	2,974	37,001	7,506	16,867	178	7,782	19,676	1,972	115,707
Notes in circulation.....	...	...	...	...	6	18	...	1,337	...	11	...	1,372
Reduction of bank premises account	...	...	...	295	...	...	...	...	...	...	...	295
	475,289	25,588	91,669	35,842	456,633	112,334	540,653	40,126	342,723	391,586	41,656	2,554,099

OIL OUTPUTS

Venezuelan Oil Concessions, Ltd.—Total output week to: September 3, 1938, 1,222,014 barrels; September 10, 1938, 1,279,119 barrels.

Attock Oil Company, Ltd.—Output for August was 60,569 barrels. Output has been further restricted to conform to storage available and capacity of present refinery.

Trinidad Leaseholds, Ltd.—Oil output, August, 1938: 49,006 tons. Oil purchased during August, 1938, from other companies: 10,866 tons.

Phœnix Oil and Transport Company, Ltd.—The gross output of crude oil of the Phœnix group for August, 1938, was 55,615 tons.

British Controlled Oilfields, Ltd.—Total output for week ended: September 3, 1938, 13,101 barrels; September 10, 1938, 12,476 barrels. Total output for August, 1938, 56,580 barrels.

Anglo-Ecuadorian Oilfields, Ltd.—Output for August, 1938: 23,355 tons.

Trinidad Petroleum Development Company, Ltd.—Output for week ended: September 3, 1938, 58,160 barrels; September 10, 1938, 57,627 barrels. Production for August, 1938, 252,555 barrels.

The Dacia Romano Petroleum Syndicate, Ltd.—Gross output for August, 1938, Dacia, 1,611 tons; Perimeter X, 2,909 tons; Starnaphta, 451 tons.

Lobitos Oilfields, Ltd.—Output of the Peruvian company for August: 26,731 tons.

Investment

TRANSPORT RECEIPTS
BRITISH RAILWAY TRAFFICS

	Gross Receipts, week ended Sept 11 (£'000)					Aggregate Gross Receipts 36 weeks (£'000)				
	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts
L. M. & S.—										
1937	*557*	*504*	*222*	*726*	**1,283**	*19,329*	*17544*	*9,093*	*26,637*	**45,957**
1938	573	437	224	661	**1,234**	19,339	16148	8,878	25,026	**44,365**
L. & N. E. (*a*)—										
1937	*374*	*344*	*234*	*578*	**952**	*12,621*	*12074*	*8,804*	*20,878*	**33,499**
1938	372	298	195	493	**865**	12,523	11266	8,372	19,638	**32,161**
Great Western—										
1937	*236*	*207*	*113*	*320*	**556**	*8,218*	*7,116*	*3,999*	*11,115*	**19,333**
1938	238	178	96	274	**512**	8,132	6,603	3,826	10,429	**18,561**
Southern—										
1937	*367*	*66*	*29*	*94*	**461**	*12,221*	*2,251*	*1,091*	*3,341*	**15,562**
1938	360	62	27	89	**449**	12,138	2,159	1,072	3,231	**15,369**
Total—										
1937	*1534*	*1121*	*598*	*1718*	**3,252**	*52,389*	*38985*	*22,987*	*61,971*	**114,352**
1938	1543	975	542	1517	**3,060**	52,132	36176	22,148	58,324	**110,456**

(*a*) Week ended Sept. 10.

CUMULATIVE AND WEEKLY COMPARISONS
(000's omitted)

	L.M.S.	L.N.E.R.	Great Western	Southern
Cumulative Figures	£	£	£	£
Gross increase, second half 1937, over second half 1936	+ 1,113	+ 1,099	+ 647	+ 372
Gross decrease, first half 1938, over first half 1937	− 780	− 638	− 318	− 105
Gross decrease, second half 1938, over second half 1937 :—				
10 weeks to Sept. 11, 1938 ...	− 812	− 700	− 454	− 88
Weekly Figures				
Av. weekly decrease, 2nd half 1938	− 73·8	− 63·6	−41·28	− 8·0
Latest week compared with 1937 ...	− *49*	− *87*	− *44*	− *12*
Latest week compared with average 1927-30	− *251*	− *221*	− *134*	− *49*

IRISH RAILWAY TRAFFICS

Company	Gross Receipts, week ended Sept. 9 (£'000)			Aggregate Gross Receipts 36 weeks (£'000)		
	Pass.	Goods	Total	Pass.	Goods	Total
Belfast & Co. Down—						
1937	*2·9*	*0·5*	*3·4*	*99·5*	*17·6*	*117·1*
1938	2·8	0·4	3·2	95·8	15·5	111·3
Great Northern—						
1937	*14·4*	*9·6*	*24·0*	*412·3*	*339·8*	*752·1*
1938	14·4	8·3	22·7	407·6	317·3	724·9
Great Southern—						
1937	*51·1*	*42·3*	*93·4*	*1359·7*	*1455·3*	*2815·0*
1938	49·6	41·4	91·0	1357·2	1402·6	2759·8

OVERSEAS WEEKLY TRAFFIC RECEIPTS
INDIAN

Name	Weeks	Ending	Gross Receipts for Week 1938	+ or −	Aggregate Gross Receipts 1938	+ or −
		1938	Rs.	Rs.	Rs.	Rs.
Bengal & N. Western	22	Aug. 31	†8,37,109	− 18,699	1,57,31,729	− 10,48,068
Bengal-Nagpur ...	22	31	‡23,44,000	− 1,07,252	3,80,17,840	− 7,45,216
Bombay, Bar. & C.I.	21	31	‡27,27,000	2,03,000	4,79,28,000	− 13,49,000
Madras & S. Mah	20	20	‡18,17,000	+ 1,56,610	2,97,16,986	+ 15,55,813
S. Indian	20	20	‡13,75,739	− 1,60,798	2,16,57,539	+ 26,985

† 11 days. ‡ 10 days.

CANADIAN

	Weeks	1938	$	$	$	$
Canadian National...	35	Sept. 7	3,689,291	− 49,907	116,177,096	− 15706962
Canadian Pacific ...	35	7	3,529,000	− 469,000	88,091,000	− 5,716,000

SOUTH & CENTRAL AMERICAN

	Weeks	1938				
Antofagasta.....	36	Sept. 11	£10,690	− 11,380	552,210	− 57,070
Argentine N.E.	10	10	‡185,600	− 1,100	1,901,100	+ 91,600
			*11,514	68	117,953	+ 5,681
B.A. and Pacific.....	10	10	‡1,094,000	− 189,000	12,024,000	− 1,610,000
			*67,866	− 11,725	745,908	− 99,874
B.A. Central	8	Aug. 20	$116,100	− 34,000	878,900	− 281,800
B.A. Gt. Southern...	10	Sept. 10	‡1,886,000	− 176,000	20,602,000	+ 262,000
			*116,998	− 10,918	1,278,041	+ 16,254
B.A. Western	10	10	‡666,000	− 133,000	6,228,000	− 1,648,000
			*41,315	− 8,251	386,351	− 102,236
Central Argentine ...	10	10	‡1,751,850	− 351,950	17,232,250	− 6,068,500
			*108,676	− 22,019	1,069,000	− 376,454
Central Uruguayan	9	3	d132,989	− 4,305	1,339,785	+ 45,745
			e£15,500	− 268	156,153	+ 9,800
Leopoldina	36	10	M220,3000	− 334,000	62,997,000	− 2,358,080
			£25,793	+ 951	721,813	− 122,570
Mexican Railway ...	35	7	$233,400	− 105,100	2,605,100	− 402,700
Nitrate	34	Aug. 31	e†£4,805	− 188	101,162	− 4,819
United of Havana ...	10	Sept. 10	£19,112	+ 859	175,070	− 22,528

* Converted at average official rate 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." *f* 10 days.

SUEZ CANAL RECEIPTS

	Weeks	1938	£	£	£	£
Transit Receipts‡ ...	34	Aug. 31	303,200	− 7,700	6,434,600	− 969,300

‡ 10 days.

LONDON TRANSPORT BOARD

	Receipts	Compared with prev. Year
	£	£
Week ending Sept. 10, 1938, before pooling	556,100	− 1,100
Total, 11 weeks to date	6,142,600	+ 32,400
L.P.T.B. receipts, 52 weeks to June 25, 1938	29,388,200	+ 657,100
L.P.T.B. receipts, 52 weeks to June 26, 1937	28,732,000	+ 255,000
L.P.T.B. receipts, year to June, 1937, after pooling ...	30,247,378	+ 522,655
London Transport Pool receipts, year to June 30, 1937...	41,377,929	+ 771,590

SHORTER COMMENTS

Company Results of the Week—VAUGHAN BROTHERS (DROP-FORGINGS) have issued their second accounts since the company was introduced to the public. Total profits for 1937–38 have been well maintained; they amount to £42,622, against £43,476 for the full trading year 1936–37. Satisfactory results are shown by SHEFFIELD FORGE AND ROLLING MILLS, whose trading profits are 37 per cent. higher at £38,378. A cautious view of the industrial outlook is, however, marked by a reduction in the dividend from 20 to 15 per cent. Another engineering company, VILLIERS ENGINEERING COMPANY, has also practically maintained the previous year's net profits, with earnings of £51,683. A decline of 6 per cent. has occurred in MAYNARDS, LTD. trading profit, a substantial increase in taxation provision resulting in a fall of £7,700 in net profits to £53,330. The 8 per cent. dividend is, however, maintained. Stability of earnings continues to be recorded by ARDATH TOBACCO COMPANY, whose net profits for the year to June 30th are £600 higher at £449,533. BRITISH LION FILM CORPORATION have converted a loss of £14,016 into a profit of £15,499, after charging £6,700, against £3,200 to write off studio equipment, etc. The assets of a company of renters, Ace Films, have been purchased from the receiver. A new sales record has been achieved by LINES BROS., LTD., whose trading profits at £80,345 are slightly higher than in 1936–37. Net profits, however, are £2,200 lower than in the previous year.

BANKS

Chartered Bank of India, Australia and China.—The directors state that, owing to the conditions prevailing in the Far East, they only feel justified in declaring an interim dividend for the half-year to June 30th last at the rate of 10 per cent., per annum, less tax. Interim dividends at the rate of 14 per cent. per annum, less tax, and finals at the same rate were paid by the bank for each year from 1931 down to 1937. Prior to the final for 1930, dividends were tax free.

MISCELLANEOUS

Association of Property Societies.—The Council will submit to a meeting of the Association proposals that for member societies: (1) minimum ordinary capital shall be not under 10 per cent. of purchase price of properties; (2) difference between first mortgages and 90 per cent. of purchase price shall be in redeemable debentures up to 50 per cent. of the margin, and the balance in preference and/or ordinary shares; (3) rates payable on securities issued shall be not over 5 per cent. for first mortgages or redeemable debentures, and fixed dividend on any part of share capital shall not exceed 5½ per cent.

Mann Byars & Company. — This company has sold its stock and goodwill to Campbells and Stewart and McDonald, the terms not having been disclosed. The decision to discontinue trading is subject to ratification at a meeting on September 23rd.

Riley Motors (Coventry). — This company's assets and goodwill have been bought from the Receiver by Lord Nuffield, who (when his purchase is complete), will resell to Morris Motors, Ltd., on terms of financial advantage to the company. Mr Victor Riley has been appointed Managing Director.

Roumania Monopolies Institute Bonds.—Hambros Bank and Lazard Bros. announce that they have been provided, through the Anglo-Roumanian Clearing, with funds to pay 65 per cent. of the August 1, 1938, coupon (overstamped as being in British ownership on May 4, 1936), on these 7 per cent. Bonds. Full contractual payment is being pressed for, and the banks are not prepared to recommend acceptance of the 65 per cent. Bondholders deciding to accept should apply for special listing forms.

Yokohama Specie Bank.—Net profit for year to June 30, 1938, Yen 16,672,028 (including Yen 10,484,426 brought forward). To reserve fund Yen 1,250,000. Dividend 10 per cent. per annum, Yen 5,000,000. Balance forward, Yen 10,422,028. Total reserve now Yen 137,150,000.

Vaughan Bothers (Drop Forgings).—Profit for year ended June 30, 1938, after depreciation, £43,147, against £43,738. To taxation £13,885 (£6,000). Ordinary dividend 20 per cent. for year, against 10 per cent. for previous 6 months. To reserve £4,967, making £20,000. Carry forward reduced from £5,640 to £5,425.

(*Continued on page 576*)

THE WEEK'S COMPANY RESULTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation: Dividend: Prefce. Amount	Dividend: Ordinary: Amount	Dividend: Ordinary: Rate	Carried to Reserve, Depreciation, etc.	Balance Forward	Corresponding Period Last Year: Net Profit	Corresponding Period Last Year: Dividend
		£	£	£	£	£	%	£	£	£	%
Breweries and Distilleries											
Dailuaine-Talisker Distillers.	June 30	10,624	29,862	40,486	3,783	23,265	30	2,500	10,938	18,533	20
Financial, Land, etc.											
Mercantile Estate, etc.....	June 30	...	(*t*) 19,957	19,957	...	10,875	5	86,646	436	(*a*)	(*a*)
Gas											
Alliance and Dublin	June 30*	25,031	63,304	88,335	...	70,698	8	...	17,637	72,236	8
Iron, Coal and Steel											
Hawthorn, Leslie (R. & W.)	June 30	23,297	77,377	100,674	...	48,367	9	24,138	28,169	36,439	9
Sheffield Forge & Rolling Mills.....	June 30	4,762	36,695	41,457	...	8,891	15	20,943	11,623	25,017	20
Staveley Coal & Iron	June 30	188,114	713,380	901,494	...	372,389	11†	334,812	194,293	828,980	12½†
Vaughan Bros. (Drop-Fgs.)	June 30	5,640	28,613	34,253	...	23,861	20	4,966	5,426	(*a*)	(*a*)
Villiers Engineering	July 31	47,723	51,683	99,406	...	25,000	10	24,000	50,406	50,934	10
Motor, Cycle, etc.											
Perfecta Motor Equipments	June 30	3,526	17,221	20,747	...	7,613	17½	7,298	5,836	14,594	12½†
Rubber											
Banteng (Selangor)	April 30	8,625	6,779	15,404	...	3,960	4	6,650	4,794	9,169	6
Beaufort Borneo	April 30	3,941	10,446	14,387	...	7,200	4	3,300	3,887	9,877	5
Java Produce Co.	Mar. 31	331	13,591	13,922	...	12,185	6	...	1,737	16,607	Nil
Parit-Bruas (Malay)	June 30	158	12,231	12,389	...	10,000	20	2,050	339	12,306	22
Tangoel	June 30	2,738	4,710	7,448	...	3,830	5	571	3,047	5,795	6
Shops and Stores											
Maynards, Ltd.	June 30	29,360	53,330	82,690	3,390	31,168	8	19,701	28,431	61,026	8
Textiles											
Calico Printers' Association	June 30	83,351	*Dr.93,542*	*Dr.10,191*	...	...	...	*Dr.50,000*	39,809	116,174	Nil
Trusts											
Percy Bilton Invst. Trust ...	June 30	2,263	6,615	8,878	3,025	1,950	6½	1,532	2,371	6,423	6½
Other Companies											
Ardath Tobacco Co.	June 30	245,833	449,533	695,366	84,000	360,000	12†	...	251,366	448,937	12†
British Lion Film	Mar. 31	12,433	15,499	27,932	...	...	...	15,000	12,932	*Dr14,016*	Nil
Eastwoods, Ltd.	Mar. 31	15,301	59,860	75,161	10,500	37,500	12½	10,000	17,161	66,904	15
Lines Bros., Ltd.	June 30	19,969	72,512	92,481	26,800	37,500	30	5,000	23,181	74,733	30
Odeon Theatres	June 25	...	*b*273,547	273,547	91,323	61,625	10	98,198	22,401	(*a*)	(*a*)
Pharmaceutical Products ...	Mar. 31	8,543	30,323(*s*)	38,866	8,124	...	...	...	30,742	9,205	Nil
Stone (J. & F.) Lighting, etc.	June 30	5,784	74,804	80,588	12,000	40,000	10	20,850	7,738	86,643	17½
Total Profits, 1938, in £'000s:		*No.of Cos*									
To September 10		*1,735*	*64,819*	*238,446*	*303,265*	*39,082*	*126,300*	...	*66,814*	*71,069*	*214,656*	...
To September 17		*1,756*	*65,561*	*240,152*	*305,713*	*39,233*	*127,402*	...	*67,263*	*71,815*	*216,613*	...

(*a*) No comparable figure. (*b*) 54 weeks (from June 14, 1937, to June 25, 1938). † Free of Income Tax.
* For half year. (*s*) Includes a special credit of £20,533 from an Associated Company. (*t*) May 29, 1937, to June 30, 1938.

DIVIDEND ANNOUNCEMENTS

Rates are actual, unless stated per annum or shown in cash per share. Rate for previous year refers to total dividend, unless marked by asterisk to indicate interim dividend.

Company	*Int. or †Final	Total	Payable	Prev. Year
	%	%		%
RAILWAYS				
Barranquilla Railway...	...	1	Sept. 22	1
BANKS				
Cent. Hanover Bk., etc.	$1ps*	...	Oct. 1	$1ps*
Chartered Bk. of India	10pa*	...	Sept. 28	14pa*
Guaranty Trust (N.Y.)	3*	...	Oct. 1	3*
TEA & RUBBER				
Bajoe Kidoel Rubber..	...	7½	...	10
Chembong Rubber ...	...	3½	...	4½
Kamuning Rbr., etc....	...	7½	Oct. 15	12½
Maturata Tea, etc. ...	...	2½	Sept. 22	7½
Mini Mini Tea	20†	30	...	30
Scottish Ceylon Tea	7½*	...	Sept. 23	7½*
Seaport (Selangor) Rbr.	...	4	...	6
Siltang Valley Rbr. ...	...	5	...	10
Tangoel Rubber	...	5	...	6
Travancore Tea	4*	...	Oct. 1	6*
MINING				
Bushtick Mines	3¾†	6¼	...	5
Kinta Tin	2½*	...	Sept. 29	12½*
Konongo Gold.....	1*	...	Oct. 20	Nil*
Minerals Separation...	20*	...	Sept. 28	20*
Rawang Tin Fields ...	1½*	...	Sept. 28	5*
Renong Tin	(*a*) 10†	(*a*) 17½	Oct. 12	27½
South Crofty	5*	...	Sept. 30	5*
Victoria Gold Dredg'g	(*t*) 2/– p.u. †	...	Sept. 20	Nil
INDUSTRIALS				
Aire and Calder Nvgn.	2*	...	Sept. 30	2½*
Alliance Trust	11*	...	Oct. 17	11*
Am. Invst. & Gen. Tst.	2½*	...	Sept. 30	2½*
Anglo-Siam Cpn.	7½†	10	Sept. 28	10
Associated Fire Alarms	3*	6	Oct. 12	6
Ault and Wiborg	3½*	...	Oct. 31	3¼*
Barrow Barnsley Colls.	‡6†	‡10	...	10
Betts and Co.	‡1½*	...	Sept. 29	‡1½*
Birmingham Trust ...	3*	...	Oct. 1	3*
Blackburn (Thomas)	...	7	...	5
Blake & Richards Est.	2†	4	Oct. 14	4(*a*)
Bolsover Colliery.....	3½(*a*)	...	Nov. 1	3½*
Bombay Gas	3½	...		
Brit. Tea Share Trust	3†	5	Sept. 22	5
Callenders Cable	5*	...	...	5*
Calthrops	...	...	Sept. 27	10
Cannock Asstd. Cols.	6½†	10	...	10
Carrick's Caterers ...	3*	...	Oct. 1	3*
City & Int. Trust.....	...	4	Sept. 28	4
Clifford (Charles) ...	‡5*	...	...	‡5*
Colombo Gas, etc. ...	5*	...	...	5*
Eastwoods, Ltd.	7½†	12½	Sept. 23	15
Electric Supply Cpn.	3½*	...	...	3½*
European & Gen.Cpn.	2½†	4	...	4
G.R.A. (White City) Manchester	15*	...	Sept. 30	Nil*
Gen. Refractories	Nil*	...	...	8*
Hale and Hale	...	7½	...	7½
Hoover, Ltd.	5*	...	Oct. 1	5*
Hosegood Industries..	...	7½	...	7½
Inter-State Royalty "A"	28cts.*	...	...	28cts.*
Latin Amer. Invst. ...	...	3	Sept. 30	3
Lines Bros.	...	30	...	30
Lon. Amer. Maritime 1g.	5†	10	Sept. 30	15
Marles Steering	...	5	...	10
Mercantile Estate	...	...	...	3*
Moores Stores	(*a*) 3*	...	...	3*
Nat. United Laundries	4½*	...	Sept. 30	4½*
Neill (Wm.) St. Helens	5*	...	Sept. 30	5*
New England Trust...	8*	...	Sept. 28	8*
North American Co.	30cts.*	...	Oct. 1	30cts.*
Opperman (S.E.) ...	...	17½	...	8
Paripan	5*	...	Oct. 5	5*
Revrolle (A.)	5*	...	Sept. 30	5*
Rich (E.) & Co.	...	11¼	Oct. 7	11¼
Ridings Stores	2½†	35	...	...
Ruberoid Co.	3*	...	Sept. 30	3*
Scottish Assets.....	3†	5	...	5
Scottish Power.....	2½*	...	Oct. 1	2½*
Second Brit. Fixed Tst.	4½d	...	Sept. 15	...
Second Inter-State Royalty "A".....	28cts.*	...	...	28cts.*
Severn Valley Gas ...	2¾*	...	Oct. 1	2¾*
Southdown Motor ...	5*	...	...	5*
Trianco	3*	...	Sept. 30	...
Universal Fixed Trust	7.4395d	...	Oct. 1	...
Watford Electric	5*	...	Sept. 29	5*
Whitworth, Son & Nephew	‡4†	‡10	...	‡10
Yorkshire Dyeing.....	...	Nil	...	8

‡ Free of income tax. (*a*) Paid on a larger capital. (*t*) Australian currency.

RANKS, LTD. — Final dividend for year to July 2, 1938, is 12½%, plus a 2½% bonus, making 17½% for the year. This compares with 17½%, but is payable on a larger capital.

VICKERS, LTD.—Payment of first interim of 4½% is announced.

CRAVEN BROTHERS (MANCHESTER).—Interim dividend, 7½%, against 5%.

BOLSOVER COLLIERIES.—Interim dividend, 3½% against 4½%.

BEECHAMS PILLS, LTD.—Interim dividend maintained at 17½ per cent.

TIN COMPANIES' INTERIMS.—Southern Malayan Tin Dredging is paying 2½ per cent. in respect of the year ending June 30, 1939, against a corresponding interim in 1937–38 of 15 per cent. Year's total was 57½ per cent. Malayan Tin Dredging 2½ per cent. in respect of the year ending June 30, 1939. Interim for 1937–38 was 20 per cent. Year's total, 92½ per cent. Kramat Pulai, 20 per cent. in respect of 1938. A year ago 25 per cent. was paid; the total payment for 1937 was 125 per cent.

TRUST OF BANK SHARES.—Distribution payable September 15th, 3·331 pence per unit net. Composition of fund, August 22nd: Home banks, 42·74 per cent.; discount cos., 6·78 per cent.; overseas banks, 45·92 per cent.; trustee securities, 4·56 per cent.

Special Statistics

OVERSEAS TRADE RETURNS

IMPORTS (Value C.I.F.)

	Month ended August 31		Eight months ended August 31	
	1937	1938	1937	1938
	£	£	£	£
I.—Food, Drink and Tobacco—				
A. Grain and Flour	7,764,373	7,159,142	58,349,066	52,948,230
B. Feeding-stuffs for Animals	867,915	921,440	7,157,896	7,566,253
C. Animals, Living, for Food	511,752	674,534	4,349,217	5,090,437
D. Meat	7,818,614	7,222,297	56,964,141	61,339,337
E. Dairy Produce	6,556,406	6,518,559	46,035,859	54,173,799
F. Fresh Fruit and Vegetables	2,457,941	2,615,940	26,027,640	27,121,961
G. Beverages and Cocoa Preparations	4,095,102	4,207,382	28,650,007	28,342,254
H. Other Food	3,847,158	4,176,827	34,102,171	33,867,977
I. Tobacco	831,100	1,608,717	6,078,589	11,302,460
Total, Class I	34,750,361	35,104,838	267,714,586	281,752,708
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	953	1,004	17,970	9,074
B. Other Non-Metalliferous Mining and Quarry Products and the like	554,599	418,494	3,422,609	3,208,109
C. Iron Ore and Scrap	1,223,036	582,521	7,475,571	9,164,648
D. Non-Ferrous Metalliferous Ores and Scrap	1,933,043	1,295,374	12,113,161	11,427,591
E. Wood and Timber	7,559,198	4,947,139	35,336,856	26,326,496
F. Raw Cotton and Cotton Waste	2,138,263	2,281,146	31,173,006	20,812,736
G. Wool, Raw and Waste, and Woollen Rags	2,738,828	2,196,013	39,809,484	31,899,335
H. Silk, Raw, Knubs and Noils	181,382	122,222	1,306,044	1,455,105
I. Other Textile Materials	717,517	751,571	9,129,337	7,647,313
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	2,529,760	2,433,152	24,295,177	22,152,267
K. Hides and Skins, Undressed	2,659,280	1,694,952	17,273,360	12,604,587
L. Paper-making Materials	1,467,323	1,346,921	9,426,321	10,795,759
M. Rubber	1,624,332	1,086,074	7,558,030	8,790,795
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	1,370,072	1,156,944	7,229,003	6,278,755
Total, Class II	26,697,586	20,313,527	205,565,929	172,572,570
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	1,949	1,031	87,287	5,052
B. Pottery, Glass, Abrasives, etc.	649,462	589,639	5,299,828	4,908,466
C. Iron and Steel and Manufactures thereof	1,981,016	713,571	9,725,467	11,386,392
D. Non-Ferrous Metals and Manufactures thereof	5,433,224	2,965,790	37,149,622	27,278,188
E. Cutlery, Hardware, Implements and Instruments	568,923	527,369	5,063,871	4,653,385
F. Electrical Goods and Apparatus	365,884	254,977	2,683,472	2,005,260
G. Machinery	2,047,245	1,655,188	16,255,135	14,910,722
H. Manufactures of Wood and Timber	756,707	483,246	5,430,444	4,256,894
I. Cotton Yarns and Manufactures	282,163	249,770	2,176,200	2,066,270
J. Woollen and Worsted Yarns and Manufactures	340,221	323,961	2,852,366	2,464,828
K. Silk Yarns and Manufactures	208,462	187,705	1,714,814	1,432,087
L. Manufactures of other Textile Materials	730,684	646,115	5,352,077	4,830,386
M. Apparel	699,482	665,857	5,596,442	5,703,684
N. Footwear	258,848	254,572	1,685,210	1,935,492
O. Chemicals, Drugs, Dyes and Colours	1,123,554	1,086,536	8,765,331	8,074,412
P. Oils, Fats and Resins, Manufactured	4,601,407	3,496,849	31,492,398	30,462,990
Q. Leather and Manufactures thereof	865,037	551,717	6,795,350	4,212,426
R. Paper, Cardboard, etc.	1,468,151	1,237,050	10,386,144	9,653,141
S. Vehicles (including Locomotives, Ships and Aircraft)	384,018	258,222	4,393,991	3,057,830
T. Rubber Manufactures	56,593	69,511	499,545	540,580
U. Miscellaneous Articles wholly or mainly Manufactured	1,828,019	1,794,838	14,587,463	14,037,486
Total, Class III	24,651,049	18,013,514	177,992,457	157,875,971
IV.—Animals, not for Food	347,598	386,312	1,882,791	2,165,972
V.—Parcel Post	201,967	312,736	1,890,925	2,228,894
Total	86,648,561	74,130,927	655,046,688	616,596,115

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.)

	Month ended August 31		Eight months ended August 31	
	1937	1938	1937	1938
	£	£	£	£
I.—Food, Drink and Tobacco—				
A. Grain and Flour	108,041	121,667	1,139,015	1,094,872
B. Feeding-stuffs for Animals	36,558	58,474	485,516	496,350
C. Animals, Living, for Food	166	247	95,313	1,780
D. Meat	85,687	99,041	667,597	711,705
E. Dairy Produce	106,981	118,826	793,526	746,253
F. Fresh Fruit and Vegetables	10,747	20,507	283,036	134,197
G. Beverages and Cocoa Preparations	1,140,431	1,087,327	9,821,684	8,408,434
H. Other Food	1,153,304	1,095,231	7,912,219	7,465,381
I. Tobacco	392,169	350,580	3,316,429	3,223,886
Total, Class I	3,034,124	2,951,900	24,514,335	22,282,858
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	3,365,174	2,966,589	23,927,854	24,474,900
B. Other Non-Metalliferous Mining and Quarry Products and the like	105,235	74,837	882,532	630,147
C. Iron Ore and Scrap	49,737	77,268	684,397	236,022
D. Non-Ferrous Metalliferous Ores and Scrap	301,545	186,479	2,272,792	1,442,359
E. Wood and Timber	6,006	5,657	67,863	52,030
F. Raw Cotton and Cotton Waste	80,108	47,119	720,911	324,554
G. Wool, Raw and Waste, and Woollen Rags	611,141	513,254	6,802,205	3,932,732
H. Silk, Raw, Knubs and Noils	885	325	6,533	3,227
I. Other Textile Materials	45,220	147,378	409,484	573,371
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	297,582	216,584	2,702,073	1,956,844
K. Hides and Skins, Undressed	77,012	70,797	1,318,705	758,581
L. Paper-making Materials	155,980	90,773	1,254,800	764,908
M. Rubber	35,903	14,745	277,018	154,857
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	143,065	127,425	1,899,156	1,620,127
Total, Class II	5,274,893	4,539,230	43,226,323	36,924,659
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	472,787	284,062	2,767,386	1,914,641
B. Pottery, Glass, Abrasives, etc.	802,468	784,033	6,533,454	6,334,685
C. Iron and Steel and Manufactures thereof	3,910,976	2,982,903	31,534,011	28,178,599
D. Non-Ferrous Metals and Manufactures thereof	1,176,482	1,025,647	10,172,351	7,996,626
E. Cutlery, Hardware, Implements and Instruments	778,757	692,985	6,235,211	5,970,232
F. Electrical Goods and Apparatus	958,888	1,049,709	7,926,147	8,868,457
G. Machinery	3,843,849	4,442,006	31,154,644	38,452,791
H. Manufactures of Wood and Timber	111,499	91,816	871,264	729,336
I. Cotton Yarns and Manufactures	5,911,696	3,860,598	46,632,054	33,753,232
J. Woollen and Worsted Yarns and Manufactures	3,445,911	2,602,300	24,645,280	18,224,652
K. Silk Yarns and Manufactures	124,157	96,076	982,657	860,846
L. Manufactures of other Textile Materials	1,722,815	1,167,984	13,715,570	10,038,252
M. Apparel	944,203	792,864	6,789,482	5,509,672
N. Footwear	184,401	153,823	1,400,939	1,298,403
O. Chemicals, Drugs, Dyes and Colours	1,870,809	1,675,687	16,605,482	14,352,487
P. Oils, Fats and Resins, Manufactured	475,092	494,439	3,961,684	3,632,634
Q. Leather and Manufactures thereof	384,933	310,068	3,595,233	2,447,178
R. Paper, Cardboard, etc.	695,522	519,151	5,162,829	4,507,907
S. Vehicles (including Locomotives, Ships and Aircraft)	2,943,473	2,460,434	25,461,397	27,472,025
T. Rubber Manufactures	111,417	122,875	1,131,101	1,106,931
U. Miscellaneous Articles wholly or mainly Manufactured	2,513,057	2,395,511	18,642,813	18,774,177
Total, Class III	33,383,192	28,005,001	265,920,989	240,423,763
IV.—Animals, not for Food	76,384	54,925	494,707	386,365
V.—Parcel Post	777,612	780,114	7,282,518	6,886,371
Total	42,546,205	36,331,470	341,138,902	306,904,016

(*Continued from page* 574)

General Refractories, Ltd.—Progress Report, dated September 14, 1938, for January–June, 1938, states that diminished output of steel has been reflected in a reduction of sales of Refractories to the iron and steel industries. Demand from other markets has, however, enabled the total volume of sales, as compared with equivalent figures for 1937, to be maintained. Group's trading profits for first six months do not fall far short of those earned in same period last year. To conserve resources, no interim dividend is to be paid. An interim of 8 per cent. was declared a year ago.

Kamuning (Perak) Rubber and Tin.—Dividend 7½ per cent., against 12½ per cent for year. To depreciation reserve, £1,350 (£5,000). To estates contingencies reserve, £10,000 (£5,000). Carry forward, £25,335 (£26,442).

Ardath Tobacco Company.—Profit, after depreciation, tax, etc., for year to June 30, 1938, £449,534, against £448,937. Preference dividend £84,000, as before. Ordinary dividend 12 per cent. tax free, as before, absorbing £360,000. Carry forward raised from £245,833 to £251,367. No allocation to Employees Benefit Fund (against £25,000).

D. Gestetner, Ltd.—At last Thursday's general meeting, Mr. Sigmund Gestetner expressed satisfaction with the year's trading in certain markets, and reported that provision had been made for all commitments and investments in the "troubled countries."

British Lion Film Corporation.—Accounts for year to March 31, 1938, show net profit of £15,499, against a loss of £14,016. Written off equipment, etc., £6,700 (£4,200). Out of profits for past year, further £15,000 written off studio and equipment. Carry forward has risen from £12,433 to £12,932.

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Vain Sacrifice?

AS we write, one of the world's historic dramas is unfolding before our eyes. For the second time the British Prime Minister is in conference with Herr Hitler, while, on the other side of Germany, elemental forces have been released which may disintegrate the State of Czechoslovakia unless a halt is promptly called from Godesberg, Warsaw and Budapest by those who have the power to control the storm. Mr Chamberlain's first task is to ensure that this call is given; for otherwise the fate of Central Europe will have passed beyond the pale of sober discussion or considerations of justice and right.

Seven days ago we were compelled by the time-table to write at the moment of the Prime Minister's first flight to Germany. Out of the despair of the preceding days, when it seemed as if nothing could hold the world back from the madness of universal war, Mr Chamberlain's flight seemed to offer fresh hope. To the peoples of every country in the world—not least to the patient German people—his descent on Berchtesgaden from the clouds relaxed the unbearable tension. What has happened in one short week has so far avoided a new Armageddon; but it has left the outlook for European security and European liberties greatly darkened.

It is necessary—so rapidly do events move—to recall the position as it stood a week ago. Under severe pressure from Great Britain and France, President Benes had produced his "Fourth Plan," granting to the Sudeten Germans rights of autonomous self-government wider than have ever previously been offered to a national minority within a sovereign state; and no secret was made in London and Paris of the opinion that this Plan represented a just basis for a peaceful settlement of the dispute. But anxiety was still expressed in Downing Street lest Herr Hitler was under-rating the gravity of British warnings against the use of violence.

It was against this background that the Prime Minister flew to Germany. The hopes thereby raised were based upon the very natural presumption that the Prime Minister's main purpose was to make it clear to Herr Hitler beyond any shadow of doubt that the use of violence would mean a world war. The situation was so grave, in that far-off time a week ago, that nobody wished to exclude the possibility of even greater concessions to the German demands—on the imperative condition that they contributed to a real and lasting settlement. "The touchstone of any agreement," we wrote last week, "must be this: does it put a stop to the method of brutal aggression?" The event has proved that Herr Hitler has been paid in advance. It will be shown in the next few hours whether there is any hope of obtaining the slightest counterpart from an elated, confident and dynamic Germany.

We are confident that the attitude of making further concessions only against real guarantees of an end to bullying represented the overwhelming majority of British public opinion a week ago. Mr Chamberlain's sudden return, after only three hours' talk with Herr Hitler, renewed apprehensions. But as late as Sunday, when the French Premier and Foreign Minister came to London to confer with the British Ministers, it seemed reasonable to suppose that the purpose of their talks was to determine what

compensation could be asked from Germany and offered to the Czechs in return for the territorial adjustments that were now clearly envisaged.

From Sunday onwards the disillusionment has been swift and universal, for, in one of the great political tragedies of the world, Czechoslovakia has been compelled to accept dismemberment without any assurances of security from Germany beyond those which Mr Chamberlain may be able to secure for her in his present talks.

THE PLAN

The Anglo-French Plan is still not known in its entirety, but enough was very quickly learned of its terms to reveal its general tenor. Czechoslovakia was to be pressed to hand over to Germany, without a plebiscite, all the areas inhabited by a predominantly German population—it is believed that this means all areas with a bare majority of Germans. This would involve the drawing of a new frontier by an International Commission, and provision would be made for the transfer of minorities on either side of this line or of persons who "opted" to change from one side to the other. In return for this surgical operation, the frontier of the new Czechoslovakia was to be guaranteed. Who, exactly, the guarantors were to be is still uncertain. According to earlier reports, the only guarantors (other than Germany and Italy, the value of whose guarantees would at least be questionable) were to be Britain and France, and Czechoslovakia was to break her alliances with France and Russia. If this were true, it would be conceding not merely the Sudeten demand for self-determination but also the quite illegitimate German demand to dictate the foreign policy of a neighbouring sovereign state. Later reports, however, suggest either that these earlier rumours were unfounded or alternatively that the plan has been changed. The essential point, of course, is whether or not Russia is to be in the picture. If Russia joins France and Britain in the guarantee, then the new Czechoslovakia, bleeding from amputation though she will be, will still have some of the attributes of sovereignty. If Russia is excluded, then Britain and France will, in effect, have abandoned Central Europe to Germany. For Russia is the only Power whose geographical position enables her to offer immediate aid; and if the Czechoslovakian State is left with no real independence, the road to the South East is opened wide.

It would be hard to exaggerate the astonishment produced in London by the knowledge that this was the plan that had emerged from the day-long deliberations of the French and British Ministers. On every hand, as one moved about the streets, and from people in every walk of life, one met with emotions varying from shame-faced realisation of the enormous price to be paid for peace to hot resentment.

In part, this feeling was due to the conviction, widely though not unanimously held, that amputation of the Czechoslovak State is not justice, but injustice. Much has been heard in recent days of the principle of self-determination; it is a principle which will always have a wide appeal to the British people. But it has never previously been held that, in drawing frontiers, no regard shall be paid to any consideration whatever except the language spoken by a bare majority of the inhabitants. There must always be some minorities somewhere; and it is no just accusation against any State that it contains minorities. If it were, not even the United Kingdom could escape condemnation; since a plebiscite in Tyrone and Fermanagh might well lead to secession. The only just accusation against a State is that it mistreats its minorities and, though the treatment of the Sudeten Germans in Czechoslovakia may not have been perfect, it has certainly been better than that accorded to any other minority in Central Europe. Secession of the Sudetenland involves for Czechoslovakia the abandonment of natural frontiers that have stood for centuries; the surrender of defences upon which a poor nation has lavished (and with what triply-proved justification!) enormous sums; the separation from their markets of a very high proportion of the country's industries; and the distortion of the country's transport system, to such an extent that the two largest cities will be cut off from rail communication with each other. Nobody who looks behind the specious plea of "self-determination" to the realities of Bohemia can believe that the surrender of the Sudeten territories was the right solution of the problem. The sacrifice demanded was one of expediency—not of justice.

It was not, however, this aspect of the matter that struck such dismay into so many British hearts on Monday and Tuesday. Even many of those who inclined to favour some cession of territory from Czechoslovakia to Germany were dumbfounded at the manner in which such a proposal was rushed forward. There was never any pretence of discussing the future of their country with the Czechs themselves; they were merely subjected to enormous British and French pressure to accept the plan. There was some talk of concessions that Herr Hitler was ready, or might be asked, to make. But the Czechs certainly did not know what they were, and in any case they clearly lay in the hypothetical future, for Mr Chamberlain's flight to Berchtesgaden did not secure even a momentary relaxation of German pressure. On the contrary, it increased. Herr Henlein was allowed to demand secession on the very day Mr Chamberlain landed at Munich. All the week the threats of the controlled German Press have mounted higher and higher. The German Army is now openly massed against the Czech frontier, and the German Government have not merely encouraged the formation on German soil of a "Freikorps" of Sudeten "refugees," but have allowed it to make armed attacks on the frontier. Against all this, no protest appears to have been made from London or Paris.

THE PRESSURE

The first request from Britain and France for acceptance of the Anglo-French plan met with a reply from Prague which, while not rejecting the proposal, suggested that the differences between Germany and Czechoslovakia should be dealt with in accordance with the German-Czech Treaty of Arbitration—a treaty that arose out of the Locarno Conference, was confirmed by Herr Hitler in 1936, and reconfirmed "on his honour as an officer" by Field-Marshal Goering as recently as March. This appeal to Czechoslovakia's international rights was disregarded. Within a few hours of its presentation, the French and British Ministers in Prague called upon President Benes at two o'clock in the morning and presented to him a joint request for acquiescence which was, in effect, an ultimatum—for one of its items constituted a definite repudiation by France of her duty under the Franco-Czech Treaty of Alliance. There are millions of British and French citizens who will never forget the humiliation of that midnight scene.

Faced with this overwhelming pressure, ringed by enemies, deserted by their friends, even the indomitable bravery of the Czechs gave way. They accepted the plan, stipulating only that the proffered Franco-British guarantee should have immediate effect. On Wednesday night the citizens of Prague were furious with indignation against France and England. The official spokesman in the more measured words of a noble address to the people said: "You shall to-day level no reproaches at those who have forsaken us in this hour of direst need. History will pass judgment on the events of these days."

With the Czech submission in his pocket, Mr Chamberlain has returned to Germany. But it is not only the fate of Czechoslovakia that is at stake. All the circumstances of the past week—the complete disregard by Britain and

France of that sanctity of treaties they have so often proclaimed; the cruel pressure upon the Czechs; the frantic haste; the neglect to make any protest against the open threats from Germany—all these can be interpreted in one way only. We too are not prepared, at present at all events, to resist the military pressure of Germany. So at least they have been interpreted right round the world. So they have been interpreted by incredulous British opinion. So they have been interpreted in Germany, and the steady crescendo of German demands, backed by a German-Polish-Hungarian combination and reaching as far as the total disappearance of Czechoslovakia, is the immediate and direct result. It is true that no formal British signature has been repudiated (save that faded signature on the Covenant of the League, guaranteeing the independence and territorial integrity of Czechoslovakia, along with those of Abyssinia, Spain and China). But for months the British Government have allowed the world to assume that Mr Chamberlain's speech of March 24th was a warning to Germany against the use of violence towards Czechoslovakia. When Sir John Simon repeated the formula four weeks ago, every newspaper in London interpreted it as a warning that a European war starting in Bohemia would involve Great Britain. If this interpretation was wrong, if the Government's real intention was that Great Britain and France would at a crisis acquiesce in the coercion of Czechoslovakia to avoid a war which might involve us, they should have said so. It will be very hard to disprove what now seems so clear: that Great Britain, too, changed her declared policies under threats from Germany. It is this realisation that has so confounded the country.

THE OUTLOOK

From the wreck of the hopes of a week ago, it is still just possible for the Prime Minister to save enough to make a new start with the reconstruction of European confidence. As we write, he is meeting Herr Hitler again; and both his supporters and his political opponents hope that at last he will stand firm. There are several stipulations that must be made even about the cession of the Sudetenland. There must, for example, be a decent interval of time to allow the Czech officials, the Czech troops and the Czech population to withdraw—an interval undisturbed by Press calumnies or troop movements. At the very least, there must be demobilisation on both sides, and preferably the interposition of an international police force. There must be a declaration from Herr Hitler that he has no more demands to make against Czechoslovakia. There must be arrangements for the protection of the Czechs and Socialists left in Germany. Not one of these conditions can with decency be abandoned. Then there is a second series of concessions that must be asked from Germany, if the new arrangement is to be the foundation of a really lasting peace. The peoples of the West will want proofs—not mere promises—that the Fascist powers do intend to abandon the policy of aggression; and the most convincing proof would be an immediate and complete cessation of intervention in Spain.

But far more important than the exact substance of the points on which Mr Chamberlain stands firm is the fact that he must stand firm on something. If the impression is created that Britain and France will never stand r ground, there is an endless prospect of sacrifices they will be called upon to make. Spain will be the first. If the democracies will not stand up to the dictators in the Czechoslovak problem, why should they do more than protest if the two dictators openly intervene on General Franco's behalf? After Spain, there may well be engineered revolts in the Moslem lands, with a dictatorial threat of war if we intervene. After that, self-determination for Malta. Then the colonies; then naval rivalry—the list stretches on indefinitely. And after this week, dare any man say these are impossibilities?

The alternative to giving way is, of course, to run the grave risk of immediate war. But if the risk of immediate war is one horn of our terrible dilemma, the virtual certainty of ultimate war is the other. And in a war next year, or the year after, we shall be weaker than we are to-day, however much we re-arm. For at best we are gravely weakening the most democratic country of Central Europe, and driving into isolation the colossal power of Russia in the East. In a war to-day, Germany would have to fight on two fronts. If we wait, she may choose a time when she has to fight on one front only and that towards us. And in the meantime her machine of re-armament, already turning faster than ours, will be fed by all the wealth of the Danube basin.

This journal may, perhaps, be granted the melancholy satisfaction of recalling that this appalling dilemma is not now first discovered in these columns. To all those who have been able to see clearly, the approach of this hour has been visible a long way off. The tragedy is that the British people have been allowed to remain so blind to their true interests and their real peril. The shock of awakening is now upon us, and it is necessarily painful. There is still a small chance that peace may yet be retained with real security for its maintenance. Even that course involves a mighty effort of courage and resolution on the part of the British people, comparable only with the effort they will have to make if the chance is lost and war descends upon us.

The Tram at its Terminus?

FOR many years the tramcar has been losing ground as the main means of urban transport. This year has seen several signs that its passing is being speeded-up. It is true that over 10,000 tramcars are still in service; and that trams remain the most important public service vehicles in Leeds, Sheffield, Birmingham, Glasgow and Blackpool. But they have been abandoned by many smaller towns; and are doomed in London, Bristol, Cardiff and Manchester.

Competition between tramcars and petrol-driven buses is now of considerably long standing. For a prolonged period of years the resistance of the tram to supersession by the bus was extremely strong—at least in large towns. It is true that trams and buses soon ran on complementary services in the same urban centres. But the tram's great carrying capacity and cheapness of fare fitted it admirably to serve crowded working-class areas where passenger "peaks" were high. Even now, the tramcar is firmly fixed in the habits and affections of the nation's army of workers. It is the tram which has plied from crack of dawn in industrial towns offering cheap workmen's fares. It is the tram which has carried crowds of children cheaply to school, or borne their fathers from crowded football matches on Saturday afternoons. And it is the tram whose terminus on the outskirts of grimy Northern cities has traditionally marked the end of civilisation and the moors' beginning.

Moreover, where vehicles to carry great numbers of people have been necessary, the capacious, steady and reliable tram has usually paid well, and often handsomely. This is still true to-day in big cities where local traffic conditions have not rendered the tramcar an intolerable obstacle and tramlines a grave danger; and especially true

in towns like Liverpool and Blackpool where the present rolling stock is up to date, embodying all the improvements in seating comfort which have made the bus so powerful a rival in popular estimation.

Nevertheless the tide has lately turned steadily in favour of the tram's competitors; and the ebb has been quickened in the past decade by the successful introduction in many places of the electrically-driven trolley-bus, which combines many of the virtues of both the tramcar and the petrol-bus. This handsome *tertium quid* has won striking popular favour in towns like Bradford, Huddersfield, Newcastle, Nottingham and Portsmouth; and it is being used in London to supersede the tram as the rolling stock comes up for renewal. The seating capacity of the trolley-bus is commonly slightly greater than that of the tram, and between 20 and 25 per cent. greater than the seating capacity of the petrol-bus. In London the figures are: standard petrol bus, 56 seats; standard trolley-bus, 70 seats; trams vary, and some seat 74, but the average number of seats is 67. The trolley-bus is quiet and smooth and as quick in acceleration as the modern tram. Almost everywhere where it has been introduced in place of the tram, the speedier trolley-bus has gained an increase in passengers, sometimes of up to 30 per cent. It is the view of the London Passenger Transport Board that there exists a marked and sometimes "revolutionary" public preference for trolley-buses over trams—though it must be remembered that the trams so far replaced in the Metropolis, like those abandoned in, say, Newcastle, were far from being up-to-date vehicles.

It is, however, doubtful whether, traffic considerations apart (a large and important qualification), there are decisive economic grounds for the abandonment of tramcars in large towns—i.e. the services which are still paying their way. The earlier replacements of trams by petrol-buses in small towns were, admittedly, justified by financial considerations. Trams were almost always uneconomic vehicles in towns where the distances travelled were short and the population was small. The capital cost of standards, wiring, tracks and their maintenance was high; and, since the large seating capacity of the trams was not fully used, their earning power was low at any level of fares.

Now the swing away from trams has spread from the small towns to the big cities—to the very places where the tram has provided its best service. As soon as the rolling stock of their tramway services needs renewal and the tracks require repair, which regulates the timing of any proposed change, authorities begin to debate the introduction of trolley-buses or petrol-buses. Their motive for doing so is not that the trams are being run at a loss. The chief considerations in large urban areas when replacement comes under discussion are traffic conditions, public amenity and public preference. Modern traffic in narrow and congested thoroughfares demands a mobility which the tramcar on its predeterminate tracks does not possess.

Although non-economic arguments, such as traffic congestion, may dictate the abandonment of trams, there are several financial considerations which may be advanced in favour of their retention. Established tramways are a considerable asset to local authorities; they pay rates on their considerable fixed equipment; they provide a consistent and appreciable demand for electricity; and they are responsible for the maintenance of the particular part of the roadway over which their tracks run. In small and medium-sized towns, where passengers are relatively few and distances short, the motor-bus will almost always be introduced, despite these drawbacks, because it is demonstrably the most efficient vehicle for public services in these conditions. In larger towns, however, where high seating capacity is imperative, the trolley-bus will usually be preferred. In many cases, the existing tramway standards and wires can be used by the new vehicle, which will also take over the electricity load of the trams. Road maintenance will become a public charge whether trolley-buses or petrol-buses are introduced.

Apart from these special considerations, the relative efficiency in economic terms of the trolley-bus and the petrol-bus is not easy to determine, since conditions and experience vary widely, and the trolley-bus is still in what may be called an experimental stage. Initially, a 70-seater trolley-bus may cost £2,500 if bought in quantity, and a 56-seater double-decked bus £2,250 to £2,325, against £2,500 for a tram. Generalising from incomplete figures of actual operating costs and gross receipts, which sometimes give conflicting testimony, it may be said that, in conditions where the tramcar has formerly given an efficient service, trolley-buses are more remunerative than petrol-buses, even though their fares (inherited from the trams) are commonly lower.

In Newcastle the average revenue per vehicle mile is calculated to be 19.4d. for trolley-buses and 14.4d. for motor-buses; in Nottingham the figures are 16.4d. and 13.4d. respectively; and in London 15.6d. and 13.5d., against working expenses of 10.0d. per car mile for trolley-buses, 11.3d. for trams, and 11.5d. for buses and coaches. The following table gives data, not always complete or strictly comparable, for a number of towns:—

(Per vehicle mile)

Town	Operating Expenses		Average Revenue		Ratio of Working Expenses to Gross Receipts	
	Trolley-bus	Motor-bus	Trolley-bus	Motor-bus	Trolley-bus	Motor-bus
	d.	d.	d.	d.	%	%
Birmingham	...	...	16·0	14·5	73·7	73·9
Maidstone	11·8	10·4	18·5	11·8	64·5	90·5
Walsall	10·8	9·7	16·8	12·5	65·0	75·9
Wolverhampton ...	10·1	10·9	15·0	12·7	67·0	85·7
Bradford	13·0	11·0	15·1	13·2	86·0	83·4
Ashton-under-Lyne	12·8	9·7	14·2	15·7	90·1	62·3
Portsmouth	10·6	11·2	15·6	14·0	68·0	80·0

The actual operating costs of petrol-buses may be lower—though in most places the tramwaymen (and therefore trolley-busmen) work longer hours than busmen for lower wages—but the trolley-buses' revenue per car mile is generally higher because of their greater seating capacity; and, on the whole, the ratio of working expenses to gross receipts is lower in the case of trolley-buses, on suitable routes, than in the case of petrol-buses.

On the other hand, the trolley-bus, more mobile than the tram, is less easy to manœuvre than the bus. Its acceleration and braking power are greater, but, tied to an overhead wire, it is not such a free agent. Yet the trolley-bus has a number of general advantages over the petrol-bus from the point of view of public amenity. Not least among these is its freedom from the fumes with which motor-buses, whether oil or petrol driven, defile the air breathed by urban workers. And the trolley-bus shares with the petrol-bus one advantage over the tramcar in the fact that its passengers can board and alight at the kerb.

The rivalry between the tramcar, the motor-bus and the trolley-bus for priority in urban passenger transport is still undecided. Clearly the issue must depend upon local conditions and local preferences; and, equally clearly, there is room for all three in many cities. The tramcar can still provide an economic and efficient service in highly populated areas; but modern traffic conditions are against its retention on a wide scale. Although up-to-date tramcars may meet the demand for comfort which rising standards of rolling stock on other vehicles have created, only revolutionary changes in traffic regulations could make the continued presence of trams tolerable in many of our city streets. It will be a long time yet before the tramcar is made one with the hansom cab; but, even then, it is the trolley-bus rather than the oil- or petrol-driven vehicle that seems likely to inherit its precise place in popular esteem.

Plastics: An Industrial Newcomer

THE part played by power in the advancement of material progress is well known. Most of us are fully conscious of the contribution made by water power, steam, oil and petrol, gas and electricity to the making of the world we live in. Few people are equally aware, in the same dramatic way, of the rôle of materials in this continuous process. Without iron, the steam engine could not have been invented, without copper the electrical industry could hardly have been developed. The multiple uses of timber, brick and stone, iron and steel, alloys, cement and ferro-concrete are obvious to every eye; but their full social significance is not always realised.

To the lay observer, therefore, the vast Building Trades Exhibition which opened at Olympia just over a week ago is of absorbing interest precisely because the great range of old and new materials now ready to the hands of builders and engineers, are there on view. The most remarkable and versatile of the materials which have only recently been pressed into service on a wide scale are the products of the plastics industry. Etymologically, a plastic material is one that can be moulded. But specifically the term is applied to moulded articles produced by the application of heat and pressure, from materials, natural or synthetic, of the resin group. Natural resins are obtained from plants and trees; and the best known are shellac, universally used for gramophone records, and bitumen compounds, used for battery cases and acid-proof tanks. The synthetic resins are purely products of the laboratory.

Many of the plastics have become familiar. The manifold uses of celluloid, for instance, have been well known for a long time. Casein has been used to make beads and buttons for many years. But most of the natural, and a large number of the synthetic, resins possess disadvantages in use. Celluloid is highly inflammable, and shellac gramophone records warp in the heat of the sun. What are called the "thermoplastic" variety of resins become plastic again when reheated; and years of experiment and research were devoted a generation ago to the search for a "thermosetting" resin which would undergo a chemical change in the process of hardening and never again be rendered plastic by the action of heat. This quest was actually successful as early as 1907, when Dr L. H. Baekeland heated a mixture of phenol, a liquid which can be derived from coal tar or synthesised from benzol, and formaldehyde. He produced a solid amber-like resinoid, which, when subjected to further intense heat, hardened and was no longer soluble or responsive to heat. In the event, however, although this process was introduced into the United States exactly thirty years ago, the widespread production and varied use of synthetic resins are developments of the last few years. It is only quite recently that industry as a whole has begun to realise the advantages of materials that have the advantage over wood of being susceptible to moulding and over metal of being lighter and (in most cases) cheaper. The extension of the plastics industry to produce ash-trays, billiard balls, ornaments, radio, telephone and switchgear equipment, gears for machine drives and instruments, components for motor-cars and aircraft, walls, table-tops, and all kinds of furniture is a comparatively new and remarkable departure. The world output of synthetic resins rose from a mere 13,000 tons in 1926 to something like 100,000 tons last year.

The outstanding trend has been the increased output of plastic mouldings, which more than doubled between 1933 and 1935 in the United Kingdom alone, rising from 73,000 cwts. to 147,100 cwts.; last year the production of mouldings was over 200,000 cwts. The moulding of synthetic resins is the key to much of the recent progress. The resin is ground to powder to which a "filler," commonly wood-flour, is added, together with pigments for colouring and, possibly, asbestos to increase heat resistance or mica where the resulting product is to provide insulation against high tension electricity. The mixture is placed in a heated steel mould and subjected to great pressure. The powder melts, coalesces and hardens, to emerge from the mould in no need of further finishing-off than polishing.

It is not the case, however, that those synthetic resins which are "thermosetting," or impervious to heat, have alone contributed to the expansion and consolidation of the plastics industry. "Thermoplastic" resins (i.e. those which will become plastic under the influence of heat, like celluloid, casein, cellulose acetate and the natural resins, including shellac) play an important part in the equipment of modern homes and factories. Shellac is still unchallenged as a material for gramophone records. Celluloid is still employed to take the place of ivory and bone, and in the manufacture of toys. And, in many cases, where the dangerous inflammability of celluloid (reported on adversely by a Departmental Committee just under a year ago) is deemed to detract too much from its merits, cellulose acetate is used instead. Cellulose acetate melts but does not burn, and is widely used in cinema and theatre decorations. Casein, too, finds growing employment. "Thermoplastic" in the crude state, casein can be hardened by the action of formaldehyde.

Nevertheless, while the consumption of these older plastic materials is being maintained or slowly expanded, the growth of the plastics industry is mainly due to the development of the synthetic and "thermosetting" resins. The bulk of the synthetic resins produced are of two kinds: the phenol-formaldehyde resins manufactured according to Dr Baekeland's method of thirty years ago and commonly called bakelite; and the urea-formaldehyde resins, similarly prepared, which were not commercially developed until about twelve years ago. The phenol resins can give exceptional mechanical strength and a high degree of insulation; and it is these which are employed so strikingly in the manufacture of engineering and electrical components, as well as for *bric-à-brac* and furniture. Until recently phenol resins could only be produced in dark colours, which was in large measure responsible for the development of the urea resins. These can be used to make articles of many colours, and are widely employed for ornamental mouldings, table ware, and decorative purposes generally.

These are the broad outlines of an industry which now shows signs of settling down rather than branching out in new and unexplored directions. But this account by no means exhausts the story of the industry. A great variety of transparent materials, for instance, have lately been produced, providing unbreakable substitutes for glass and excellent lenses. Transparent plastics are being used in aircraft manufacture; and cellulose acetate and other resinous materials are being used for aeroplane cabin roofs, gun turrets, windscreens, and navigation and landing lights.

At present the industry's attention is being concentrated on moulding technique rather than on the discovery of new uses or the production of new types of resin. After a period of remarkable expansion, during which prices tended to fall while output soared, the plastics industry is entering a period of consolidation in both method and organisation. A period of price-cutting, together with

changes in technique which involve heavier outlays for fixed capital, are reducing the number and increasing the size of the firms in the industry, most of which still confine themselves to moulding, purchasing their materials from a few large suppliers. Clearly, however, the industry's ultimate scope is still unbounded; any one of many lines of development may create a large new market, though the industry may be handicapped by its dependence upon imported raw materials. Yet, by and large, its immediate prospects depend upon the progress of the automobile and electrical trades. In 1935 the electrical industry consumed synthetic resins to the value of £490,000; and the motor industry was the second-best customer, taking resins to the value of about £325,000, or one-quarter of the year's total ontput. Since then, the motor industry's consumption has risen nearly 25 per cent. For the rest, the plastics industry depends in a multitude of ways upon the building and furniture trades. In other words, if the consumption trades of this country go on thriving, plastics will continue to prosper.

Topics of the Week

The Submission of Czechoslovakia.—This has been a week of rending anxiety and humiliation for the people of Czechoslovakia. Years of quietly determined preparation, of the building up of moral courage matched only by immense expenditure on the means of physical defence, have ended in the utter frustration of defeat without resistance. They cannot but be aware of profound bitterness against those who have connived at this defeat, a feeling none the less biting for the swift passage of events. On Sunday nothing had been thrown away. The Henlein party had been dissolved, its leaders had forgotten their courage in flight, and quiet reigned in all parts of the republic. Dr Hodza, the Prime Minister, had affirmed in calm words that Czechoslovakia would never accept either a plebiscite or any secession of its territory. But by Monday afternoon the Cabinet in Prague had realised what the British and the French expected of them: and they were not left in any doubt of the urgency of these demands. In Prague, as everywhere in Czechoslovakia, despair and the doubt which comes from ignorance of how things are going were mingled with thoughts cast to the great German armies standing round their frontiers, to the hasty buying of gas masks, to retreat, for Jews and democrats, from the frontier land, to the slowly dawning understanding of the disaster which had come upon them and which nothing now could prevent.

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At five o'clock on Wednesday afternoon, after more and more urgent "advice" from London and Paris, in view of the new menace from Poland and Hungary, and when the Czechoslovak Cabinet's proposals for negotiation on the basis of the 1926 Czechoslovak-German arbitration treaty had been rejected, Dr Benes led his cabinet into submission. There can be few men who have suffered more mental anguish in the space of one week than Dr Benes and his colleagues. The evening in Prague was filled with the slow, uneasy movement of great crowds, the more reproachful for their dignified restraint, crying out against this dismemberment of their republic, against France and Britain, against all those who they feared had betrayed them or wished their downfall. The Bourse closed and a temporary banking moratorium was announced. On Thursday, the Government resigned and a new Cabinet with military participation was formed. But in the midst of these happenings there was broadcast over the wireless a statement which, for its dignity and courage, cannot be forgotten: "We are not a vanquished people," said the speaker. "We submitted in order to avoid greater losses, misery and bloodshed: often more courage is required to live than to commit suicide .... We face the future with our heads high." There could be no fitter epitaph to losers so gallant in defeat, no more secure testimony to Czechoslovakia's place in history or to the continued struggle of its people for their independence.

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The Economic Structure of Bohemia.—For Czechoslovakia, broadly speaking, the secession to Germany of the so-called Sudetenland would mean the drastic unbalancing of an economy now more or less firmly poised between industry and agriculture. According to occupational figures issued after the general census of 1930, out of a total population of 14,729,536 the number of persons engaged in agriculture, fishery and forestry was 5,101,614, whilst the corresponding figure for industry was 5,146,937. The transfer of two or three million Germans to the Reich would entail a large subtraction from the figure for industry, but little appreciable change to the figure for agriculture. A glance at an industrial map of the Republic shows that a majority of both heavy and light industries (with the exception of armament-making which, however, draws a large proportion of its raw materials from minority areas) are in German or Polish minority districts, and drives home the inescapable conclusion that a mutilated Czechoslovakia would face grave difficulties in continuing as an economically independent state.

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The people of the central plains of Bohemia and Moravia are by tradition peasants. On their borders lie the industrial towns. In Teschen, Bohumin and Karvina, the Polish minority area, coalmines and steel plants supply flourishing metallurgical industries with raw materials for the manufacture of machinery, motor-cars, and armaments, the armaments factories themselves being situated in Plzen and Brno, both of which are in the Czech area, though Plzen (Pilsen) is very close to the linguistic frontier. Continuing anti-clockwise round the frontier from Teschen, the heavy industries give place in the German areas of Troppau and Freiwaldau to the manufacture of textiles and chemicals. There are textile factories from Trutnov to Gablonz and Reichenberg, where they are joined by light industries such as brewing, jewellery and crystalware manufacture, and also by motor-car works. Sugar refineries using beet drawn from non-German parts of the country put in an appearance at Bœhmisch Leipa, until near Aussig, which is also a centre for the production of chemicals, textiles and china clay, the brown-coal mining area is entered. Westwards again, the district of Brüx, with a large percentage of Czech-speaking miners, has German concerns manufacturing toys, sugar and gloves. The Eger salient, the most easily demarcated German area, and embracing Karlsbad, Falkenau, Marienbad and Joachimsthal, produces porcelain, textiles and musical instruments. Southwards along the line of the Bohemian Forest there is a marked falling-off in industrial activity. Scattered glass-works, textile and toy factories, with paper mills near Krumau, are mostly operated by Germans.

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This is a bare and incomplete recital, but it is enough to show that by ceding the German areas—and *a fortiori* the Polish areas as well—Czechoslovakia stands to lose virtually all its brown-coal deposits, a large proportion of its iron-ore wealth, very many of the established metallurgical industries, most of the textile and glassware factories, and most of the light industries such as toy and musical instrument-making which now serve as useful auxiliaries to the national economy. If the Magyar minority area in southern Slovakia were ceded to

Hungary, there would be a further loss of much mineral wealth. But beyond these colossal inroads upon the Republic's economy, there is another and equally vital point to be considered. Whether under Austrian or Czechoslovak rule, the Historic Provinces of Bohemia and Moravia have for seven centuries enjoyed economic unity. They have never been separated by any national frontier during that time. To suppose that the German industrial areas are artificially linked to the remainder of the provinces by an arbitrary political structure, and that they could be cut off without serious damage to themselves, is to show profound historical and geographical ignorance. Their communications, financial arrangements, and whole economy is contained within a tradition which secession must utterly sever. But if their economy would suffer from violent incorporation into the Reich, the damages which the remainder of the Historic Provinces must bear would be many times heavier. Little short of economic disaster involving radical readjustment would befall the large urban concentrations in Prague, Pilsen and Brno. Most of the banking and insurance companies, gathered in Prague during the last twenty years from all parts of the country, would be seriously affected: even the peasants would suffer, shorn of valuable urban markets. Communications by road, rail and river would take on an altogether different aspect, and it is only necessary to point out, as an example, the fact that the railway between Prague and Brno, the two largest cities of the Republic—as one might say London and Glasgow—runs through a German area for a part of its length, to realise how suffocating could be Germany's economic grip. It is not too much to say that those who force or connive at secession are taking upon themselves the responsibility for the economic collapse of an integral part of Central Europe.

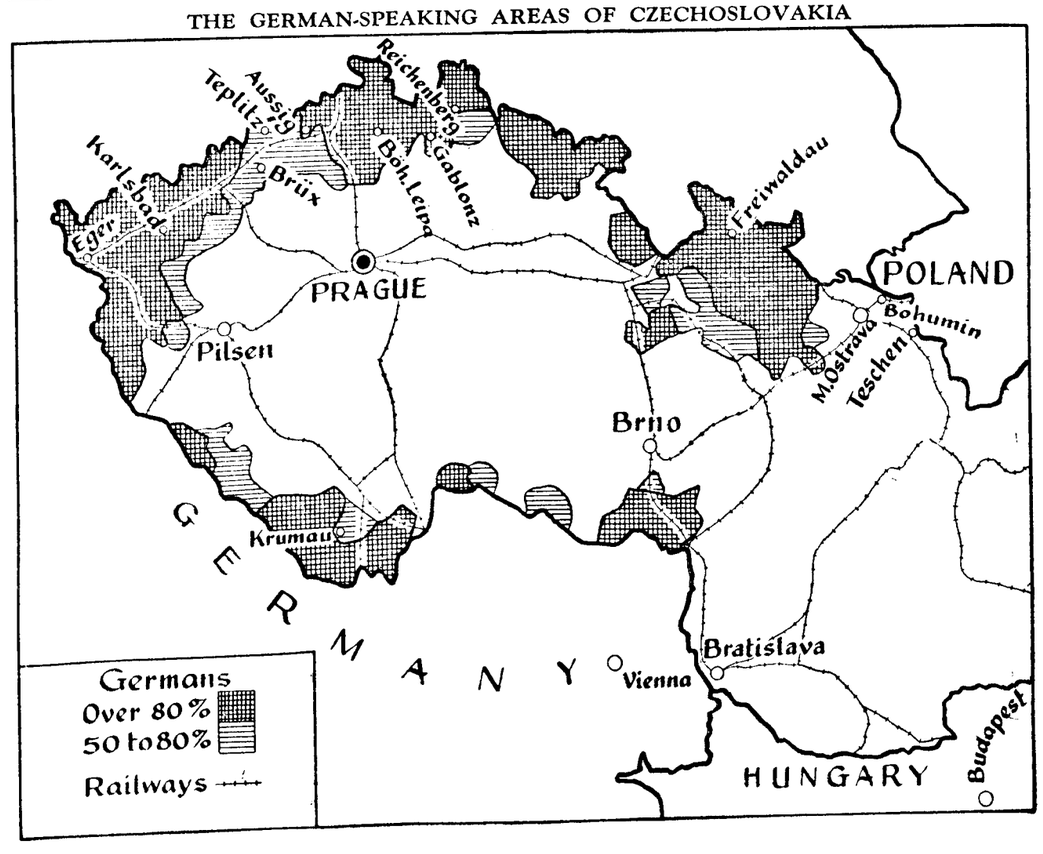
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Signor Mussolini and the Crisis.—The Italian dictator made haste to show his hand as soon as he saw that British and French wills were bending. On Thursday of last week he published in the *Popolo d'Italia* an open letter to Lord Runciman demanding a plebiscite in Czechoslovakia not only for the German element but also for all the other national minorities. He repeated this demand on Sunday and generalised it—out of a feeling which, as he claimed, was European rather than Italian—into a declaration that the only solution for Europe's present torment lies in "plebiscites for all the nationalities that want them." This is a queer declaration of faith from the holder—and holder down—of the South Tyrol; for, while it is true that Herr Hitler has publicly renounced, for all eternity, the ambition of liberating his own Austrian brothers the Southern Tyrolese, this particularly grievously oppressed German minority would jump at a plebiscite if it were offered one. Evidently Signor Mussolini has no fear that the South Tyrol question will be raised by the one man who could raise it in a way that would be awkward for Italy; and the ground for the Duce's confidence was made clear by him in the course of the same speech. "If a front is formed either for or against Prague, Italy knows on which side she will be." In other words, if there is war between Germany and the West European Powers, Italy will not be a neutral, but will be fighting from the outset on Germany's side. This pledge of military service can only have been made in return for the promise of a reward; and the reward can only consist in a promise of German help to achieve Italian ambitions in the Mediterranean at the expense of France and Great Britain, in compensation to Italy for the sphere of influence in the Danube Basin which she is now perforce ceding to Germany. The prospect is not one on which anybody but the Germans and the Italians can dwell with any pleasure.

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Poland Asks for Her Share.—Having realised which way the diplomatic wind was blowing, the Polish Government took hasty steps last week to drop the incipient support of the Anglo-French interest which had characterised Polish politics in those crucial days before

THE GERMAN-SPEAKING AREAS OF CZECHOSLOVAKIA



Mr Chamberlain went to Berchtesgaden. As soon as it became clear that secession of the German areas in Czechoslovakia was really contemplated by the French and British Governments and that Herr Hitler would therefore get his way, the less unfriendly attitude to Czechoslovakia which had balanced the move away from German influence on Polish foreign policy was at once replaced by the old unyielding enmity. Official pronouncements declared that the Polish minority in and around Teschen must be accorded "an identical settlement" with that made for the German minority. Demonstrations at Katowice, Warsaw and Teschen itself resolved that "Teschen must return at once to Poland" and even declared a frontier with Hungary; and the tactics used further westwards were copied down to the "strengthening of frontier guards" and the moving-up of troops released from the annual manœuvres just concluded in East Poland. By mid-week it was clear that, failing a settlement for the Polish minority in Mr Chamberlain's plan, the Poles intended to have a Berchtesgaden of their own, and on Wednesday something approaching a Polish-Hungarian ultimatum was presented in Prague. Polish and Hungarian politicians have been in close consultation with the Nazi leaders, and one of the most immediate results of the Anglo-French weakness has been a virtual alliance between Berlin, Warsaw and Budapest. Overnight, the Nazi camp has gained two new inmates.

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As always, Poland's attitude depended in the end on that taken up by Britain and France: as soon as it became apparent that the democracies were yielding to Herr Hitler's demands for the cession of Czechoslovak territory there was little else for Colonel Beck to do (even supposing his sympathies were not with Germany) than renew his good relations with the Reich and hasten to get what pickings he can from the carving-up of Czechoslovakia. Seizure of those pickings may bring troubles of their own. Polish claims extend specifically to the small (though industrially important) area comprehended by Teschen, Bohumin and Karvina; generally these claims may be presumed to extend some way across Moravian Silesia and eastwards along the southern slopes of the Tatra Mountains, which would form a magnificent frontier. But German eyes turned south-eastwards cannot ignore the value of Moravian towns next door to Teschen such as Moravska-Ostrava and Olomouc, both of which have negligible German minorities, nor the advantage of good communications across Slovakia to the Hungarian Danube. With the Poles astride northern Slovakia those communications might be menaced from the flank and the road to the Ukraine be no easier of passage than it is to-day. These and other calculations will not fail to have their full influence in Warsaw.

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Hungary and Roumania.—Hungary has added her voice to the chorus. Magyar rights in Slovakia are being urged by Government and Opposition alike, both with equal strength if for different reasons. Admiral Horthy took advantage of his shooting trip with General Goering to fix up a visit to Berchtesgaden for M. Imredy, the Prime Minister, and M. de Kanya, the Foreign Minister, and they returned apparently full of hope that Germany's hymn of hate would include a Hungarian *obbligato*, if only in a minor key. What the Fuehrer agrees to do for the Magyar minority, and on what terms he agrees to do it, may well serve as an indication of what he intends shall be the next phase of the *Drang nach Osten*. Hungarian ambitions, like the Polish, are apparently not limited to the territory inhabited by the Magyar minority; a public meeting in Budapest on Wednesday was calling for the whole of Slovakia.

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It would be strange if the significance of these movements were lost on a country like Roumania, which contains within its boundaries minority groups from all adjacent countries. Roumania continues to prepare for war. The Council of Ministers which met last week-end have placed under military control all industries connected with national defence; and the final stretch of the strategically important new railway line across northern Roumania is being completed as rapidly as possible. Sales of certain textile materials closely linked to needs of defence have been forbidden; and a Royal decree authorises the partial conscription of women for special work in time of war. In the last few weeks, until the flight to Berchtesgaden, the Roumanian attitude has been more and more clearly on the side of Czechoslovakia. If now the Czechs are to be abandoned, Roumania will only be obeying elementary prudence in reconsidering her attitude.

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Work and Wages.—The *Ministry of Labour Gazette*, packed as it is with facts and figures, is perhaps formidable reading for the layman. Yet it is always full of valuable information about matters of work and wages which closely concern the livelihood of the vast majority of people, and the current September issue is even more than usually revealing. Business has fallen away seriously since last autumn, and the question of how deeply working people have so far been affected is important, not only because of the immediate social consequences of depression and unemployment, but also because it is important to be able to assess the probable level of working-class purchasing power. According to the *Gazette's* estimates of net increases or decreases in weekly wages, there has actually been a net increase over all industries of £233,000 a week in the first eight months of this year. This is rather less than half the net increase recorded in the same months of 1937, when there was a boom; but, although the momentum in workers' wages generated by last year's activity, and in lesser degree by re-armament, has now probably come to an end, it clearly persisted for a long period this year. Against this must be set the rise in unemployment since the turn of the year, but even coal mining and iron and steel show net increases in weekly wages in the eight months of £2,000 and £17,000, respectively.

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The latest figures, however, give little cause for optimism. It is true that the relatively small net decreases in weekly wages recorded in June, July and August were almost entirely due to falls in coal, iron and steel and cotton, and that, in general, increases, sometimes considerable, were still being recorded in most other industries. But, as the monthly figures of wage bills given to the Ministry by certain individual firms suggest, the rising trend, both in wage-rates and in the total of wage payments, has now almost entirely ceased. The Ministry's index of wage-rates for the second quarter of 1938 was 106, compared with 105¼ in the first quarter—the smallest increase since the end of 1936—and it is likely that the third quarter will show a slight decline.

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The Outlook.—The question whether the next few months will see a recovery or a further fall in industrial activity can scarcely be answered favourably. *The Economist's* monthly Trade Supplement published with this issue shows several reasons for supposing that business will fall off still more, but none, except, hypothetically, recovery in the United States or perhaps intensified re-armament, for believing that business will revive. The major export trades are at present very hard hit. And Mr Colin Clark, who gained some reputation as a prophet just over twelve months ago by forecasting the forthcoming recession, expresses pessimistic views from his Australian eyrie in the September issue of the *Economic Journal*. Mr Clark believes that business activity moves with the shifting level of the national income, determined in its turn by the level of private investment, the course of overseas trade and the surplus or deficit on the Budget. He has calculated that private investment in the first quarter of next year will be about £35 millions below the fourth quarter of 1937. True, last year's high profits have still to be spent; war expenditure may rise; both import and export prices are likely to fall; and wages are not likely to decline steeply. But, in spite of these mitigating factors, the National Income will probably be considerably lower at the beginning of next year than it was at the end of last; and employment may well be lower next New Year than last January.

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A Railway Centenary.—The London and Birmingham Railway was not the first English railway. Given statutory sanction in 1833 and opened as a through line between the two cities almost exactly one hundred years ago, it had been preceded eight years before by the Liverpool and Manchester, and even earlier by the Stockton and Darlington. Yet the celebrations of this line's centenary this week quite properly regard its opening as the pioneer step in passenger travel by rail the world over; and it was the first main line. The earlier railway projects had been primarily conceived to serve the freight requirements of local areas, though they soon, and in view of the time surprisingly, won numerous passengers. The London and Birmingham, which first ran into Euston Grove in September, 1838, made it possible for passengers to travel from the capital to Birmingham, and beyond to Manchester and Liverpool. It was more than a hundred miles long, and extremely costly to build by reason of the toll taken by disturbed landowners, the deviations made necessary by opposing interests, and the engineering works required by the undulating character of the country through which it ran. But it made handsome profits. At Euston, behind Hardwick's noble arch, the London and Birmingham had the first great London terminal station. In 1842 the London and Birmingham became by amalgamation the pivot of the London and North Western Railway; and to-day at Euston are established the headquarters of the London Midland and Scottish Railway, of which the L.N.W. is a chief constituent and which still pursues the progressive policy in passenger transport which the London and Birmingham began a hundred years ago.

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The Covenant of the League.—In the Assembly of the League last Friday, Lord De La Warr made, on behalf of the Government of the United Kingdom, a statement of policy which was in effect one more confession of Anglo-French political bankruptcy. The League, he said, had tended to strengthen the sanctions article at the expense of the provisions devised for the specific settlement of disputes. This seems hardly a fair account of the dealings at Geneva with Japan's aggression against China and Italy's against Abyssinia. Had Lord De La Warr been a Chinese or Abyssinian spokesman he would surely have complained rather that the procedure of investigation and conciliation was drawn out—by a timid statesmanship which feared to plunge into effective positive action—long after the aggressor had made it obvious, by the most brutally effective action, that nothing short of military sanctions would bring him to a halt. Lord De La Warr was on firmer ground in saying that the Covenant had come to be regarded as punitive and as an instrument for maintaining the *status quo*, but here there is a distinction to be made. It is both salutary and essential that the Covenant should be punitive towards the aggressor, and if the aggressor dislikes the Covenant on this account the rest of us should value the Covenant all the more. *Pace* Lord De La Warr, "the real essence" of the Covenant lies in punitive action against an aggressor no less, though also no more, than it lies in the recognition of the principle of peaceful change and the prohibition of war until all means of pacific settlement have been exhausted. "Peaceful change" and "collective security" are correlatives. Neither is feasible except in unison with the other. The true indictment against Anglo-French statesmanship during the last twenty years is that France, with British acquiescence, has set her face hard against "peaceful change," and has thereby made "collective security" likewise impossible. (What we have been witnessing during the past ten days has, of course, no more to do with "peaceful change" than it has with "collective security.") We profoundly agree with the Lord Privy Seal that "there is nothing essentially wrong with the Covenant." What has been wrong has been the fatal mixture of intransigence and timidity with which the Covenant has been operated by French and British hands. But when Mr Chamberlain's colleague declares that "the present difficulties of the League are not permanent" we can only observe with a sigh that, in the present state of mind of the French and British Governments and governing classes, this profession of optimism sounds dismally hollow.

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Mr Butler on Palestine.—In Palestine, on the 14th, ten Arabs were killed, and ten others wounded, in a motor-omnibus which was blown up by a land-mine, while three Jews were killed and one British police-sergeant was wounded by another land-mine which blew up their car. Thereafter, the tale of casualties in Palestine during last week-end mounted up to twenty-six. This was the grim Palestinian commentary on a statement made on the 17th to the League Council by Mr R. A. Butler on behalf of the Mandatory Power, in reply to the criticisms of British policy in Palestine in the Permanent Mandates Commission's last report. Mr Butler made the welcome announcement that, while the Government were still awaiting the Woodhouse Commission's report, they intended to reach a final decision in the light of it; that they had not altered their opinion that partition offered the best and most hopeful solution; and that they would do all in their power to expedite their decision. He contested the Mandates Commission's verdict that the mandate was now practically in suspense, but at the same time he admitted frankly that, in the matter of terrorism, the situation showed no improvement, and that the task of suppressing the terrorism was not likely to be accomplished quickly. In the discussion at the Council meeting a rapid solution was pressed for by the representatives of Poland and Roumania, two countries which approve the policy of the Balfour Declaration because, as they see it, it turns Palestine into a dumping ground for Polish and Roumanian Jews of whom the Polish and Roumanian gentiles are anxious to be rid. While Poland and Roumania are thus inclined to be critical of the Mandatory Power in Palestine for being too lukewarm in promoting Jewish immigration from Eastern Europe, we know from General Goering's lips that Germany is critical of us for trying to sit on the heads of the Arabs, and we may also suspect that Signor Mussolini's sudden anti-Semitic campaign is really a bid for Arab sympathies. If Great Britain is going to put Palestine in order, she has no time to lose.

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The Spanish Government Fights Back.—Reports which have now been coming in for many days from the Ebro front in Spain provide an ominous pointer to possibilities elsewhere. General Franco's endeavour to push back

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the Government forces across the River Ebro, an endeavour backed up by repeated heavy bombardment from the air and from the ground, has so far failed, although the effort to wear down the resistance of the Government troops continues. A comparison may be imagined between this success of defenders in relatively unprepared positions, and what would be the fate of attacks on a Maginot or Siegfried "line." In Spain, the insurgents have nearly all the aeroplanes and most of the cannon: yet infantry assaults after heavy bombardment had failed to reach substantial objectives until, according to insurgent accounts, some progress was made on Thursday of this week. It is not unreasonable to suppose that those gains would have been notably fewer, and hideously more costly, if the defenders had had the advantage of even a small portion of the military ingenuity which is now being displayed on either side of the Rhine. The lesson will not be lost on the ordinary man or indeed on the General Staffs. We trust it will also penetrate to the statesmen. The British Mission headed by Field-Marshal Sir Philip Chetwode, which is trying to arrange for an exchange of prisoners in Spain, having visited both Barcelona and Burgos without noticeable advantage to anyone concerned, returned recently to Toulouse, and on Monday last took up permanent quarters at Pau. General Franco refused the Mission's request that a number of political prisoners should be reprieved from execution "in order to create a favourable atmosphere." Like the Non-Intervention Committee, the Mission may be assumed to have hibernated for the winter. Meanwhile, the Spanish Government itself has decided upon "the immediate and complete withdrawal of all combatants fighting on the Government side"; and thereby may have done more for the cause of non-intervention than all other nations put together. The move, described in Geneva as "a masterpiece of tactics," is presumably a sequel to Dr Negrin's dramatic visit to League headquarters some weeks ago. The Spanish Government has asked the League to set up at once an International Commission to make sure that the proposed scheme, which is that worked out by the Non-Intervention Committee, will be fully applied. Besides relieving Italy and Germany of their main excuse for intervention in Spain, the Spanish Government hopes to secure for itself the formal right, hitherto disputed, to purchase arms in defence against invasion.

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Commonwealth Relations Conference.—While the fate of European civilisation was being decided last week in Bavaria between the dictator of Greater Germany and the Prime Minister of the United Kingdom, an unofficial conference on the foreign policy of the United Kingdom and other states members of the British Commonwealth of Nations was taking place in New South Wales. This meeting, which is the third in a series that was first projected nine years ago, was attended by distinguished and representative students of international affairs and of intra-Commonwealth relations from Eire and South Africa as well as from Australia, New Zealand, Great Britain, Canada, Newfoundland and India. The gravity of the moment at which these discussions were held seems to have impressed forcibly upon the minds of all participants the hard fact of the solidarity of the world and the impossibility of insulating any part of the British Empire, not to speak of the Commonwealth as a whole. The keynote was given by the recorder of the Conference's proceedings, Mr H. V. Hodson, in the phrase that "the Commonwealth is a miniature world"; and from this thesis it follows that "the Commonwealth can find no adequate inspiration for its future progress from within itself alone," and that "it cannot prolong its life as an end in itself, but only as the means towards a still greater end." Commonwealth affairs and world affairs do indeed react upon one another in ways which are not always apparent to Commonwealth statesmen before it is too late to save situations that we cannot afford to see lost. For example, when, at an official conference held at Ottawa half a dozen years ago, Lord Baldwin and his colleagues took a long step towards turning the Commonwealth countries into a closed economic system, they presumably did not realise at the time that they were thereby promoting the ambitions of a Hitler who at that date was not yet in the saddle in Berlin. Yet, in retrospect, it is evident that an agreement which closed British markets to South-East European exports and drove a political wedge between the United Kingdom and the United States was opening the way for Hitler to establish that German supremacy over Central and Eastern Europe which he is in the act of completing this week; and it is further evident that this German mastery in Europe may affect the destinies of every member of the Commonwealth vitally by placing the European island which is still the heart of the Commonwealth at the mercy of a Germany which already contains about ten million more citizens of European race than all the states members of the British Commonwealth put together. The next meeting of the British Commonwealth Relations Conference will have no lack of international topics for its agenda.

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The Australian Budget.—A deficit of £3,184,000 in the Australian Federal Budget will be met this year by an increase of taxation. This confirms the opinion of those who foresaw that the policy of financing relatively high re-armament expenditure out of borrowing, hitherto adopted by the Government, has obvious limits. Defence expenditure is to blame for the shortage. In 1938–39 £16,796,000 will be spent on re-armament, a rise of £5,265,000 on the previous year, and of this sum, £8,492,000 remains to be found out of revenue, after contributions from loan-money and the last year's defence vote have been made. Relieved of this need for defence expenditure the Federal Treasurer, Mr R. G. Casey, might feel fairly easy about the country's finances, for even without the new taxation estimated revenue is higher than in 1937–38; and a 12½ per cent. drop in average export prices during the year was made up by a greater volume of production. Expenditure for 1938–39 is put down at £93,136,000, compared with £85,963,000 in 1937–38, and revenue at £89,952,000, compared with £89,458,000 in 1937–38, the deficit being met by a 15 per cent. increase in company and individual income tax, yielding £1,400,000; a 4 to 5 per cent. increase in sales-tax; and an 11 per cent. increase in land-tax which will yield £135,000. Customs and Excise are estimated to produce about £1,600,000 less than last year, but the sole Customs amendment consists in an excise increase of 8d. per lb. on tobacco adopted as a means of raising the proportion of Australian leaf used in the making of cigarettes. Discussion of the Budget was accompanied by the announcement that the Loan Council was about to fix the terms of conversion for the Four Per Cent. Internal Loan, 1951-61; and this operation should provide an interesting indication of how public opinion regards the Budget. In his introductory speech, Mr Casey remarked on Australia's comparatively strong economic and financial position, and commented on the need "for very large increases of expenditure on defence and social services," adding that he hoped the Budget would be accepted "as a courageous effort."

* * *

There are, indeed, storm signals flying for a country so closely dependent on world conditions as Australia; and she would be wise to face the future with shortened sail. The latest estimates of the Balance of Payments prepared by the Commonwealth Statistician (which should, incidentally, serve as an example to the mother country) show clearly the change in atmosphere. In the twelve months to June, 1938, Australian exports brought in (on a preliminary estimate) £stg. 5 million less than in 1936–37, while imports and debt interest cost £21 millions more. On all current items together, a credit balance of £6.6 millions has been converted into a debit balance of £20.3 millions; and, if this latter preliminary estimate is later confirmed, it will be the worst result since 1929–30. The economic position of Australia is by no means alarming; but it justifies every caution.

More Births.—For sixty years the British birth-rate has fallen steadily. At present the population is reproducing itself at a rate of about 25 per cent. below the rate needed to maintain its numbers. The death rate has been strikingly reduced in the last two generations; but, though an appreciable reduction in maternal mortality might still be effected, mortality as a whole cannot be brought down indefinitely and, with a larger proportion of the population likely to be found in the higher age groups in future, any considerable further diminution in the death-rate is not likely to happen and an increase will soon be inevitable. With the gloomy prospect of sharply declining numbers in the not very distant future, it is a refreshing, though scarcely significant, event that the Registrar-General should be able to report that more babies were born last quarter than in any three months since the June quarter of 1932, and that the birth rate was higher in the first half of this year than in any six months since 1931. The natural increase of population by excess of births over deaths in the quarter ended last June was 45,080, compared with 33,957, 38,112 and 45,252 in the corresponding quarters of 1935, 1936 and 1937. These figures do not mean that the tide has turned. The rise in the birth-rate is far too small to change the main outlines of the picture of future population. And in any case it is almost certainly a reflection of the great prosperity experienced until the autumn of last year, and the natural expectation is that the next few returns will show further falls.

* * *

Planning in Practice.—Twice during the past few days a scarcely justified note of optimism has been sounded about the progress and prospects of town and country planning. At the Building Exhibition a week ago Sir Philip Sassoon, First Commissioner of Works, said that much of the ugliness of post-war urban development was due to the unavoidable haste to house and rehouse the people. Now, he declared, local authorities were alive to their responsibilities and the building industry was making a concerted effort to enforce minimum standards of taste and quality. Similarly, the Town and Country Planning Advisory Committee appointed by the Minister of Health four years ago reported on Wednesday that no drastic changes were needed in the existing protective legislation, which mainly consists of the Town and Country Planning Act of 1932 and the Restriction of Ribbon Development Act. It is indeed true that over 24 out of 37 million acres in England and Wales are now covered by planning resolutions, but the area actually and effectively planned is pitiably small. The Committee concede that firmer use of their statutory powers by local authorities is desirable: the present powers would be adequate if they were used thoroughly. But the Committee cannot escape the fact that thorough use of these powers is impracticable while authorities are unable or unwilling to pay to disturbed or restricted landowners the compensation laid down. Many of them will not face the payment of compensation at all; and it is fast becoming clear that, if the remaining amenities of life in town and country are to be maintained or improved, a drastically amended method of procedure is needed. Local authorities have neither the scope nor the financial strength to save the countryside or to replan Britain's towns. The Advisory Committee rightly say that on matters of major policy we must wait for the recommendations of the Royal Commission on the Distribution of Population. Building and planning are contingent upon the siting of industry and centres of employment. But the truth is that many new and pressing problems of society, ranging from air raid precautions to industrial location, are calling for some revision, both now and in the long run, in traditional ideas about the proper principles of administrative practice.

* * *

The Ages of the Workers.—The age composition of workers insured against unemployment is only less important to observers of industry than their total numbers. The Ministry of Labour have just published a sample inquiry made in July, 1937, into the distribution of insured men among various age groups. The preponderance of young men in the newer industries and of old men in the older trades is clearly shown. In the manufacture of electrical cable and apparatus as many as 44.7 per cent. of the insured males were aged between 14 and 24. In commerce, finance and distribution, all of which have grown notably since the last war, the percentage of males in this group was 43, against an average for all industries of 30 per cent. On the other hand, the industries with a high proportion of men aged between 45 and 64 were port transport (46·5 per cent.), blast furnaces (38·5), public works contracting (which includes an appreciable number of transferred unemployed miners) (37·3), and shipbuilding (34·4). For all industries the percentage was 24·8. A further striking fact was that unemployment was highest among young men in precisely the industries which employed fewest of them, namely, port transport, fishing and public works contracting. These were also the industries in which unemployment was highest among men over 45 years of age—in public works contracting over half of these older men were out of work at the height of last year's prosperity Clearly, the young men are moving to the trades and districts in which the prospects of steady work are brightest. The proportion of old men is highest in depressed areas and depressed industries; and the incidence of unemployment, very naturally, rises with age, varying in July, 1937, from 4·1 per cent. of the insured between the ages of 16 and 17 to 23.6 per cent. between 60 and 64. In London only 2·1 per cent. of the 16–17 group were out of work when the inquiry was made. But in Wales as many as 36·7 per cent. of men between 55 and 64 were unemployed. If any comfort can be taken from these rather gloomy figures, it is that appreciable adjustment is being made by transference and migration to the advantage of younger people. But the problem of the older men is still as grave as ever.

* * *

Unemployment and Paid Holidays.—The spreading practice of giving holidays with pay has given rise to new problems in the determination of the right of unemployed workpeople to insurance benefit. Just before the rising of Parliament in the summer Miss Irene Ward drew the attention of the Minister of Labour to the plight of certain engineering operatives on Tyneside. On taking their holidays, these workers were entitled under an agreement with their employers to draw credits accumulated over a period of time to cover the cost of their holidays and representing a proportionate share, week by week, of the sums previously drawn in wages. Miss Ward claimed that, in cases where the men had become unemployed before taking their holidays, these accumulated credits were reckoned as deferred wages and deemed to debar the men from drawing benefit for the number of working days they represented. The Ministry of Labour has now issued a

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memorandum summarising recent decisions of the umpire on these disputed points. Where a man has been suspended from employment for twelve or more days in addition to the customary holiday or holidays, he is regarded as out of work and entitled to benefit on the days of holiday. On the specific point at issue, it has been ruled that holiday payments in the engineering industry must be regarded as wages, and that workers discharged before their holidays and receiving such payments *immediately* must be regarded as still receiving wages for as many days as the payment represents, and therefore not entitled to benefit for that period. If a man has come to be regarded, under the Twelve Days' rule, as discharged before he receives his holiday money, there is no disallowance of benefit. The right of the worker to draw benefit in these cases thus depends upon whether or not the holiday payment can be regarded as *continuous* with the weekly wage payments received before being paid off; and the umpire has suggested that, to clarify the matter, the lapse of no more than a week between the receipt of the last pay envelope and the handing over of the holiday money should be held to establish continuity when wages are paid weekly. The position has now been defined; the decision will scarcely satisfy either Miss Ward or the Tyneside engineers.

* * *

Transport in Northern Ireland.—The Northern Ireland Road Transport Board has attracted attention far outside its native province because of the unique nature of the experiment in transport co-ordination which gave it birth. The Board (which was the subject of two articles in *The Economist* of January 29 and February 5, 1938) is given a complete monopoly of all road transport for reward, whether of goods or passengers, outside the city of Belfast. From the start, however, any economic advantages that the Board may have had have been overshadowed by its very heavy financial losses. The loss on the first year's working was £94,048. In the second year, for which the report has just been issued, the net loss on working was £70,040 (after allowing £133,106 for depreciation) and the total loss, including interest on stock and loans was £162,229. Over the two years the Board has thus lost £256,277. In its second year the Board's energies were devoted largely to the acquisition of existing goods haulage businesses (the passenger concerns having been taken over in the first year). This has involved the purchase of 984 separate undertakings and 1,185 vehicles.

* * *

The ultimate success of the Board must depend to a large extent on whether it succeeds in obtaining a sufficient proportion of the traffic carried by former operators. So far as the goods side is concerned, the Board view the existing position with unconcealed alarm, and frankly state they do not see any prospect of establishing the freight undertaking on a sound basis unless and until steps are taken to amend the Road Transport Act in such a way as to prevent the legal evasion of the Act, which is now extensively carried on. Since the Transport Board was set up, many firms and individuals have carried more and more of their own goods, the Board only being given a monopoly of carrying by road for hire or reward. In addition, the Board states that many carriers, having sold their undertakings to the Board, are still carrying on haulage business under new forms. New lorries are being purchased with the money paid out by the Board as compensation, ostensibly for use by the individual owners in their own businesses, but in fact being used to carry goods at cut rates for farmers and traders, by the simple expedient of purchasing goods at an undefined price, and after the goods have been sold fixing their purchase price at the selling price, less the charge for carriage. The financial straits of the Board are necessarily a matter of grave concern to the Government of Northern Ireland, and two recent enquiries have been held, one of which revealed that strong disagreement on matters of policy between the Board and the railway companies had prevented any real co-ordination of road and rail transport on the lines envisaged when the Board was set up. It is clear, from the second year's report, that the whole question of transport in Northern Ireland will have to be thought—and fought—out anew.

Overseas Correspondence

From Our Special Correspondents

United States

Revival Analysed

New York, September 13.—With the passing of Labour Day it is timely to review the trends of the summer to see what light they may throw on the prospects for the autumn. It is now clear that the first sign of revival appeared in the index of residential building, which has risen uninterruptedly since February. The second sign came in the market for industrial shares, which, after falling to its lowest level at about the end of March, rose sharply in the third week of June and then advanced meteorically for about two weeks. Since then there has been little change; and the average of closing prices on Saturday, September 9th, was almost exactly the same as on June 30th.

The third index to show a pronounced upward movement was that of the prices of sensitive commodities; agricultural commodities began to rise in early June, advanced into July and then began to decline, losing their entire gain by early September; non-ferrous metal prices began to rise late in June, advanced sharply into July and have since held their ground. In point of time, the fourth index to move was that of production, which began to rise decisively in July and has continued to rise without interruption ever since.

So far the movements of the index of production have been dominated by steel output, but now production is increasing rapidly with the introduction of the new models, and it is almost certain that the index of production for September will be well above the August figure, which was higher than the index for July. With the increase in production, and the movement of crops, such subsidiary indices as car loadings and power production have likewise risen.

From this account, it would appear that the initial phase of the upturn was speculative, in the sense of anticipatory. That is, the rise in share values actually preceded the upward movement in the indices of business activity, with the single exception of residential building. It would also seem that much of the early increase in production was itself of a speculative or anticipatory character, representing the replenishment of stocks depleted by many months of liquidation. The term "speculative" implies no judgment about the soundness or unsoundness of the

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The Rôle of the Share Market

It is always a moot question in American discussion whether movements in the share market exert a causal influence on business trends. In 1929 any sort of market disturbance capable of starting the liquidation of the huge structure of brokers' loans could not fail to cause a credit deflation of sufficient magnitude to impair the entire economic fabric. In that instance, the relationship between the stock market and the general economy could be clearly traced.

In the autumn of 1937, however, the relationship was far less clear. The market collapsed at a time when business activity was at a high level; when credit was cheap and abundant; and when the entire sum of brokers' loans was relatively small. While there was some deflation of credit attributable solely to the liquidation of these loans, it also was small. Yet the collapse of production was more severe than in the final months of 1929 and the whole of 1930 together.

The direct consequence of the stock market collapse in 1929 was physical, quantitative, deflation on an enormous scale. It would appear that the stock market collapse in 1937, on the other hand, produced a sort of deflation of confidence or entrepreneurial initiative. It is more than doubtful whether the collapse in 1937 can be interpreted as a demonstration of the uncanny foresight of investors deliberately appraising the extent of a forthcoming business recession.

It is difficult to avoid the conclusion that conditions within the market itself may be a positive determinant of economic trends. When the market was in a position to expand or contract the volume of credit through the brokers' loan account, this was clearly the case. But in 1937, and again in 1938, the influence of the market was independent of and apparently greater than its physical relation to the volume of credit. In other words, it may be persuasively argued that, while some sort of recession might otherwise have been looked for in 1937, the severity and depth of the actual depression was in large measure caused by (rather than its anticipation a cause of) the collapse in the market; and that this summer's recovery was to a considerable extent caused by (rather than a cause of) the convulsive market upswing in June. To the extent that this hypothesis is true, it implies that market appraisals are more subjective than formerly; and that even the reduction or virtual elimination of the brokers' loan account has left the market more speculative. Arguments of this type have long been advanced by those who contend that the market is too "thin" to serve the investment needs of our economy.

While this "thinness" has been generally recognised, no very satisfactory analysis has ever been made of the reasons for it. It was formerly believed that the erratic character of the American share market was due to the prevalence of margin trading; margin trading has almost disappeared, yet the market is more erratic than ever. It was sometimes attributed to manipulation; but the market is closely watched by the S.E.C. for evidences of manipulation, and few have been suspected or detected.

On the whole, the record of the last twelve months suggests that our share market, as at present constituted, is capable of exerting a deleterious influence on our general economy; and that the erratic deviations of the daily movements from, say, monthly averages are indicative of serious structural defects. However desirable in themselves, such reforms as the limitation of margin trading and the restrictions on short selling do not appear greatly to have ameliorated this condition.

France

The Entente and Foreign Policy

Paris, September 22.—Two motives are discernible at the root of the German offensive against Prague: the liberation of the oppressed Sudetens, as the popular pretext; and the intention to disrupt the French post-war system of alliances, the focal point of which is the military bastion of Bohemia. Both these intentions now seem to be accomplished.

As Anglo-French collaboration is more than ever a prime-mover of French foreign policy, Mr Chamberlain was in a much better position than M. Daladier to cut the Gordian knot. And an English commitment on the Continent (in the form of a guarantee of the new Czechoslovakian frontier) is some compensation to the French for this retreat, just as it also encourages the Danubian States in their resistance to the *Drang nach Osten*. It remains to be seen what policy France's ally, Soviet Russia, will now adopt.

The Anglo-French agreement may have important consequences in French internal policy. In the last two years the Left extremists have gained in strength, but in face of renewed danger from German aggression, French politics may gain in solidarity. But serious financial problems are still awaiting a solution.

The recent labour troubles, which were reminiscent of those which coincided with the beginning of the Spanish civil war, aroused only a slight response among the workers. More and more they are in favour of orderly trade union policy, and disposed to put industrial before political interests.

During the past month of international crisis the markets were completely calm. The franc merely followed the decline in the dollar rate of sterling. There was apparently no serious flight of capital; and what exodus there was may even have been balanced by repatriations. Appreciable withdrawals from the banks—especially in frontier regions—were met by the solid support of all the public banks; and no serious tightening of the money market has occurred.

It seems likely that fear of an aggravation of the European conflict led to an increase in subscriptions to the new bonds of the Caisse Autonome. These subscriptions are encouraged by the Government on the grounds that this form of hoarding is wiser than the accumulation of bank notes, since the bonds bring in interest. It is now possible that the State will decide to make its payments, from 1,000-1,500 francs upwards, by cheque, in order to ease the strain on the money market.

Last week's return of the Bank of France showed that the Treasury had still not had recourse to the new authorised advances. But the next return will show further borrowing. Public opinion will consider the foreign crisis sufficient excuse for this, all the more because M. Daladier can argue that for six months he was able to avoid any borrowing from the Bank.

French prices have maintained their recent stability. Last week the general index was 645, against 644, 641, 646, 644 in preceding weeks. This was again due to the falling prices of domestic products, the index of which declined *from 668 to 666*:—

	Aug. 13	Aug. 20	Aug. 27	Sept. 3	Sept. 10	Sept. 17
General index	**644**	**644**	**646**	**641**	**644**	**645**
Domestic products ...	667	669	670	664	668	666
Imported products ...	605	600	603	600	602	607
Foodstuffs	625	627	629	627	632	630
Raw materials	662	660	661	654	655	659

The usual seasonal increase in unemployment seems to have appeared. The number of persons idle this week was 338,255, against 337,798 on September 3rd and 308,178 a year ago.

Germany

International Crisis

Berlin, September 21.—The Czechoslovak crisis moves so quickly that comment is likely to be useless. On Thursday last week the Bourse reacted to the news of Mr Chamberlain's initiative with a recovery, followed by a fall on Friday, and then three days of comparative strength. Contrary to recent precedent, the market now moves in sympathy with foreign stock exchanges. So far as can be judged from restricted inquiries, British opinion here did not favour Mr Chamberlain's step, fearing that it would lead to an increase in the Reich's demands and intensify the already intolerable threats.

The attitude of the German Press, which writes no word on the matter without direct official orders, justifies this apprehension. The chief Party journal, which less than a fortnight back professed to stand for the Carlsbad programme, and only after Herr Hitler's Nuremberg speech had proclaimed for self-determination, that is, the annexation of

the Sudeten lands, added on Friday the demand that, independently of a settlement on such lines, Czechoslovakia should be "punished." On Saturday it demanded, and other journals followed suit, the "disappearance" of the whole Czech "travesty State." This may be a bargainer's condition, to be later abated as a magnanimous concession.

It has been emphasised from here—and required no political sagacity to see—that any settlement other than accession of the Sudeten lands to the Reich would be a settlement, but not a solution. The proposed international guarantees of future Czech independence are melancholy. It is to be hoped that the Czechs, surrendering their lands, will retain that wit which is often the only weapon of the feeble, and, accepting all of the conditions but one, will beg to be spared the threat of a British guarantee of their independence.

Good Crops

According to official reports average weekly earnings (not wage-rates) have continued to advance; in March, 1938, in the production goods industries they were 7.7 per cent. higher than in December, 1935, and, in the consumers' goods trades, they were 10.2 per cent. higher. The crops return is very good. According to the preliminary August estimate cereals yielded 24,510,000 metric tons, against 22,200,000 tons in 1937, and an average of 22,620,000 tons in 1932-37. The rye crop is 8,190,000 tons, against 6,920,000 tons in 1937; wheat amounts to 5,030,000 tons against 4,460,000 tons last year. On the basis of later partial data the cereal crop is now estimated at 25,700,000 tons, which exceeds that of the best post-war year, 1933, when it was 25 million tons.

These figures apply only to the old Reich figures. In Austria the cereal crop (excluding maize) is estimated at 1,780,000 tons, or nearly 8 per cent. more than last year's, and nearly 5 per cent. above the average for recent years. The combined crop of Greater Germany is about 27,800,000 tons, or 3,640,000 more than in 1937. Including a carry-over of 3 million tons the stock amounts to about 31 million tons, to which future imports must be added. Since consumption for all purposes in the new Reich is between 21 to 23 million tons, Germany is supplied for a much longer period than a single year.

Heavy Imports

The foreign trade return for August was unsatisfactory in many ways. Exports were low, and the import surplus was high. Import prices are rising, and export prices falling. Greater Germany's imports were valued at Rm. 509 millions and exports at Rm. 445 millions. The import surplus for the whole of Greater Germany was Rm. 64 millions, and for the old Reich alone Rm. 38 millions.

Imports into the old Reich, which in the two preceding months had fallen, increased substantially; and exports, which rose in July, fell in August, and were smaller in value than any month, with one exception, since September, 1936. They amounted to only Rm. 419 millions, against Rm. 541 millions in August, 1937. There was a notably large export of gold, amounting to Rm. 45½ millions, and gold imports were only Rm. 28 millions. Exports of manufactured goods were only Rm. 338 millions, against Rm. 428 millions in August, 1937. Detailed figures are as follows:—

Imports	July	Aug.	Jan.–Aug.
	Millions		
I. Foodstuffs	**144·7**	**152·8**	**1,308·7**
(*a*) Livestock	9·4	9·1	75·0
(*b*) Animal foodstuffs	34·9	37·0	298·1
(*c*) Vegetable foodstuffs	72·0	83·5	704·9
II. Industrial goods	**267·7**	**299·9**	**2,229·9**
(*a*) Raw materials	155·1	169·6	1,293·8
(*b*) Semi-manufactured	80·9	98·0	675·3
(*c*) Manufactured	31·7	32·3	260·8
Total (including others)	417·3	457·0	3,571·3
Exports			
I. Foodstuffs	**3·8**	**3·2**	**37·9**
(*a*) Livestock	0·0	0·1	0·9
(*b*) Animal foodstuffs	0·9	0·3	5·1
(*c*) Vegetable foodstuffs	1·3	1·5	16·5
II. Industrial goods	**435·4**	**415·5**	**3,402·0**
(*a*) Raw materials	46·2	43·6	354·9
(*b*) Semi-manufactured	31·5	33·7	261·5
(*c*) Manufactured	357·7	338·2	2,785·6
Total (including others)	439·4	419·3	3,441·7

The trade figures are plainly a sign of the political times.

Industrial Activity

The number of persons unemployed in the old Reich fell in August to 179,000, against 218,000 at the end of July. The number of employed rose to 20.9 millions, which is 1.2 millions more than at the same time last year. In Austria the number of persons unemployed fell in August by 124,000 to 151,000. Labour is still being imported into the old Reich from Austria, and many hundreds of Austrian women are now employed in North German textile mills.

Retail sales in the first half of this year were 7 per cent. higher than in the first six months of 1937. The number of dwellings completed in the first half of the year fell to 112,410, against 119,883 in 1937; but the number of permits to build increased by nearly 14 per cent.

Pig-iron production in August was 1,584,800 tons; and in the first eight months output was 12,166,800 tons, against 10,417,000 tons in 1937. The Hermann Göring ironworks are making rapid progress. The international tinplate cartel, of which Great Britain is a member, has been renewed until June, 1941, on the basis (for the prseent) of unchanged prices. The census of motor cars, motor cycles and commercial cars in Greater Germany for July shows that there are 3,364,503 vehicles in use. Motor cycles number 1,582,900, private cars 1,305,608, and commercial cars 382,837. Vehicles in the old Reich increased during the last twelve months from 2,827,870 to 3,241,852.

Despoiling the Fugitive

Revenue from taxation in August totalled Rm. 1,305 millions, against 1,080 millions in August, 1937. The increase, as usual, came mostly from direct taxes and taxes on business transactions. The Reich flight tax yielded the record high sum of Rm. 26 millions; if this monthly rate were maintained the tax would bring in Rm. 312 millions a year, or as much as the beer tax. The war threat of July-August accelerated the flight of the Jews, who in some cases known to your Correspondent left everything behind. As the tax is 25 per cent. on capital, the August figure indicates that Jews owning Rm. 104 millions fled in the space of one month.

The flight tax is levied almost exclusively on Jews, since Aryans removing permanently to abroad are business men, who escape the tax under a clause exempting persons whose purpose of removal is considered advantageous to the Reich. The tax is not levied simply on the amount of capital removed. In 1932-33 it yielded less than Rm. 1 million. Since then it has yielded altogether Rm. 340 millions, representing the flight of persons possessing Rm. 1,360 millions, almost all of which has been confiscated by booking as blocked assets which the fugitives will never see again. Spoliation of this magnitude was not witnessed even in the Middle Ages.

Holland

Exchange Fluctuations

AMSTERDAM, September 12.—Nervousness on the international exchange markets and an extensive demand for gold have been the features on which attention has been focused during the past four weeks. On the Amsterdam foreign exchange market the Exchange Equalisation Fund had to intervene on several occasions. The bare rates quoted for sterling in Amsterdam do not give much insight into the actual position, since they remained fairly stable, while the dollar rate and the price of gold registered considerable advances, as the following table shows:—

1938	Price of Gold	Amsterdam Exchange Rates: Sterling	Dollar
September 1	2,052½–54½	8·92–½	1·83–⅜
September 2	2,054½–57½	8·92–½	1·84–⅛
September 3	2,057½–75½	8·92–½	1·84–½
September 5	2,064–70	8·92–½	1·84–½
September 6	*National Holiday*		
September 7	2,067½–70½	8·93	1·85–⅜
September 8	2,068½–70½	8·93	1·85–⅜
September 9	2,066½–69½	8·92–½	1·85
September 10	2,069½–71½	8·92	1·85–⅜
September 12	2,073½–76½	8·92–½	1·85–½

This course of events gave rise to the impression, especially abroad, that Holland had linked the guilder to sterling, and should be regarded, to all intents and purposes, as a member of the sterling *bloc*. This was a mistaken view. The Netherlands did not revert to the gold standard when the guilder was devalued in September, 1936, as Belgium and France did, and Holland has since maintained a "floating guilder" with the object of retaining freedom of action in foreign exchange policy in the event of wide fluctuations in exchange rates.

The Guilder and Sterling

From the outset there has been no question of linking our currency with sterling. This, however, does not alter the fact that British currency policy has gradually become a more and more dominant factor in the economic life of the Netherlands. The foreign trade of the Netherlands has undergone considerable changes in recent years, and England not Germany is now our principal customer. This is clearly illustrated by the following table compiled by the Central Bureau of Statistics:—

VALUE IN MILLIONS OF GUILDERS

(excluding gold and silver)

	July	August		Jan.–Aug.	
	1938	1937	1938	1937	1938
Total imports	**120**	**122**	**116**	**1,015**	**936**
Including—					
Germany	*26*	*28*	*26*	*212*	*196*
Belgium	12	14	12	121	102
Gt. Britain	*10*	*9*	*9*	*89*	*74*
France	7	5	6	39	41
Neth. Indies	9	10	6	80	73
U.S.A.	11	11	12	83	109
Total exports	**78**	**98**	**90**	**733**	**666**
Including to:—					
Germany	*13*	*15*	*15*	*112*	*103*
Gt. Britain	*19*	*24*	*23*	*159*	*153*
Belgium	7	10	8	80	68
France	4	5	5	50	39
Neth. Indies	7	8	8	58	69
U.S.A.	2	4	4	40	20

If we add to trade with Britain our export to the other countries comprising the sterling *bloc*, it is made clear that our export interests, and consequently an appreciable part of the Dutch economy, are very intimately concerned with the sterling rate in Amsterdam. An unduly severe decline in the sterling rate would entail disastrous consequences for our exports. In view of this, the Government of the Netherlands are watching the course of sterling very closely.

On the other hand, the Government have to take a number of factors into consideration to determine their policy in monetary matters. There is no question of the guilder following the sterling rate blindly, and from the fact that sterling has recently been falling at about the same rate as the guilder, it should not be deduced that this will always be the case under all circumstances.

For a time the Netherlands Equalisation Fund operated by purchasing sterling at 8.92, while they were simultaneously selling dollars at 1.85§—evidently with the object of counteracting a further rise in the dollar rate, on the one hand, and maintaining the sterling rate, on the other. From this it may be concluded that the authorities did not want to allow the guilder to depreciate any further. Foreign exchange policy is of vital importance to a country like the Netherlands with extensive international interests, and it can safely be said that the Government cannot, and will not, pursue a policy of merely making the guilder follow the lead of sterling.

Roumania

Roumania's Position

BUCHAREST, September 13.—The political tension caused by the crisis in Czechoslovakia has been felt very acutely in Roumania. It has been the popular belief that this country would immediately follow France and Great Britain if they intervened to defend Czechoslovakia against any aggression by Germany. Hitler's speech at Nuremberg made a very unfavourable impression here. The *Universul* printed a leading article saying that the Hitlerite aspiration to take over the Germans in Czechoslovakia was irrational and contrary to the interests and sovereignty of the Czechoslovak State; it was, moreover, dangerous to Germany's neighbours.

Blocked Lei and Soya Beans

In 1935 the German firm I.G. Farbenindustrie had a blocked account in Roumania amounting to about Lei 600 millions. This was the proceeds of sales of aspirin, pyramidon, antipyrine and photographic supplies. According to the Roumanian exchange regulations such sums could not be deblocked except for investment in Roumanian enterprises, including building. The German firm then sought some advantageous means of deblocking this large sum; and, after a disappointing attempt had been made to cultivate and export to Germany peas and beans and other vegetables, which were found to take too much out of the soil, an expert was sent to China to study the cultivation of the soya bean. From the seed of this plant are produced an edible oil, butter, several chemical products, oilcakes for fattening cattle and, finally, a product which, in the United States of America has been called "Hard Gummi," used by some motor car manufacturers for making steering wheels.

It was necessary to choose, from among some thousands of species, that type of soya bean most suitable for cultivation in Roumania. It was also necessary to bring with the seeds the bacilli which contribute to the proper fertility of the soil. These bacilli were named in Roumania "radicines," since they affect the roots of the plant and form excrescences on them like small potatoes in which the radicines are lodged. During the growth of the plant they produce in the circulation of the sap a reaction by means of which the ozone of the outside air is drawn into these excrescences. There it remains until the harvest when the plant is cut off, leaving the roots with their radicine excrescences full of ozone which gradually dissolves and produces the effect of a manure, so that soya beans can be sown for three years in succession on the same land.

The soya bean was welcomed in Roumania. In 1936 the Farbenindustrie formed a company called Soya S.A.R. for the exploitation of this plant. Personal contracts were concluded with farmers, peasants and large landed proprietors, to whom seeds and radicines were distributed; and, when necessary, money was advanced for the cultivation of the bean, which is quite simple. At the moment of sowing, the radicines, which have to be cultivated in gelatine, are diluted in water, and the seeds are bathed in this liquid immediately before being placed in the ground. Thus the radicines go into the ground along with the seeds.

A German Industry

For the sowing of one hectare of land some 30 to 50 kilogrammes of seed are required. The crop yields about 1,500 kilogrammes per hectare when it is fair, 2,000-2,200 kilogrammes when it is good and 2,500-3,000 kilogrammes when it is excellent—as it was this year. The cultivator is paid at the railway station, against delivery of the goods, at 5 lei per kilogramme. The whole operation is extremely profitable for the cultivator, and the German company has attained its end and deblocked its lei credit account.

The company is at present running over 200,000 personal current accounts with the growers in the north of Bessarabia and in Bukovina where the sowings cover 65,000 hectares of land. The area sown has been reduced from 100,000 hectares this year as the company desired to employ only reliable growers. The whole of the crop is exported to Germany, where it is used to feed people and cattle—and, also, for various industries connected with war supplies.

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Palestine

Severe Depression

JERUSALEM, September.—Monthly commercial bulletins published by the Government and supplemented by other official figures, show the extent of the depression from which the country is suffering. This depression is not, as is often suggested, solely a consequence of the Arab outbreak which Palestine has endured since April, 1936, although that outbreak has certainly made it worse.

To unprejudiced observers an approaching economic depression had been obvious for years. The fever of speculation, especially in land, and the consequent exaggeration of prices, has been coupled with immigration which, relative to the existing Jewish population, is without precedent in size. There was this immigrant population accustomed to a relatively high standard of living and anxious to retain that standard. A large influx of capital, much of which could not find remunerative employment, was a conspicuous feature. Anxiety in October, 1935, about the international situation gave the first shock to a precarious edifice, and from that day to this, apart from a few brief intervals, the situation has consistently deteriorated.

Statistical Axe-Grinding

Apart from matters which are entirely under the control or observation of the Government, such as the figures of imports and exports, it is impossible to get reliable statistics in Palestine. Every interested section of the population produces figures in support of its case. Unemployment is a case in point. The advocates of a larger Jewish population, who comprise practically all the Jews of Palestine, including the workers, shopkeepers, etc., who would appear to stand to suffer most from the competition of newcomers, make some attempt to minimise the recorded number of known persons unemployed. Many devices are employed, such as the exclusion from the count of married women, many of whom even in good times need or seek employment; the spreading of work among as many members as possible of the very powerful Jewish trades union, and the exclusion from the count of non-union workers.

The Extent of Unemployment

The Arab opponents of immigration similarly try to exaggerate the real figures of Jewish unemployment if they can, and at the same time give swollen totals of Arab unemployed. The Government, dependent on these two parties and advised by both, has to reach some conclusion on which it can act; while there is no clear definition of what is an unemployed workman. The Government has itself at different times made efforts to estimate the extent of unemployment among both Jews and Arabs, but its figures were at the best only approximations. A few years ago the publication of official estimates of unemployment was abandoned; but, at the beginning of this year, the Government began to record changes in employment in a small number of selected Jewish undertakings.

At the end of December, the height of the orange-picking season when some thousands of Jews were temporarily employed, the Government estimate of unemployed Jews was 12,000. This temporary employment has ceased and building, once the principal industry among Palestine Jews, is falling off month by month. There remain a number of relief works financed by Jewish institutions, and also extraordinary Government works, on which together some thousands of Jews are employed. A similar number is enrolled as temporary police. Taking this into account there must be some 24,000 Jews in need of stable employment in Palestine to-day. The probable number of Jewish working men and women in Palestine is about 100,000, which gives a percentage of twenty-four, in need of employment. This is a lower figure than that which prevailed in the similar crisis of 1927-29.

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Chile

Rebellion and the Election

SANTIAGO, September 11.—The revolutionary outbreak on September 5th is symptomatic of the high state of excitement which characterises the present stage of the presidential election campaign. The facts were briefly as follows. On September 4th a parade was organised by the partisans of General Ibañez in which about 50,000 persons participated. The parade took place quietly and without any serious untoward incident. At midday on the following day, however, a group of about thirty Nazis took possession of the University of Chile, while another group of fifty occupied the premises of the Caja de Seguro Obligatorio in front of the Government Palace.

The rebels in the University were subdued by the police force and artillery in a few hours. The prisoners were taken to the Caja de Seguro Obligatorio as hostages, and the police advanced against the insurgents who had entrenched themselves in the upper floors of the building. In the clash that occurred in the Caja almost all the rioters were killed. It was one of the bloodiest uprisings ever recorded in the history of Chile.

On the following day the leader of the Nazi Party gave himself up voluntarily after writing a letter in which he declared that he personally assumed entire responsibility for the whole affair. He also disclosed the motives which induced him to endeavour to bring about a revolution (in which he counted on the active support of certain sections of the army) with a view to overthrowing the present Government and replacing it by a *de facto* Government headed by General Ibañez. The object was to ensure complete freedom in the coming presidential election.

As a result of these happenings, the Executive asked Congress for extraordinary powers, which were granted on September 12th for a term of four months, excluding the period from October 10th to 30th, and on condition that absolute liberty would be allowed for purposes of election propaganda. The election is to take place on October 25th.

It is not yet known what will be the fate of the candidature of General Ibañez. The General has been arrested under suspicion of having participated in the preparation of the *putsch*, but he insistently denies having had any knowledge of the intentions of the Nazi leader. The other two candidates are Pedro Aguirre Cerda, backed by the Popular Front, and Gustavo Ross, the candidate of the Right. It is premature to make any conjecture about the possible outcome of the election; the general opinion, however, is that the candidate of the Right will be elected.

Business Dull

The rising had no apparent repercussion on economic activities. Business continues normally, although it is dull. This dullness, however, is hardly due to the present somewhat strained political situation, but it is rather the consequence of the international economic situation. Yet, as was emphasised in a recent bulletin issued by the Banco Central de Chile, the international crisis has affected Chile only slightly. Its repercussions are observable only in mining production, which shows a considerable decline, especially in copper, and in foreign trade, where exports show a continued downward tendency in contrast to the rising trend of imports.

The value of exports in the first seven months of this year was 411.8 million gold pesos, against 638.6 million gold pesos in the same period of this year, while imports rose from 225.4 to 297 million gold pesos in the same period. Exchange rates in the free market have been maintained without large fluctuations at a level approximately 8 per cent. above the export rates fixed by the Exchange Control Board.

The building industry shows signs of recession compared with last year, but is still occupied at a relatively high level. Railway car loadings show some increase, though slight, compared with the previous year. The fluctuations in prices have been moderate; wholesale prices have remained relatively stable during the current year; the index of the cost of living discloses a similar tendency, the present seasonal rise being considerably less sharp than in previous years.

A factor of considerable importance is, undoubtedly, the relative stability of internal credit. Apart from the policy of some banks of tightening up somewhat the granting of credit facilities, credit operations by the commercial banks have been normal, without any tendency to restriction. Although the cash position of the banks to-day is not so favourable as in past years, when there were still enormous cash surpluses left over from the period of inflation, it is not to be expected that there will be any serious difficulty in financing the expansion of credit which always begins at this time of year, concurrently with the farmers' busy season. Re-discounts of the banks in the Banco Central continue to be very much cut down, but it is possible that they will be increased to a certain extent in coming months.

At the end of August the Minister of Finance sent to Congress the Budget Bill for the ensuing year. Income and expenditure are estimated at 1,635.8 million pesos, a figure only slightly higher than the probable total for the current year.

Canada

Munition Contracts

OTTAWA, September 3.—The harvesting of the Western grain crop has been proceeding under almost ideal weather conditions. It is practically completed in Manitoba; threshing is general in Saskatchewan and has begun in Alberta. Owing to the varied nature of the crops there is still a wide variation in the estimates of the yield of wheat, the range being between 300 and 350 million bushels. Since the price of October wheat has now fallen to about 61 cents per bushel (No. 1 Northern), almost 20 cents below the minimum fixed price, all wheat reaching the elevators is being delivered to the Canadian Wheat Board, which is practically the only seller. Later, as grain passes into other hands, it will be subject to resale. A limited number of farmers are holding back their wheat in the hope that prices may rise later; but others are accelerating deliveries, being afraid that the Government may reduce the minimum price. Harvesting in Eastern Canada has been hampered by wet weather but, generally speaking, the crops are above the average.

Public anxiety about the Canadian Government's own armament contracts has been heightened by an article written by Colonel George Drew, a well-known soldier and Conservative politician, about a contract concluded with the John Inglis Company of Toronto for the manufacture of 12,000 Bren machine guns, 5,000 of which are for the British Government. According to Colonel Drew the company holding the contract was organised in November, 1936, by Plaxton and Company, a Toronto legal firm with Liberal affiliations, under the name of the British Engineering Company. But, under a court order made in June, 1937, permission was given to use the name of the John Inglis Company, a bankrupt firm. The most curious feature of the contract is that the Government has agreed to lend to the company machinery from its own arsenal. Pertinent questions have been raised by Colonel Drew and others. Why was the contract let without tender? Why was it given to a firm which at the time possessed little more than four bare walls, while established firms, equipped with machinery, were not invited to bid? To whom was the stock in the reorganised company distributed? Who will get the profits which promise to be quite substantial? And why did the Government not attempt to make the Bren guns in its own arsenal?

Mr Mackenzie, the Minister of National Defence, has vigorously denied the validity of the charges made and describes the contract "as one of the finest ever signed in the public interest of Canada," but the *Financial Post* of Toronto and other papers have supported the demand for an investigation. And, as public opinion is disquieted, Mr Mackenzie King, the Prime Minister, has announced that a thorough judicial inquiry into the terms of the contract and the circumstances of its granting will be held.

Albertan Utopia

The Social Credit Ministry of Alberta, which decided not to submit evidence to the Rowell Commission on Dominion-provincial relations, has issued a long memorandum on financial and economic policy, proposing an inter-provincial conference to discuss the workings of confederation. The memorandum urges that Alberta's debt to the Federal Government for relief purposes should be cancelled immediately; that the remainder of the province's debt should be refunded at a rate of not more than two per cent.; and that the Federal Government should forthwith assume the costs of unemployment relief and old-age pensions, and give grants-in-aid for public health, education, mothers' allowances and the construction and maintenance of highways.

Claiming that the provincial governments are each sovereign within their own boundaries and should be free to control their individual policies, the memorandum suggests the establishment, under governmental control, of a provincial credit authority to supervise the administration of financial policy; the distribution of a social dividend supplementary to any earnings; the adjustment of retail prices to balance production and consumption; and State regulation of currency and credit with the chartered banks continuing to play their part under the jurisdiction of the Federal Government, but having their policy controlled by the provincial credit authority. The memorandum also advocates other radical measures for the beginning of a new social order.

The Ministry of Trade and Commerce has announced that the existing trade agreement with New Zealand will be extended until September 30, 1939, and that, in return for the removal of the exchange dumping duty on New Zealand butter, the New Zealand Government has agreed to limit shipments of butter to Canada to such proportions as will not unduly prejudice the interests of Canadian dairymen.

The St. Lawrence Waterway

President Roosevelt's recent support for the early construction of the St. Lawrence deep-waterway has produced in Canada a renewal of controversy. Mr Hepburn, Prime Minister of Ontario, immediately wrote a strong letter to Mr Mackenzie King, in which he said that Ontario could not be forced "to expend public funds in such an unwarranted manner or to place upon its people an additional burden of debt and taxation"; and he reiterated his belief that the completion of the waterway would injure the railways and damage Canada's public credit. He also maintained that Ontario had a "huge surplus of power" of which the Federal Government had forbidden export. To this outburst Mr Mackenzie King replied in a speech declaring that his Government would endeavour "to carry on the discussion of such questions, whether with the Government of the United States or of a province of Canada, in a manner befitting the importance of the issues at stake, and according to the wishes of the people of Canada as to how public business should be conducted."

Business conditions remain unchanged. The expected August improvement has been postponed by abnormally hot weather which has delayed much autumn buying. But, for the first time for several years, Canadian business will be stimulated this autumn by rural purchasing power in the prairie provinces; while purchasing power should be as good as last year in the Eastern provinces and British Columbia. Various industries will get more benefits from British armament orders; and the outlook for the newsprint pulp and lumber industries has definitely improved. Motor manufacturers are laying plans for an earlier and increased output of 1939 models; the demand for furniture and other household goods has been increased; and the decline in export trade also seems to have stopped. One great disappointment has been a serious shrinkage caused by the depression in the volume of summer tourist traffic from the United States.

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Letter to the Editor

The Crisis in Czechoslovakia

TO THE EDITOR OF THE ECONOMIST

SIR,—Parliament will have to ratify any arrangement made by the Premier, and we should all, therefore, try to clarify in our own minds at least some of the long-term implications. Experience now makes it plain how disastrous the consistent refusal of our Government to envisage "hypothetical cases" has been.

A few years ago certain Nazi friends of mine told me that if, in the event of frontier revision, Germany acquired minorities, the latter would not be allowed any political freedom, because this was incompatible with a totalitarian ideology.

For this reason, they added, and also because no State could reasonably be expected to destroy strategic frontiers, they were earnestly studying the transfer of populations (incidentally, at that time the burning questions were Polish Silesia and South Tyrol).

In view of what seems now under consideration, are Czech minorities to be left to their fate, and has not the German insistence on territorial revision strategical implications? If so, may not the suggested guarantee of a new frontier prove either a death-trap or just as empty as the French alliance with Czechoslovakia?

If we are to base a frontier revision plan on justice to minorities, are we prepared to advocate this for all cases (including ex-German colonies)? If so, should we not champion minorities in totalitarian and semi-totalitarian countries when, owing to rigid control, these have not the means of voicing their claims like the Sudetens?

By capitulating completely to methods totally at variance with our long-established principles, are we not in great danger of demonstrating conclusively that such methods are not only expedient but right in theory? In that case, is it reasonable to expect any real friendship and appeasement when our people are now so forcibly brought up against that fundamental clash of ideologies which totalitarian countries so vigorously stress and our Government has always tried to pretend was not there?

Are we to expect in the future any small nation, however industrious and well-run, to be liable to such violent politico-economic changes? Can this fail to prejudice efforts at economic collaboration and wider trade which our Government has been urging; how can any British trading concern take the risk?

Finally, are we prepared to deal with the flood of refugees, far surpassing the present problem, which must inevitably be created by each successive "arrangement" for the precedent of which we shall be responsible?

Yours faithfully,
M. ZVEGINOV.

London, W.6.

Books and Publications

British Diplomacy

THE editors are to be congratulated on the skill with which they have compiled this volume of documents, old and new,* explaining (in so far as is possible by the documentary method) the foundations of British policy, from Pitt to Salisbury. It is a scholarly piece of research, illuminated by pointed historical introductions. To the observant reader the value of the book must lie chiefly in the comparisons offered implicitly page after page between the diplomacy of successive Foreign Ministers, from the end of the eighteenth century to the beginning of the twentieth century, and the much-criticised diplomacy of to-day.

As these great figures of other days pass in review, as one studies their dispatches and conjures up the personalities behind the dispatches, one recognises the master hands in a noble British tradition. Pitt, Canning, Castlereagh, Palmerston, Gladstone, Salisbury—they all made mistakes, all occasionally misjudged events. But in many critical issues their sagacity was far-seeing: they carried out their tasks, not as ignorant amateurs, but as professional students of affairs with a full knowledge of the European position and some understanding of human psychology. The editors do not display an undue favouritism. Their selection of papers is as objective as their brief comments on the writers. Their purpose appears to be first to emphasise the British point of view in major European problems, and then to show the striking continuity of ideas in British diplomacy.

It seems beyond doubt that all statesmen, from Pitt to Salisbury, accepted (though they variously interpreted) certain broad assumptions—the balance of power, the sanctity of treaties, the danger of extending guarantees, the value of non-intervention, the implications of what Castlereagh called "a system of government strongly popular and national in its character." It is true, as the editors point out, that Palmerston in his robust vigour was ready to interpret "non-intervention" in a sense which would have surprised Castlereagh and Canning; that Russell glorified the revolutions which Disraeli disliked; that Salisbury hated publicity and parliamentary control; that Gladstone preferred the concert of Europe to the balance of power. But these differences

> do not prevent us from seeing that there is a great similarity between the views of all these men despite the illogicality of their methods. There are times when Castlereagh is English, when Canning is European, when Palmerston admits the superiority of modern ideas, when Gladstone relies on the British fleet, and when Salisbury finds public opinion of value.

There is little that is new in even the latest diplomatic ideas. The principle of "collective security," a phrase now so glibly used on a thousand political platforms, was applied before the days of "splendid isolation." Even the idea of a League to enforce peace is almost as old as diplomacy itself. The younger Pitt, the strength of whose foreign policy was long under-estimated by historians, pointed out the danger of violent nationalism, and in a memorandum to Russia in January, 1805, on the security of Europe, he advocated a European concert, one of the objects of which should be

> to form, at the restoration of peace, a general agreement for the mutual protection and security of different Powers, and for re-establishing a general system of public law in Europe.

There is room for doubt whether Pitt, in a prescient utterance attributed to him by a foreigner, ever declared that Napoleon would meet with a check whenever he encountered national resistance, that Spain was the place for it, and that then England would intervene. But there is no room for doubt that this was Canning's doctrine. In Spain he intervened with a vengeance against the Napoleonic invasion. By every means in his power he helped the struggling Spanish juntas with money, arms and equipment, and sought to promote real national unity.

> We shall proceed [he said, with what to-day seems refreshing bluntness] upon the principle that any nation of Europe that starts up with a determination to oppose a Power [France] which, whether professing insidious peace or declaring open war, is the common enemy of all nations, whatever may be the existing relations of that nation with Great Britain, becomes instantly our essential ally.

It was during his period of office between 1807 and 1809 that Canning also framed his definite views for the future of Germany. In a document written on May 16, 1807, he pictured a Germany governed on federal principles and foresaw that its domination by Prussia, a military power, would be disastrous.

The period during which Castlereagh was in office was of vital importance in British diplomacy. In that period occurred the formation of the Grand Alliance, the defeat of Napoleon, the Congress of Vienna and the reconstruction of Europe, in all of which Castlereagh participated. His views on non-intervention are set forth in the famous State Paper of May 5, 1820, in which he defines the principle of non-intervention, the obligation on England to follow "a system strongly national and popular," and her refusal to interfere by force in the affairs of other States. This meant the end of that system of European co-operation which Castlereagh himself had done so much to promote. One passage deserves quotation:

> The principle of one State interfering by force in the internal affairs of another, in order to enforce obedience to the governing authority, is always a question of the greatest possible moral as well as political delicacy. . . . It is only important on the present occasion to observe that to generalise such a principle and to think of reducing it to a system, or to impose it as an obligation, is a scheme utterly impracticable and objectionable. . . . When the territorial balance of Europe is disturbed she [Britain] can interfere with effect, but she is the last Government in Europe which can be expected or can venture to commit herself on any question of an abstract character.

Palmerston's theory of guarantee is well expressed in his paper of May 10, 1841, in which he exchanges views with Metternich. Arguing against a guarantee by the European Powers of the integrity of the Turkish Empire, he says:

> When a single Power guarantees another, such an engagement does place the weaker Power in a situation of dependence upon the stronger. . . . But this effect cannot be produced in the same degree when the guarantee is given by several Powers; because it is probable that those Powers would all have different views and wishes; all these opposite and conflicting impulses would destroy each other. . . .
>
> The evil of a guarantee to the State to which it is given is that it leaves such a State to rely upon foreign aid for its defence; and then, when the moment comes when that aid is wanted, it may upon some pretence or other be withheld or it may arrive too late.

One of the most striking and sagacious and characteristic documents Palmerston ever wrote was that of January 11, 1841, in which he instructed Nicholas I in the obligations of the British Constitution.

The Russian Tsar had asked England, in effect, to enter with him into a secret alliance against France. Palmerston refused, and laid down "the whole doctrine of obligations by which a British Cabinet and Parliament can be bound." This paper is a model of courtesy, clarity and firmness. Had Nicholas taken Palmerston's warning to heart, there would have been no Crimean War.

The editors pay a good deal of attention to the application of what are known as Gladstonian principles in diplomacy, and quote the statement of these principles to which Gladstone committed himself in the Midlothian campaign. Though it may be true that the events of 1880-5 "cast an air of irony" on this statement, to read it again textually is to realise the fundamental truth of those broad principles which have far more poignant significance to-day than they had in 1879, when they were enunciated. "The principle of equality among nations lies, in my opinion"—concludes Gladstone in a passage that should be inscribed on the portals of every Foreign Office in Europe—"at the very basis and root of Christian civilisation; and when that principle is compromised or abandoned, with it must depart our hopes of tranquillity and of progress for mankind."

Of Salisbury it might be said that his resolute administration at the Foreign Office marked the end of "isolation." While Salisbury was certainly not averse from entente relationships, he shrank from binding alliances. His views are embodied in a memorandum (1901) in which he gives reasons for declining German overtures for the inclusion of England within the bounds of the Triple Alliance. The concluding sentences of this forthright document seem to be of the very essence of British statesmanship in foreign relationships. For good or for evil, British Ministers are disinclined to give anything away before their hands are forced. This is what Salisbury says:

> Several times during the last sixteen years Count Hatzfeldt has tried to elicit from me, in conversation, some opinion as to the probable conduct of England, if Germany or Italy were involved in war with France. I have always replied that no English Minister could venture on such a forecast. The course of the English Government in such a crisis must depend on the view taken by public opinion in this country, and public opinion would be largely, if not exclusively, governed by the nature of the casus belli.

It is an interesting speculation whether any British diplomatic papers of the past fifteen years, when they are disclosed to the world, will prove to have the same philosophic or reflective quality which characterises so many of the documents collected in this volume. Equally interesting will it be to discover how far, if at all, the decisions of contemporary Foreign Ministers have been based consciously on the lessons available in these historic parallels. The continuity in British foreign policy is no doubt largely instinctive. Certainly, there is little evidence in recent diplomatic action, or in the consequences that have flowed from it, either that any deliberate tests have been applied in the light of past history or, by way of compensation, that the diplomacy has been marked by any profundity of original thought.

* Foundations of British Foreign Policy, 1792 to 1902. Documents edited by Professors Temperley and Penson. Cambridge University Press. 573 pages. 25s.

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THE BUSINESS WORLD

War Risks and Rates

IT is not easy to give a clear or accurate record of what has happened in the marine insurance market during the past ten days. The crisis caught underwriters unprepared. There has been much confusion, and it cannot be claimed for them that their handling of the situation has been masterly.

In a recent article in *The Economist* it was suggested that the basis on which war risks were being written was unsound, and when a business is being unsoundly managed a sudden crisis is apt to produce disorder and even chaos. Disorder and chaos were produced last week, and even now (though things are better) it is not certain that the market has reached an arrangement which will stand the working test.

The special feature of war underwriting in the last few years has been the inclusion of war risk at an additional premium on marine policies, as a result of which underwriters could not accept ordinary cargo risks without piling up a big war liability. When the threat of war became acute their books would already be loaded with war risks accepted at nominal premiums for sums that might not correspond to the lines they would naturally desire to run on the catastrophic risk of war. Their only protection was the right to cancel, on giving 48 hours' notice, all war liability on cargo that was not yet waterborne—the liability on cargo already at risk being inescapable.

That was the position of underwriters in the middle of last week; and on Thursday the 15th they all gave the 48 hours' notice of cancellation, leaving cargo which sailed after Saturday night uncovered. The underwriters did more than that. They cancelled the arrangement (which had for some time been in force) by which a committee fixed rates for war risks on various voyages; and in place of that arrangement they left the fixing of rates to negotiation between shippers and underwriters. It was also agreed that war risks must no longer be written in conjunction with marine. The underwriters appear also to have decided that every war risk must be written individually with the steamer's name and that no open covers (i.e. contracts covering, for a period, all the cargoes of a specified owner) should be accepted, but it is characteristic of the chaotic conditions that while some underwriters believed that this had been agreed, others thought not and held themselves at liberty to write open covers as well as specific risks. The result of all these changes was, for the moment, chaos in war rates, with one underwriter quoting £10 per cent. for a voyage on which his neighbour was satisfied with 5s. per cent.

The situation of merchants and brokers was clearly impossible. No merchant could anticipate the cost of shipment and no broker knew whether he was quoting his client the right rate. Towards the end of the week a meeting of brokers was held, and underwriters were asked to re-establish the rating committee, which had so hurriedly been abandoned, and to publish a scale of war rates which all underwriters would observe. It was hoped that this would get rid of the rate chaos and make it possible to arrange open covers by which a merchant would be able to look at least a few days ahead.

The underwriters on this request reconsidered their position. The rating committee was restarted and a scale of rates published; while at a brokers' meeting held at Lloyd's on Tuesday an arrangement was announced for the writing of open covers on war risks. That arrangement, at the time of writing, stands. Let us take separately the two points—the rate scale and the plan for open covers.

The scale of rates varies from 2s. 6d. per cent. on shipments of specie to the Continent to 80s. per cent. on shipments of merchandise from Shanghai. In view of the uncertainty, homeward voyages are rated considerably higher than outward, and the insurance of exports from this country costs a good deal less than the insurance of imports. Exports to United States Atlantic or Pacific ports are rated at 10s. per cent., while imports from Atlantic ports go at 20s. per cent. and from Pacific ports at 40s. per cent. The rate for exports to India and Australia through the Mediterranean is 30s. per cent. and for corresponding imports 60s. per cent. The reason for this difference between imports and exports is that imports will be so long in reaching the danger zone if war should break out, while exports are supposed to be moving away from it.

The open cover arrangements are somewhat complicated. The foundation of the scheme is that no war cover may be for a longer period than one month and that on every policy the underwriter shall be entitled to give 48 hours' notice. The cover will include all shipments which are declared and accepted by underwriters during the month, but underwriters will not be bound to accept declarations more than seven days before the date of sailing. The minimum rates payable will be the scale rates on the date the declaration is accepted *or* if a declaration is not accepted before sailing, then the scale rates on the date of sailing.

At some points the wording of this cover arrangement is obscure, and traders are particularly troubled about the necessity to declare within seven days before the date of sailing. The relative clause in the cover is as follows:—

> Warranted sailing within seven days of date of acceptance or held covered.

The effect of the wording seems to be this. A merchant will declare a shipment to his underwriter not more than seven days before the date on which the boat is expected to sail, and if she sails on the expected day he will pay premium at the rate current on the date of declaration. But if sailing is delayed and more than seven days elapse between the declaration and sailing, then the cargo is held covered but re-rated in accordance with the scale prevailing at some unmentioned date thereafter. Thus if the risk should be increased materially after declaration, cargo which does not get away within the seven days may pay double the rate charged on the day it was declared.

A deputation of Chambers of Commerce attended the Board of Trade this week to raise the question of war risks; and it is believed that one of the points which they were anxious to emphasise was the difficulty involved in this seven-day arrangement. There is no doubt about the difficulty, but underwriters consider two things imperative: (1) that the war risk shall be separated from the ordinary marine risk and (2) that they shall be able to adjust their rates as speedily as possible to changing conditions. From the underwriting standpoint both of these stipulations are necessary, and delay in shipment—whatever the difficulties involved—must be followed if necessary by a revision of rates.

Thus some greater degree of certainty seems to be emerging from the chaos of the beginning of the week. But to the insurance market, the trading community and the Government alike, the events of the past week should serve as a foretaste of the extent to which ordinary methods of doing business will have to go by the board in the event of war.

Rubber Company Earnings

DURING the past fortnight, the normal functioning of the investment markets has been impossible. Political uncertainty and the fluctuating risks of war have overruled rational investment calculations, from the gilt-edged market to the most speculative commodity shares. It is not surprising that rubber share quotations, in particular, have failed to respond to last week's decision to maintain the quota for the last quarter of 1938 at 45 per cent. Even before the political storm broke, business in rubber shares had shrunk to the lowest ebb, and share prices remained disappointingly indifferent to the improvement in the price of the commodity. Holders have not been tempted to sell; but few groups are at present attracting less support than rubber shares.

The need for investment analysis, however, is no less great in the indifferent market conditions of to-day, when quotations can easily get out of line with underlying economic facts. Of the latter, the two of prime importance for the rubber shareholder are prices and costs. Last year, rubber reached a high level of 1s. 1½d. This year, the price has ranged between 5d. and 8⅛d. per lb., and the average for the first eight months of 1938 is about 6¾d. On the other hand, during September the price has fluctuated on each side of 8d., and the International Committee's decision to leave the quota unchanged for the remainder of the year has at least helped to maintain this improvement. Assuming that no general disturbance to commodity prices occurs, it seems reasonable to base the calculation of potential earnings on an average price of 7d. per lb. for the full year, compared with 9⅛d. for 1937. The rubber shareholder may derive some consolation from the fact that the average for this year should be at least a penny higher than in 1930, when the trade cycle pendulum was also swinging downward. But in terms of profits, this is not the whole story. Some rise in costs is inevitable this year. Even in 1937, when the average release for the year was 83¾ per cent. of basic quotas, compared with 62½ per cent. for 1936, costs were frequently higher than in the previous year. The estates may be able to achieve some reduction in direct charges, but the average fall of 32½ per cent. in output between last year, and this is bound to have an appreciable effect on unit costs, since overhead charges must be spread over a smaller crop. Moreover, the dislocation of labour arrangements entailed by the 15 per cent. quota cut between the second and third quarters probably increased the rise. It is difficult to establish any fixed relationship between costs and output, but it is not unlikely that, on the average, costs may be 1d. per lb. higher this year than last.

If we assume an average price of 7d. for the commodity, and an increase of 1d. on the all-in costs recorded in 1937, estimates can be made of the earnings of rubber companies to the end of the year. In the accompanying table we give figures for 14 companies, whose financial years end on December 31st. These estimates take account of any additional profit from forward sales of rubber, in the twelve cases where the latter have been reported. These forward sales were effected at prices ranging from 9 2/5d. to 11 2/5d. per lb., and they have provided in several cases one-third to one-half of the estimated total profits for the year. Our estimates of costs, on an "all-in" basis, include depreciation, which in some cases was at a more than usually generous level last year. We refer later to the effect of any increase in rubber prices.

Taking Batu Tiga, the first company listed, as an illustration, it may be calculated that the company's all-in costs last year were in the neighbourhood of 5·2d. per lb. Assuming that costs increase by 1d., and the average realised price of the crop is 7d., the margin of profit on the company's estimated output of 1,600,000 lbs. is 0·8d. per lb. In addition, however, the company has sold forward 246,000 lbs. of rubber, at 10·7d. per lb., representing an increase of 3·7d. per lb. on the profits of this part of its output. The combined estimates represent some 4 per cent. on the ordinary capital, compared with 17½ per cent. for 1937. Subject to the reservation that charges for depreciation and staff bonuses may be reduced this year, our cost estimates seem reasonable. Even in the apparently extreme case of Malacca, whose total costs last year were of the order of 6d. per lb., this holds true. For the chairman declared last June, when rubber prices were in the region of 7d., that the profit on spot rubber was exiguous.

The valuation that the Stock Exchange is putting upon rubber shares, however, is such that most of the potential yields work out at between 3 and 5 per cent. (though the total range is much larger). Even when full allowance is made for the arbitrary factors in our estimates of earnings, these yields are very low. They could be justified only on two assumptions. The companies may, firstly, obtain substantial operating economies for which our costs estimates make no provision. Secondly, it may be argued that the earnings in the future will be swollen by an improvement in the price of rubber. To obtain a cross-bearing on this assumption, we have given the additional return on the ordinary shares, at their current prices, resulting from a rise of 1d. per lb.

RUBBER COMPANY EARNINGS ESTIMATES—1938

Company	Est. output 1938 (a)	All-in costs per lb.		Profit per lb., assuming 1d. rise in costs, and 7d. average price	Forward Sales	Add'l profit per lb. from Forward Sales	Earned for Ord. Shares		Dividend 1937	Ord. Shares		Yields based on		
		1936	1937				1937	Est. 1938		Denom.	Price	1937 Div.	Est. earnings 1938	1d. incr. in rubber and 45% quota
	lbs. '000s	d.	d.	d.	lbs. '000s	d.	%	%	%			%	%	%
Batu Tiga	1,600	4·5	5·2	0·8	246	3·7	17·5	4·0	17½	£1	23/9	14·7	3·3	2·0
Bikam Rubber	3,110	4·4	4·4	1·6	591	4·0	14·5	5·6	10½	2/–	1/10½	10·7	6·0	2·0
Cheviot Rubber	2,082	4·8	4·6	1·4	755	2·4	19·8	7·5	12½	2/–	3/6	7·1	4·3	1·6
Grand Central (Ceylon)	3,930	5·5	4·7	1·3	806	3·7	7·7	2·6	7	£1	12/9	11·0	4·1	1·6
Labu (F.M.S.)	1,850	4·0	5·0	1·0	693	2·7	18·3	6·6	15	£1	38/9	7·7	3·4	1·4
Lanadron	1,010	5·0	4·8	1·2	188	4·0	9·6	2·3	9	£1	13/9	13·1	3·3	1·4
Linggi Plantations	2,930	5·7	5·9	0·1	1,000	2·9	14·2	3·1	5	£1	15 7½	6·5	4·0	2·3
London Asiatic	7,490	4·2	4·1	1·9	1,693	4·3	21·0	9·6	12½	2/–	3/6	7·1	5·5	1·6
Malacca Rubber	3,800	4·7	6·0	0·0	1,500	2·5	9·8	0·9(b)	7½	£1	20/–	7·5	0·9	1·6
North Malay	1,940	4·5	4·0	2·0	403	4·2	13·3	7·2	10	2/–	1/9	11·4	8·2	2·3
Pataling	2,745	4·9	4·5	1·5	...	...	22·9	5·6	15	£1	28/9	10·4	3·9	2·1
Rembau Jelei	1,790	4·8	4·8	1·2	522	2·9	10·4	3·6	8	£1	18/9	8·5	3·8	1·6
Straits Rubber	2,017	4·4	4·5	1·5	188	4·4	8·9	6·0	6½	£1	12/6	10·4	9·6	1·4
United Patani	2,165	3·7	4·6	1·4	...	...	11·9	2·5	12	£1	16 10½	14·2	3·0	1·7

(a) On basis of 55 per cent. of standard assessments.

(b) Allowing for preference dividend.

in rubber, with a 45 per cent. quota. Even a twopenny rise in rubber, at the present rate of release, would not provide bumper returns on typical rubber shares. And such moderate changes in the quota as can be reasonably envisaged would have even smaller effects upon earnings. To take Pataling as an example, it may be calculated that while a 10 per cent. increase in the quota from the present level would result in a 22½ per cent. increase in profits, a rise of one penny in sales proceeds per lb. would provide a 70 per cent. increase. At the current level of output, and at the current profit differential, rubber company profits are highly responsive to changes in the commodity price (and, conversely, to changes in average costs). But that fact alone scarcely justifies current share prices.

Unless the rubber market stages a substantial recovery during the next twelve months, therefore, the investor must regard the average level of rubber shares to-day as over- rather than under-valued. In this connection, the trend of future consumption is of prime importance, particularly in the United States, whose imports represent over 50 per cent. of the world's crude rubber output. During the first seven months of this year, American absorption fell by no less than 43 per cent., compared with the same period of 1937; in the United Kingdom, there was an increase of 7½ per cent., and in other importing countries a fall of 10¼ per cent. For all importing countries, the total absorption for the period was 26 per cent. lower than in the first seven months of 1937. The rubber shareholder, indeed, must pin his hopes on the continuance of the improvement of American demand, which set in last May. The August consumption figure of 38,170 tons is far more encouraging than the average for the preceding seven months of 29,000 tons. It is evident, moreover, that the International Committee is determined to achieve a further reduction of stocks. World stocks at the end of July amounted to 556,039 tons. Assuming a regular rate of export production for the remaining five months of the year, additional supplies would amount to 250,000 tons. If all importing countries, other than the U.S.A., absorb 10 per cent. and the United States 40 per cent. less than during the last five months of 1937, total absorption for the period would be 316,500 tons; if the United States absorbed 20 per cent. less than last year, total absorption would be 354,000 tons. On the first hypothesis, stocks would be reduced to about 490,000 tons; on the second to 452,000 tons. If the restriction committee succeeds in reducing stocks to the equivalent of six months' consumption—which the second figure roughly represents—prospects for the maintenance and possibly of an improvement of the current price will be strengthened.

On the two assumptions that war will be avoided, and that American recovery will continue, the holder of rubber shares may already have seen the worst phase of depression. But each investor must test the validity of these two assumptions for himself. Further, he can scarcely expect recovery in the rubber share market, if it comes, to be rapid and spectacular. Already, the leading shares stand at levels which discount an improvement in earnings some considerable way ahead; that conclusion is clear, even if the most generous allowance is made for the necessarily approximate nature of our estimates. And there will be little inspiration from rubber company reports to September 30th and December 31st to encourage public interest in the shares, even if American demand and Mincing Lane continue to satisfy the best expectations.

Copper

WITH every year that passes, the whole group of non-ferrous metals fills a bigger rôle in world economics. The production and consumption of aluminium, copper, lead, zinc and tin have increased by leaps and bounds during the present century. Of all these metals, copper is the most familiar to the layman and the most important from the economic point of view. It is vital for the great electrical industry in all its ramifications; and it is this source of demand that has been mainly responsible for the great increase in the world's consumption from 512,700 metric tons in 1900 to 2,062,000 tons in 1937. But copper is also an important armaments metal, and its military use is not confined to brass buttons.

The copper world can be divided into three sections. First, there is the United States, which is both a producer and a consumer, though American productive capacity is more than enough to provide for the American demand. Secondly, there are the other producers, Chile, Canada, Northern Rhodesia and the Belgian Congo—none of them consuming more than a fraction of the copper they produce. Thirdly, there are the great industrial nations which are consumers of copper but have no important copper deposits of their own. This tripartite division of the market has undergone considerable changes since 1929. Both as a producer and as a consumer, the United States has lost ground relatively to the rest of the world. The American share in the world production fell from 53 to 36 per cent., and in world consumption from 49 to 32 per cent. The fall in American consumption has been due, of course, to the severity of the industrial depression in the United States, especially in the industries which use copper. America's failure to export that portion of her potential production which could not be sold at home, on the other hand, has been due to the development of copper deposits in other countries, especially Canada and Rhodesia, which can be worked at much lower costs than the American supplies. Indeed, it is probable that the United States would have started to import copper but for the imposition in June, 1932, of an import duty of four cents per lb.

In contrast to the United States, most of the other important concuming countries, except France, substantially increased their intake of copper between 1929 and 1937, partly because of the relatively greater measure of recovery experienced in these countries and partly as a result of the armaments race, in which America has only recently joined. As the accompanying table shows, consumption has doubled during the past eight years in the United Kingdom and has trebled in the U.S.S.R. and Japan. In the United Kingdom the marked increase in copper consumption has coincided with the rapid growth of the electrical and motor car industries. The decline in France's consumption between 1929 and 1937 is due to the prolonged industrial depression in that country. The relatively small increase in Germany is the result of deliberate policy, under which the use of copper, which has to be imported, has been curtailed as much as possible; this partly explains the enormous increase in Germany's consumption of aluminium, from 39,000 metric tons in 1929 to 132,000

COPPER PRODUCTION, CONSUMPTION AND PRICES
(thousands of metric tons)

	1929	1932	1935	1936	1937
Smelter Output					
United States ...	998·8	279·0	378·6	592·6	819·2
Chile	303·2	97·5	259·9	245·3	397·4
Canada	72·7	95·7	175·5	173·4	210·5
Northern Rhodesia	5·6	69·0	145·8	144·6	211·5
Belgian-Congo ...	135·5	54·0	107·7	95·7	150·6
World (including others)	1,894·8	911·2	1,453·4	1,670·5	2,257·1
Consumption					
United States ...	864·8	244·1	395·8	615·1	654·7
United Kingdom	153·8	120·0	244·0	262·0	308·8
Germany.....	216·4	137·2	208·8	185·2	228·2
France	143·9	95·1	105·2	113·4	119·7
Japan	70·4	59·0	134·2	127·5	190·0
U.S.S.R.	55·1	44·0	92·8	128·3	157·8
World (including others)	1,760·9	903·7	1,526·3	1,784·4	2,062·0
Average Prices	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Standard cash, London, per long ton	75 9 7	31 14 7	31 18 1	38 9 7	54 10 7

Figures of production and consumption are derived from *Metallgesellschaft A.G.*, those of prices are annual averages of London Metal Exchange official quotations.

tons in 1937. According to the American Bureau of Metal Statistics, the United Kingdom consumed more copper per head of the population in 1937 than any other country in the world. On a *per capita* basis, Britain's consumption last year was 14.29 lbs. (7.18 lbs. in 1929), compared with 13.59 lbs. (18.42 lbs. in 1929) in the United States, 7.43 lbs. (7.33 lbs. in 1929) in Germany, and 6.29 lbs. (7.32 lbs. in 1929) in France.

The rapid increase in copper consumption outside the United States since 1929 has been satisfied mainly by Chile, Canada and Northern Rhodesia. Moreover, the productive capacity of these countries is so big that they found no difficulty in meeting demand, even in 1937, at prices substantially below the average for 1929. During the world-wide scramble for raw materials in the winter of 1936-37, the price of copper was temporarily pushed up to £78 per long ton on March 11, 1937, but the average price in 1937 was nearly 30 per cent. lower than in 1929. Nor, as the profit-statements of the principal copper mining companies show, has the reduction in prices since 1929 been at the expense of producers.

The success with which the supply of copper has been maintained at lower price-levels has a direct bearing upon the outlook for the industry's future. Apart from the re-armament demand (which, from its nature, takes little account of price factors) the future demand will depend on the relative prices of copper and its substitutes. The long-term trend of consumption for the non-ferrous metals as a whole is almost certainly upwards, but there are many uses for copper in which it has to compete with other metals, especially aluminium. The discovery and exploitation of new low-cost supplies, especially those in Africa, is thus a factor of the highest importance, which will be thrown away if prices are artificially maintained in an effort to protect high-cost producers.

Since the spring of last year, however, the problem of the industry has not been one of scarcity but of over-production, for the world-wide industrial recession has naturally led to a curtailment of demand, which was aggravated by the excessive purchases made in the preceding winter. The shrinkage of demand was reflected in the sharp fall in the London price of standard copper, from £78 per ton on March 11, 1937, to £32 10s. per ton on May 27, 1938. This fall took place despite the strengthening of the organisation of the industry by the international agreement concluded in 1935, under which production can now be more readily adjusted to demand. The agreement, however, does not include all the world's producers. The United States does not adhere to it, though the larger concerns in that country are understood to limit their exports to 8,000 short tons per month. Canada, too, though co-operating with the members of the agreement, does not accept output control by quota. But the curtailment of the output of the companies adhering to the regulation scheme (which produced, in 1937, 60 per cent. of the total production outside the United States) to 105 per cent. of standard tonnages at the beginning of December, 1937, and to 95 per cent. at the beginning of July this year, has prevented the accumulation of excessive stocks, while consumption, sustained by the growth of armament manufacture, has so far been fairly well maintained. Nevertheless, the copper market was depressed by over-production in the United States and by the consequent possibility of heavy American sales in Europe. The revival of industrial activity in the United States since last June was therefore quickly reflected in the London market, where prices rose from £32 10s. per ton on May 27, 1938, to £42 10s. per ton on September 21st.

The changes in world production, consumption and stocks in the last year are shown in the following table, based on the figures of the American Copper Institute:—

	United States (short tons)	Elsewhere (short tons)
Production—		
January–August, 1937	670,498	888,664
January–August, 1938	379,744	837,589
Apparent Consumption—		
January–August, 1937	645,463	886,239
January–August, 1938	267,603	956,619
Stocks of refined copper—		
August 31, 1937	123,480	205,130
August 31, 1938	315,191	179,333

The experience of the United States stands in striking contrast to that of the rest of the world. While apparent consumption outside the United States showed a further increase between the first eight months of 1937 and 1938, this was insufficient to offset the drastic decline in the United States. Consumption outside the United States probably did not expand as much as the statistics suggest, for the figures have been swollen by a substantial increase in the war reserves of the U.S.S.R., Japan, Italy, Germany and, more recently, Czechoslovakia, which are not included in the figures of stocks. Nor, conversely, has consumption in the United States fallen as much as the figures suggest, for they make no allowance for changes in consumers' stocks, which have been allowed to run down during the past twelve months. The increase in aggregate stocks across the Atlantic, therefore, has been much smaller than the published figures of stocks indicate.

At the moment, most of the factors in the market seem to be making for an increase in prices. American demand is reviving, and there seems to be no immediate end to the armaments race. Rising prices could, of course, be checked by an increase in production. Hitherto, the leaders of the low-cost producers adhering to the international control scheme have been believed to be opposed to a rise of prices above £40 per long ton because of the possibility of an increase in the production of outsiders. But this figure is apparently no longer regarded as an upper limit. Mr S. S. Taylor, managing director of Rhokana Corporation and Chairman of the marketing committee of the producers co-operating in control, stated that the smaller producers would not be able to enter the market so long as prices did not rise above £45 per long ton. The past history of restriction schemes shows all too clearly that their weakness lies in the producers' inability to resist the temptation provided by a temporary excess of demand over supply and in their chronic tendency to under-estimate the degree to which increased prices will both transfer demand to substitutes and also encourage under-cutting producers. These are the dangers against which the control scheme will have to guard it is to succeed in its task of adjusting demand and supply.

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Branches and Agencies throughout the World.

Finance and Banking

The Rise in Discount Rates.—The discount market shortened sail on Friday, September 16th, when it reduced its price at the Treasury bill tender from £99 17s. to £99 15s. 3d. per cent., thus raising the average tender rate from $\frac{19}{32}$ to $\frac{1}{16}$ per cent. Compared with this, its previous reduction, amounting to a mere fivepence during the previous fortnight, was no more than the mildest of storm signals. That the market had accurately judged the situation when it decided to cut its price so drastically is shown by the fact that in spite of an under-allotment of £3,000,000 by the authorities, the syndicate secured a quota of 66 per cent. This is in sharp contrast with its quota of 36 per cent. three weeks earlier, when £99 17s. 5d. was paid. Another indication is provided by the reduction in total applications from £87.6 millions on August 26th to £55.8 millions last week. During the past two days the discount market has been swayed entirely by political sentiment. On Tuesday, when things were thought to look better, rates eased to $\frac{7}{8}$ per cent. for three months' bank bills, but the following day a change of view caused the three months' rate to harden to $\frac{15}{16}$-1 per cent., with four months' bills quoted at $1\frac{1}{16}$ per cent. and six months' bills at $1\frac{1}{8}$-$\frac{1}{4}$ per cent. Hot Treasury bills similarly hardened from $\frac{13}{16}$ to $\frac{7}{8}$ per cent. There has been a little more outside money about this week, but the clearing banks occasionally had to lend bond money at 1 per cent. The net result of the past few weeks has been to raise discount rates from $\frac{1}{2}$ per cent. to not quite 1 per cent., and Bank rate is now more effective than it has been for several years. Meanwhile the authorities have been busy restoring to the banking system the money abstracted by the Exchange Account's heavy gold sales. During the three weeks to September 17th, top issues of Treasury bills have risen from £294 millions to £334 millions, this increase denoting Exchange Account acquisitions; while in consequence the tender issue has shrunk from £555 millions to £537 millions, followed by a further decrease to £526 millions for the current week. In addition, there have been heavy "special purchases" of Treasury bills, which have further reduced the quantity of "tender" Treasuries held by the markets. In spite of this assistance money remains in request, and while the increase in discount rates has been moderate, the market has in all other respects attuned itself to the exigencies of the political situation.

* * *

Open Market Technique.—The measures taken by the authorities to offset the recent tendency towards greater stringency in the short money position have been sufficiently continuous to afford some interesting glimpses on the underlying features of the new open market technique. The problem facing the authorities was twofold. In the first place, they have had to neutralise the time-lag between the moment at which funds withdrawn by the flight of hot money from London are immobilised in public deposits at the Bank of England (through the intervention of the Exchange Equalisation Account) and the time at which they are redistributed by net repayment of Treasury bills. Secondly, the withdrawal of foreign refugee money causes a shortage of "outside" bond money, while the repayment of Treasury bills causes a relative increase in the supply of money seeking employment in the discount market; and this shift has to be compensated. Had the authorities pursued the ideal of complete insulation of the credit structure from the outflow of funds they would have tackled both problems. They have, however, concentrated on the first only and have left it to the mobility of short-term capital to effect the necessary adjustment required by the second problem. In order to neutralise the time-lag mentioned above, the authorities have undertaken substantial open-market purchases of Treasury bills. The evidence of successive Bank returns proves that these purchases have been effected on behalf of the Exchange Equalisation Account and not on behalf of the Bank. In estimating the effect of open-market policy a distinction must be made between purchases (or sales) of securities made on behalf of the E.E.A. or any other public department, which involve merely a transfer of funds between public and bankers' deposits, and purchases or sales by the Bank for its own account, which affect the total volume of deposits at the Bank. In this particular case, the objective being neutralisation and not expansion, the method actually chosen, that of making in the open-market purchases of bills on behalf of the E.E.A., was wholly justified.

* * *

It is interesting to note that the special buying of Treasury bills during the whole of last week and in the first part of this was restricted to such maturities as would be eligible for rediscount at the Bank of England if taken there on the initiative of the market. The latest rule applying to such rediscounting was that parcels of bills for rediscount should have an average currency of about 28 days. The special purchases of Treasury bills made this month have been for maturities up to the appropriate day of October, and at the beginning of this week the maximum dates were advanced to early November bills. Thus we have in effect had the old rules of rediscounting applied—but with two fundamental variations: the first that the purchaser was not the central bank but a Government department; the second, that the Bank went to the market and not the market to the Bank. The rediscounting was therefore done at market rate and not at a penalising official rate. It is true that on Tuesday the firm which always operates for the authorities in the discount market suddenly changed its tactics and bought hot bills—first at $\frac{13}{16}$ and then at $\frac{3}{4}$ per cent. There is, however, no assurance that these purchases were in fact on official account. The firm in question handles other than official business.

* * *

Arbitrage and Insurance.—The effect of the recent revision of war risk insurance rates, discussed in a leading article, is that the arbitrageur now has to solve a simultaneous equation, involving two unknowns, instead of a simple equation with only one unknown. His general practice has been to take a view on the exchange when buying his gold, and to cover his exchange as quickly as he could afterwards. He now has also to take a view on the cost of insuring his gold. Over the week-end this was a pure matter of chance, but more recently he has been able to base his calculations on a war risk charge of 2s. 6d. per cent. in place of the former charge of 6d. per cent. Even then he must remember that the new rate is only firm for shipments made within 48 hours. The effect of this is to reduce the American shipping price parity by very nearly 2d. per fine ounce, and in the table appearing in this week's bullion market report the premium or discount quoted is based on this readjustment. This new uncertainty has naturally been very disconcerting to the bullion market, and initially gave rise to a good deal of unfavourable comment. It has also helped to bring about a considerable reduction in the volume of arbitrage business, as is shown by this week's shrinkage in the amount of gold dealt in at the fixing. One consequence is that the authorities are now less able to rely upon arbitrage as an indirect means of support to sterling. So long as any uncertainty about the cost of shipment remains, the authorities will be forced to rely more upon direct intervention in the foreign exchange market.

* * *

French Government Borrowing.—Recently the pound has had all the limelight, while the franc has receded into the background; for the Paris exchange market has been relatively inactive and the franc's peg to sterling has been maintained without difficulty. It thus came as somewhat

of a shock to learn that the French Treasury had had to resort to fresh borrowing from the Banque de France, and the reason for this new borrowing was in no way calculated to mitigate the shock. While apparently there has been no fresh flight of capital from France, there has been a tendency to hoard currency. Withdrawals from the private savings banks during the first fortnight of September were Frs. 110 millions in excess of deposits, while between September 1st and 15th the note circulation of the Banque de France rose from Frs. 101.8 to Frs. 108.2 thousand millions. The natural consequence of all this is greater stringency in the money market, so that renewals of Treasury bills and subscriptions to National Defence Bonds have fallen away. The Treasury has thus been deprived of its usual source of funds just at the time when the international crisis is calling for fresh Government expenditure upon "indispensable measures of security." On September 20th M. Marchandeau, the Finance Minister, made a strong appeal to the public to cease to hoard, and he emphasised that no moratorium or restriction upon withdrawals from the banks was contemplated. He also asked for the prompt payment of taxes, even when the taxpayer was entitled to pay in several instalments. This frank avowal of the Government's difficulties may help to restore confidence, but in the meantime the wider discounts on forward francs indicate that these revelations have given rise to a certain amount of new perturbation.

* * *

Week-End Speculators.—The practice of speculation in spot exchanges over the week-end, which fell into disuse after the restoration of the stability of the franc in May last, has revived to a considerable degree during recent weeks. It is based on the usage that exists in the foreign exchange market, by which spot exchange is to be delivered only two clear days after the conclusion of the deal. Thus, spot exchanges sold on Friday are due to be delivered on Monday, while if the deal is concluded on Saturday the delivery is not due until Tuesday. It is always possible, however, to stipulate delivery on the following day, or even on the same day. Speculators are, therefore, in a position to sell spot exchange on Friday or Saturday and cover on Monday or Tuesday. Since during recent years most financial and political crises have occurred during week-ends, this method of week-end speculation is apt to become popular whenever the market feels that "there is something in the air." The practice is applied also mid-week, but not nearly to the same extent as over week-ends. During the last few weeks there has been a fair volume of such week-end speculation in spot sterling, and much of the positions created in anticipation of a week-end climax was carried forward on Monday or Tuesday through covering purchases of sterling to be delivered on the same day and sales of spot sterling to be delivered in another two days. A large part of the bear position in sterling that became such a prominent feature of the market towards the middle of September was created by such short selling of spot sterling. As a result of political developments during the past week much of this bear position has now been covered.

* * *

Gold for Eire. — One of the interesting consequences of this week's disturbed markets has been the announcement that the Irish Currency Commission has sold British Government securities to the amount of about £2,500,000 and bought gold with the proceeds. Normally, the reserves held against the Irish currency are kept in gilt-edged securities in London, and they amount to between £9 and £9½ millions. The policy of holding gold in Dublin has frequently been suggested and as frequently rejected, the latest rejection being by the Commission which reported last month. The present move should not be taken as an indication that the policy is being changed; it reflects no doubts about the credit-standing of the British Government or any underrating of the value of the link with sterling. It appears to be inspired merely by the desire to be protected against that closure of the London Stock Exchange which might occur at a time of grave political crisis. When the present period of disturbance is over, it is the intention to reconvert the gold (which will probably be kept meanwhile in Dublin) into securities in London.

MONEY MARKET NOTES

Foreign Exchanges

THE New York rate has fluctuated from hour to hour and even from minute to minute in response to the news and rumours of the day, and dealings have been rendered very difficult by the rapidity and frequency of these movements. The highest rate for sterling recorded during the week was $4.83\frac{3}{4}$ on Wednesday, but by Thursday afternoon the news of the resignation of the Czech Government had driven the rate down to $4.81\frac{1}{2}$. It is not thought that the British Control lost much gold this week. The report that the French Government was borrowing from the Banque de France shook the peg out of the Paris rate, and the French Control had to let sterling rise from Frs. 178⅛, where it had been successfully held up to Wednesday, to Frs. 178⅞ on Thursday afternoon. Three months' francs also weakened from Frs. $3\frac{7}{8}$ to Frs. 5 discount. Belgas continued to move in sympathy with the dollar, and the New York cross-rate has remained comfortably inside the export gold point. Guilders remain steady at Fl. $8.92\frac{1}{4}$. Registered marks are still weak at Rm. 32.45, equal to 62 per cent. discount. On Tuesday they were up to $64\frac{1}{2}$ per cent. discount. Generally, there has been less business in the foreign exchange market than last week; the absence of any stability in the New York rate has made dealings very difficult.

The Bank Return

THIS week's return provides some evidence of a general desire towards greater liquidity. Thus the note circulation is slightly higher, whereas a year ago there was a contraction. There has also been an increase of £3.0 millions in other deposits, which suggests that overseas and other institutions may be desiring to reduce their holdings of sterling bills and securities and augment their balances with the Bank of England.

	Sept. 22, 1937 £ mill.	Sept. 7, 1938 £ mill.	Sept. 14, 1938 £ mill.	Sept. 21, 1938 £ mill.
Issue Dept.:				
Gold	326·4	326·4	326·4	326·4
Notes in circulation	486·0	480·1	478·6	479·2
Banking Dept.:				
Reserve	42·1	46·3	47·8	48·7
Public Deps.	15·7	32·2	21·6	18·4
Bankers' Deps.	105·6	91·3	99·6	100·9
Other Deps.	36·2	34·9	36·4	39·4
Govt. Secs.	106·9	101·3	98·5	97·6
Discounts & Advances	5·2	5·4	5·9	6·1
Other Secs.	21·6	22·1	22·1	24·6
Proportion	26·7%	30·1%	31·2%	30·6%

Continued special buying of Treasury bills and the under-allotment at last week's tender have caused a reduction of £3.2 millions in public deposits. This reduction would probably have been greater had it not been for the past week's heavy excise duty payments into the Exchequer. Bankers' deposits, however, have only risen by £1.3 millions, for the chief counterpart to the contraction in public deposits is the increase in other deposits referred to above.

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The Money Market

THIS week's Bank return only shows a slight increase in bankers' deposits, and money generally remains fairly tight. The general rate for bond-money has been $\frac{3}{4}$-$\frac{7}{8}$ per cent., and borrowers are still having at times to resort to the clearing banks, where they are charged one per cent. There has been a certain amount of special buying of the shorter Treasury bills at $\frac{3}{4}$ per cent. early in the week, and the longer Treasury bills at $\frac{13}{16}$ per cent. later in the week. As most of these bills were originally acquired by their sellers at rates of $\frac{1}{2}$ and $\frac{11}{16}$ per cent., their re-sale to the authorities only provides relief at the cost of a certain loss.

	Sept. 23, 1937 %	Sept. 15, 1938 %	Sept. 22, 1938 %
Bank Rate	2	2	2
London Deposit Rate	1/2	1/2	1/2
Short Loan Rates:			
Clearing Banks	1/2–1*	1/2–1*	1/2–1*
Others	1/2–5/8	5/8–3/4	3/4–7/8
Discount Rates:			
Treasury bills	1/2	3/4	13/16–7/8
Three months' bank bills	17/32–9/16	13/16–7/8	13/16–15/16

* Viz. ½ per cent. for loans against Treasury bills and other approved bills and British Government securities within six months of maturity. ¾ per cent. for loans against 1 per cent. Treasury bonds and other gilt-edged stocks within six months of maturity. 1 per cent. for loans against other collateral.

Discount rates have been variable. The banks have not been ready buyers, while on the other hand some people are ready to take a chance and run the longer-dated bills. Bills bought this week at $\frac{7}{8}$ per cent. yield a useful profit so long as they can be carried on $\frac{1}{2}$ per cent. money. The banks' buying rate is now $1\frac{3}{8}$ per cent., but discount houses are charging their customers $\frac{7}{8}$-$1\frac{1}{8}$ per cent. for three months' bank bills, while $1\frac{1}{16}$-$\frac{1}{8}$ per cent. was quoted on Thursday for four months' bills and $1\frac{1}{8}$-$\frac{1}{4}$ per cent. for six months' bills. Business in hot Treasuries has been very limited, as sellers are trying to get $1\frac{1}{16}$ per cent., while buyers will not pay less than $\frac{7}{8}$ per cent.

*

The Bullion Market

THIS week the Control has mainly been able to hold a watching brief. Up to Thursday, business at the fixing was limited by the difficulty of arranging arbitrage, for reasons explained in a Financial Note. Throughout the week there has been very little business after the fixing. The supply of gold has recently consisted of Continental sales, due to a desire to switch out of gold and into dollars. There has, however, been some Continental buying, while by Thursday arbitrage business had begun to revive, as some assurance was felt in the stability of the new war risk rates. It is, however, impossible to obtain general cover, and gold shippers have now to specify the exact amount involved and also the boat. After allowing for the increased cost of shipment, prices at the fixing this week have fluctuated within narrow limits on either side of parity with the American shipping price.

Eastern sales of silver have proved adequate to meet the Indian demand and current American trade buying. The change in war risk insurance rates has had some effect on the market. On Monday more silver was offered than could be readily absorbed

Date	Gold: Price per fine oz.	Gold: Prem. or Discount *	Gold: Amt. dealt in †	Silver, price per oz. standard: Cash	Silver, price per oz. standard: Two Mths.
1938	s. d.	d.	£'000	d.	d.
Sept. 16 ...	144 8½	1 pm	804	19 17/16	19 14
„ 17 ...	144 9	½ pm	574	19 9/16	19 5/16
„ 19 ...	144 7	½ pm	450	19 14	19 11/16
„ 20 ...	144 0	par	821	19 14	19 13
„ 21 ...	144 0	1 dis	319	19 14	19 13
„ 22 ...	143 11	½ dis	972	19 5/16	19 1/8

* Above or below American shipping price. This week's calculations are based on a "temporary parity," in which the war risk rate is assumed to be 2s. 6d. per cent. † At fixing.
The New York price of silver remained at 43 cents per ounce ·999 fine during the week.

and there was a sharp break in both the cash and forward price. Since then there has been a fractional recovery, but on Thursday it was estimated that London prices were just below the American parity.

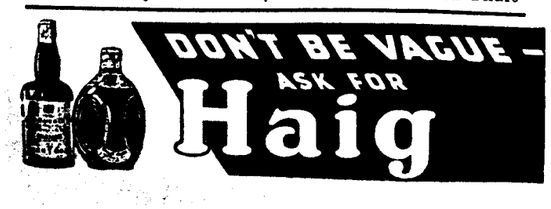
Investment

Markets and the "Peace Plan."—The first professional duty of a Stock Exchange is to measure the importance of events in money terms. Judged even from this detached standpoint, however, it cannot be recorded that the week's political developments have brought much advantage. The expansion of investment interest, and improvement in prices has been too small and uncertain to offset the misgivings of many market observers regarding the manner in which a Czechoslovakian "settlement" has been secured, and its bearing upon more direct British interests. Dealing conditions were more normal, of course, than on the critical days of last week, but market sentiment earlier in the week was swayed by doubts whether the Czech Government would accept the Anglo-French plan, until Wednesday's official statement ended conjecture. But that fact did not release any new buying incentive. Indeed, Mr Chamberlain's second flight to Herr Hitler coincided with a marked renewal of caution in all sections of the "House." Confidence in a settlement is hardly marked, for instance, by the fall of 1¼ in "Old Consols" on Thursday, and most industrial shares were also slightly easier. It still remains true that there is no positive policy which the investor can adopt at this juncture. The main outcome of a disturbed week is that the market is not prepared to allow its inconclusive relief to develop into a broader confidence. The rebound from the lowest quotations recorded on Wednesday of last week, when the threat of war was clamant, has naturally been considerable. But it has also been largely technical. The average investor is not disposed to pay very generously for the prospects of security and peace at this stage.

SECURITY PRICE MOVEMENTS.

	Sept. 14 Lowest Mark	Sept. 16	Sept. 19	Sept. 20	Sept. 21	Sept. 22	Net change this week
Consols 2½% ...	68½	72	72	73	72½	71¼	−¾
War Loan 3½%...	96	99½	99½	100½	100½	99 7/16	−1 1/16
Conversion 3% ...	97	99	99	100	100	99¼	+¼
German 4½% ...	29⅞	32½	34½	37½	37½	37	+4½
Czech 8%	69	76	72½	69	55	47½	−28½
Prague 7½%	61	67½	67½	67½	45	42½	−25
C. & Wireless Ord.	37	39½	39½	39½	39½	39½	...
Courtaulds (£1)	28/6	30/–	30/–	30/3	30/6	29/10½	−/11½
Gen. Elec. (£1) ...	72/6	76/–	76/6	76/6	77/–	76/6	+/6
I.C.I. (£1)	28/6	30/–	29/9	30/–	30/–	29/9	−/3
Turner & N. (£1)	68/9	73/9	73/11½	75/–	76/3	74/4½	+/7½
Vickers (10/–).....	18/9	20/–	20/–xd	20/3xd	20/9xd	20/6	+/6
Anglo-Iranian (£1)	90/–	97/–	96/3	100/–	100/–	96/10½	−/1½
"Shell" (£1).....	77/6	84/4½	84/4½	86/10½	85/7½	84/4½	...
United Sua Betong (£1)	50/–	52/6	52/6	52/6	53/9	48/3	−4/3
Financial News Indices:							
Fixed interest secs.	123·6*	125·0	125·1	125·7	125·7	125·2	+0·2
Ordinary shares	78·2*	80·0	79·9	81·1	81·5	80·6	+0·6

* Close.



* * *

Czechoslovakian Bonds.—In the absence of any official statement regarding the contents of the Anglo-French proposals for the future of Czechoslovakia—and, indeed, of any indication of their finality—the Stock Exchange has marked the prices of Czechoslovakian 8 per cent. bonds, and of the Prague 7½ per cent. loan, virtually to default levels. On Wednesday this week, when the Czech Government's acceptance of the proposals was still awaited, the 8 per cent. bonds fell fourteen points, to 55, while the Prague 7½ per cent. issue was nominally quoted around 45. The closure of the Prague stock exchange, and the imposition of a temporary moratorium for all banks and insurance companies necessarily have some bearing on the future service of Czechoslovakian obligations. It is unlikely that the investor would greatly esteem—even if it were granted—an undertaking on the part of Germany to provide some portion of the service on Czechoslovakia's debt, in return for any territory taken over in the Sudeten areas. But any change in the political and economic frontiers of the country must inevitably affect the ability—to say nothing of the willingness—of the Government to meet the service of the 8 per cent. issues of 1922 and 1924. Of the original sterling issue of £5,350,000 (of which part was taken by Amsterdam) some £3,930,300 is now outstanding. Together with the American *tranche*, of which $23,250,000 was issued, the sterling bonds rank as a first specific charge on the Customs and on the net profits of the tobacco monopoly. Regular interest and sinking fund service has been maintained. The City of Prague loan, which was also issued jointly in London and New York, is secured as a direct municipal obligation, with a specific mortgage on the electrical, gas, water and tramway undertakings owned by the City. Of the original issue of £1,500,000, some £544,550 is now outstanding. The political changes also have an obvious bearing on the security for Skoda Works 6 per cent. debentures, which were issued in London in 1930 at 95, and were quoted this week at 45-52.

The Week's Dividends.—The post-holiday reawakening of investment interest is always marked by a series of important dividend declarations. Politics apart, the investor has no reason for complaint with this week's budget of dividend news, which is summarised in the table on page 624. *Imperial Chemical Industries* has given a fitting lead, as the largest industrial concern in the country, by maintaining its interim ordinary dividend at 3 per cent. Some significance may attach to this decision, for when the interim was raised from 2½ per cent. to 3 per cent. last year it was accompanied by an explicit warning that it should not be read as an indication of a higher distribution for the full year. In fact, however, the total payment for 1937 was raised from 8 per cent. to 8½ per cent. Perhaps the optimistic investor may be impressed by the absence of any parallel announcement this year that the maintenance of the interim dividend does not provide any indication of the size of the final distribution. It would, however, be premature to count on the maintenance of last year's full dividend. The widely-spread industrial interests of the group make any estimate of profits unusually hazardous, for against the presumed expansion of those sections which serve armament needs, either directly or indirectly, there has probably been some contraction in the demand for fertilisers, dyestuffs and certain building materials. *United Steel Companies* ordinary shares responded with a rise of 10½d. to 23s. 7½d. on the satisfactory total dividend of 10 per cent., compared with 8½ per cent. for 1936-37. This distribution surpassed expectations. Although some moderate increase in earnings is suggested by the output figures of the areas in which United Steel operates, the report may show that the board has not exercised quite the same degree of conservatism which has been shown by certain companies recently. That, however, is a conjecture which the report must be left to prove.

* * *

The reduction in the total distribution of *Austin Motor* from 50 per cent. to 30 per cent. was comparatively well received. It was, in fact, less extreme than some quarters had anticipated, in view of the 13.7 per cent. fall in the registration figures for the ten months ended (like the company's financial year) in July. The current yield on the ordinary shrares, which have reacted to 25s., is approximately 6.4 per cent., and a return of this order still appears to take a relatively optimistic view of the prospects for the current year, although the management fees from the aircraft shadow factory should become increasingly important. By contrast, the maintenance of the *Rover Company* distribution at 15 per cent. (though it lacks the 2½ per cent. cash bonus paid last year) appears satisfactory. The previous year's total distribution of 17½ per cent., however, was nearly twice covered by earnings, and the latest distribution would thus be compatible with a considerable fall in profits. Finally, *Murex, Ltd.*, has a record of consistent expansion during the past decade which few companies could emulate. For the year to June, however, ordinary shareholders will receive the same dividend of 20 per cent., *including* 2½ per cent. cash bonus, as in the previous year.

* * *

Sheepbridge Increased Profits.—The Sheepbridge Coal and Iron report shows a somewhat unusual divergence from that of Staveley Coal and Iron, which was discussed on page 554 of last week's issue. To some extent, the comparison reflects unfairly on Staveley, which in 1936-37 received exceptionally high income from Yorkshire Main Colliery. But that fact should not be allowed to detract from the satisfactory results of Sheepbridge, whose profits have advanced from £280,521 to the new high level of £308,634. The two concerns have many points of similarity and are close, both technically and geographically. Perhaps the somewhat greater coal interests of Sheepbridge account in part for its superior earnings performance last year, which is analysed in the following table.

	Years to June 30 1936	1937	1938
	£	£	£
Profit	219,117	280,521	308,634
Depreciation	42,763	103,884	87,418
Fees	4,000	4,065	4,133
Debenture interest	17,498	15,676	12,304
Preference div.....	16,737	16,736	20,921
Do. rate %	10	10†	12½†
Ordinary shares :—			
Paid	117,116	117,116	146,395
Earned (%)‡.....	*11·0*	*11·1*†	*15·3*†
Paid (%)	10	10†	12½†
Reserves.....	20,000	20,000	20,000
Carried forward	85,702	88,746	106,209

† Tax free. ‡ Allowing for further preference participation.

The profits include substantial dividends from the more important of the associated companies. In particular, Yorkshire Amalgamated Collieries raised its dividend from 5 per cent., tax free, to 5½ per cent., tax free. But the report also notes a marked decline in demand, particularly for pig iron, during the later months of the financial year, and one blast furnace has been closed down. The increase in stocks from £248,722 to £341,046 probably reflects this decline in trading. The ordinary shares, at 37s. 3d., have well maintained their advance when the dividend was declared three weeks ago, and their present gross yield basis of £9 5s. per cent. appears reasonably to discount the prospect of lower profits during the current year.

* * *

Cable and Wireless Position.—After the announcement of the lowest traffic index number on record for August, Cable and Wireless, Ltd.—the operating company of the group—has maintained its interim dividend at 1½ per cent. For 1937, the operating company distributed 3½ per cent., out of earnings of 4½ per cent. The Holding company has announced the payment of the interim dividend on the 5½ per cent. preference stock, which rose sharply on Tuesday, from 85 to 90. It would be premature, at this stage, to attempt any close estimate of the potential earnings of the group for the current year. The fact remains, however, that the average level of the traffics index for the first eight months of this year is no higher than 68.3 per cent. of the 1929 level, compared with 80.4 per cent. for the same period of 1937, and 78.9 per cent. for the whole of 1937. To prejudice the outcome of the flat rate Empire cable service, particularly since its introduction has coincided with a considerable fall in international trading activity, would be no less unwise. Yet, if the subsequent course of traffics remains unchanged during the remainder of the current year, it is possible that the actual net earnings of the operating company, after giving effect to the elimination of the beam rental and assuming that operating costs are

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unchanged, might not exceed £870,000, compared with the standard revenue of £1,200,000. After allowing for the profits attributable to the Government shares, a net balance of £795,000 would remain. It is clear, therefore, that the £300,000 which was specifically set aside last year by the operating company to cushion the fall in revenue during the first stages of the scheme will be required. And even with its assistance, this rough calculation suggests that the residue available for the ordinary stock of the holding company may not greatly exceed 1½ per cent., unless operating economies are realised or unless its distributable income is assisted by reduced provisions and increased investment income, of which there may be an indication in the increased Marconi's Wireless Telegraph interim.

* * *

Harrisons and Crosfield.—The maintenance of profits during the year to June 30th has been greeted with satisfaction by the shareholders of this plantation management company. Profits, after providing for N.D.C. for a full year, amount to £333,870, compared with £329,014 (after transferring £25,000 to staff pensions) for the previous year. The dividend on the deferred stock is maintained at 25 per cent., and a slight addition is made to the balance carried forward. Profits during the past three years are analysed below:—

	Years to June 30		
	1936	1937	1938
	£	£	£
Profit†	271,642	329,014*	333,870
Pref. and pref. ord. divs.	137,800	137,800	137,800
Management shs. div. ...	44,945	69,159	73,802
Def. ord. stock:			
Paid	84,889	111,099	118,836
Earned (%)	*20·6*	*26·6*	*25·7*
Paid (%)	20	25	25
Carried forward.....	145,015	155,971	159,403
Def. ord. capital	424,447	444,395	475,346

† After provision for N.D.C. * After £25,000 staff pensions.

To some extent, evidently, the company has been protected by the time-lag which separates falling produce prices from reduced income from investments. The valuation of the latter, however, is so conservative that, despite the sharp falls in tea and rubber share quotations last year, market values still showed a surplus, and the special reserve of £350,000 against investments remains intact. During the current year, evidently, the company will not escape the consequences of falling produce prices. In its own balance sheet, appreciable reductions in current trading items and increased cash holdings provide evidence of the setback in trade. The issue of the latest report provides the last occasion on which the deferred stockholder can exercise the right to apply at par for deferred shares to the extent of one-half of the additional dividend beyond 10 per cent. The decision not to increase the deferred capital beyond the authorised amount of £500,000 was taken at last year's meeting, and the balance of unissued capital will permit of the exercise of subscription rights, on this last occasion only to the extent of 779/1,000ths of the usual proportions. The need for the regular subscription of new money which this special arrangement has met in recent years, has been largely satisfied, for the company now finds itself with substantial liquid assets and a considerably expanded business. The deferred stock units are quoted at 81s. 3d. cum rights, and some significant reduction in their earnings during the current year must be expected.

* * *

Second Alliance Prospects.—Mr James Prain's speech at the second Alliance Trust meeting last week provided encouragement at many points. The chairman pointed out that, on a broad basis of comparison, the trust's revenue had been maintained last year. The increased dividend of 21 per cent. was covered by earnings exceeding 31 per cent.—the highest rate earned on the ordinary capital since 1930. And the board's conviction, marked by its decision to raise new capital last year, that "sanity will prevail in world affairs" seems to be unshaken. The two ancillary conditions, of cheap money and favourable investment opportunities, were satisfied last year, but the chairman did not attempt to disguise the probability that some shrinkage in revenue would occur during the current year. The time-lag between industrial recession and reduced industrial dividends is particularly short for American stocks, on which the company is already experiencing the consequences of falling industrial earning power. It is fortunate in this connection that the dividend on the company's £400,000 ordinary capital, which is preceded by £2,903,000 of prior charge obligations, is well protected by available earnings. Indeed, the ordinary dividend record is so good that investors will welcome the chairman's reassurance that he sees no reason for undue apprehension regarding the outcome of the current year. Such a steady earnings performance at least provides tangible compensation for the absence of any information regarding the distribution of the trust's portfolio.

* * *

Recent Colliery Results.—Several of the colliery companies whose latest results to June 30th are set out in the following table have one characteristic in common—they have become known to the investor only during the last two or three years. Only Manvers Main (whose profits last year showed the most substantial setback, as a result, presumably, of the labour troubles at Barnboro') has a long-standing investment record, for Hilton Main was incorporated in 1935, Cannock Associated in 1936, while Barrow Barnsley, until last year, was a subsidiary of Barrow Haematite Steel. In most cases, the setback in profits recorded during the past year is moderate; Barrow Barnsley has increased its distribution to 10 per cent. free of tax, but Hilton Main directors have shown noteworthy conservatism by reducing the ordinary payment from 13½ per cent. to 10 per cent. Our table of profits and share values follows:—

Company (years to June 30)	Total Profits	Ordinary Shares Earned	Earned	Paid	Price	Yield
	£	£	%	%	s. d.	%
Barrow Barnsley:—						
1937	116,920	58,053	19·9	10	23/9xd	8·42†
1938	100,917	45,730	13·7†	10†		
Cannock Associated:—						
1937*	177,568	141,181	11·3	10	23/9xd	8·42
1938	170,480	134,299	11·1	10		
Hilton Main:—						
1937	50,305	36,352	19·3	13½	19/4½	10·33
1938	46,424	32,325	17·6	10		
Manvers Main:—						
1937	160,323	84,391	12·2	5½	13/9	8·00
1938	117,547	62,810	8·7	5½		

* 55 weeks. † Tax free.

Colliery company directors are traditionally uncommunicative, and the reports of these companies, apart from paying tribute to the benefits of the selling schemes, and expressing concern at rising costs, tell the shareholder little regarding the work of the past year. The industry appears to have been relatively successful, so far, in

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countering the effects of recession. But some setback is suggested by the provisional ascertainment that the net credit balance per ton for the June quarter was 2d. per ton lower than for the corresponding quarter of 1937. The March quarter ascertainment, which showed a net balance of 1s. 11½d., was exceptionally favourable. But the situation has changed considerably since that time, and the coal shareholder, faced with the consequences of falling output and exports, and rigid, if not still rising, costs, is probably wise in valuing his holdings on the comparatively generous basis indicated above.

* * *

J. & F. Stone Position.—The reduction in dividend from 17½ to 10 per cent. prepared shareholders for a sharp decline in the total profits of J. & F. Stone, but the actual fall shown in the report was of the relatively moderate order of 10½ per cent., from £93,860 to £83,704. The company sells a variety of household electrical appliances and accessories as well as radio sets, but since the financial year to June 30th included some nine months of industrial recession, and was a period of considerable difficulty for the radio trade, such results are reasonably satisfactory. At the meeting this week, the chairman disclosed that the company actually succeeded in substantially maintaining its turnover. The reduction in the earnings for the equity, from £63,665 to £46,954, is, however, appreciably larger than the fall in total profits. Depreciation required £1,683 more at £7,900, provision for taxation has risen from £7,500 to £10,000, and a full year's preference dividend is payable. The net result is that earnings for the ordinary shares have fallen to 12.4 per cent., against 21.8 per cent., and the transfer to reserve has been reduced by £2,500 to £5,000. Dealers normally try to reduce physical stocks when trade falls off, and it is satisfactory to find that this company has apparently succeeded in doing so. Stocks at the end of June stood in the balance sheet at £128,000—a reduction of £23,000. The liquid position is, in fact, slightly better than a year ago, even if sums due from subsidiaries (which have risen from £273,000 to £337,000) are excluded. The consolidated balance sheet for the company and Chain Store Finance Trust shows that sums under hire-purchase agreements, standing at £430,029, account for just under half the total assets, while cash has risen from £71,096 to £113,154. There are unfortunately no special grounds for expecting greatly improved business in the current year, and while the chairman referred hopefully to the potentialities of television, he expressed the view that retail prices were not yet within the reach of the general public.

* * *

The Week's Company Profits.—Reports have been received this week from 37 companies, excluding one for which comparable figures of profits for the preceding year are not available. The net profits of these companies amount to £3,125,000, compared with £3,277,000 for the previous year, and thus show a decline of nearly 5 per cent. Total profits recorded by 1,793 companies for the year to date amount to £243,277,000, compared with £219,889,000—an increase of 10½ per cent. The profit and loss accounts are summarised on page 624 in our usual table, and the results are discussed in preceding notes and on page 609 under the heading "Shorter Comments."

* * *

Company Meetings of the Week.—Reports of company meetings commence on page 616 of this issue. The chairman's review at the *Second Alliance Trust* meeting is discussed on page 604. Mr Oscar Deutsch informed *Odeon Theatres* shareholders that since June 26th the results from the company's owned and managed theatres showed a material increase over those for the same theatres in the corresponding period last year, apart from the revenues from other theatres which were opened during the year. The chairman saw no reason to vary the prospectus estimate that a full year's profit should amount to £460,000. Mr Horace Boot, at the *Eastwoods* meeting, expressed the opinion that, although the unlimited construction of dwelling-houses could not be expected to continue indefinitely, plans already approved and under consideration, plus those known to be held in abeyance, should be sufficient to keep the building industry actively engaged. Mr W. J. Chinneck was able to report a steady expansion both of the volume of business and of profits earned by *Initial Services*. The results of the first two completed months of the current year, he reported, show an improvement over the corresponding period last year. Mr Walter Hillier explained to members of *Tangoel Rubber Estate* that the fall in revenue on last year was largely due to the increase in export duty.

THE STOCK EXCHANGES

London

SETTLING DAYS

TICKET OCTOBER 11 — ACCOUNT OCTOBER 13

AFTER responding in a cautious fashion to the belief that war might be averted through the Anglo-French plan, the Stock Exchange has become more nervous regarding the immediate future. Possibly the circumstances in which the plan was proposed and accepted are in part responsible for the failure of the market to stage a prompt recovery, which would undoubtedly accompany any assured contribution to peace. Both investors and professional operators have remained aloof, and neither the volume of business nor the extent of price-movements has marked anything more than a mood of relief, which itself seems transient.

In the *gilt-edged market* on Monday, more normal dealing conditions and margins were restored, but from the outset the volume of business showed little expansion, and improvements in prices were of a minor order. More substantial gains were recorded on Tuesday, when War Loan recovered ¾, to close at 100¾, but the absence of "good" buying was again noticeable. In mid-week, prices fluctuated on conflicting reports regarding the Czech Government's intentions, but after losing up to half a point at one time, the market turned steadier, only to lose further ground on Thursday, when uncertainty returned with Mr Chamberlain's second departure to Herr Hitler. Dominion stocks showed greater steadiness, Australian short-dated issues in particular responding to mid-week buying.

In the *foreign bond market*, Czech issues were heavily depressed, particularly on Wednesday, when the 8 per cent. loan fell a further 14 points. A comparable fall was recorded by the Prague 7½ per cent. issue. German bonds rose steadily during the first part of the week, but were easier in mid-week, and nervous on Thursday. Some improvement was reported in Far Eastern issues, after an inauspicious opening.

*

Home rail debenture stocks showed renewed falls at first, but recovered, together with gilt-edged, in mid-week. The traffics provided no stimulus, however, and the ordinary stocks fell further. Cordoba first debentures again became lively, after the recent selling.

The *industrial market*, like other sections of the "House," was moved entirely by sentiment, and not by business, and even its sentiment was never enthusiastic about the "peace plan." Business in steel shares remained small, but the United Steel dividend kindled some interest in the shares, and the market found a firmer footing in mid-week, only to ease again later. Electrical equipment issues improved on Tuesday, and then relapsed into quietude, while the supply group also failed to maintain its firmer tone. The Austin dividend was correctly anticipated, but apart from the improvement in the shares, and a gain in Triplex, the motor group failed to maintain its gains. Aircraft issues, however, remained firm after Tuesday's improvement. Some sharp recoveries, in the case of Guinness amounting to 6s. 3d., were recorded in brewery shares on Tuesday, and quotations remained firm on the following day. Textile shares showed small changes, and shipping issues also moved but little. A general improvement occurred in the miscellaneous group in the middle of the week, but the best prices, as we show in the table on page 602, were not held.

(*Continued on page* 608)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields of fixed interest stocks 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 increase or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1937 Highest	Prices, Year 1937 Lowest	Prices, Year 1938 Jan. 1 to Sept. 21, inclusive Highest	Lowest	Name of Security	Price, Sept. 21, 1938	Change since Sept. 14, 1938	Yield Sept. 21, 1938 £ s. d.
				British Funds			
84 13/16	73⅛	79¼	68½	Consols 2½%	72½	+3½	3 9 0
113	105¾	111¾	103	Do. 4% (aft. 1957)	107½	+2½	3 9 9n
101 5/16	94¾	100¾	95	Conv. 2½% 1944–49	97	+1	2 16 11
103 9/16	97⅜	103¼	96¾	Do. 3% 1948–53	100	+2	3 0 0
106 25/32	99	104½	95¼	Do. 3½% after 1961	99½	+3	3 10 8n
108	105	105⅛	102½	Do. 4½% 1940–44	104½	+1	2 13 10
117½	111¼	115½	109½	Do. 5% 1944–64	112½	+1½	3 1 0
92½	89	91 11/16	85½	Fund. 2½% 1956–61	89	+3½	3 3 6
96⅞	89⅞	97 13/16	91½	Fund. 2¾% 1952–57	95	+1½	3 2 6
101⅝	92⅞	99 5/16	94	Fund. 3% 1959–69	96½	+2	3 3 6
116⅜	109	114⅞	106	Fund. 4% 1960–90	111	+4½	3 7 3
99 5/16	96	101 11/16	96	Nat. D. 2½% 1944–48	99	+3	2 12 3
114¾	107⅛	112 13/16	104½	Victory Bonds 4%	108	+3½	3 14 1f
105 15/16	99⅝	103⅝	96	War L. 3½% af. 1952	100½	+3½	3 10 0n
96⅞	84 5/16	90½	82	Local Loans 3%	85½	+2½	3 10 2
102	99½	102	98½	Austria 3% 1933–53	99½	+1	3 1 8
72	62	68½	60	India 2½%	64½	+4	3 17 6
85¼	74¼	82¼	71	Do. 3%	77½	+4	3 17 6
98¾	87	95⅝	84	Do. 3½%	89½	+5	3 18 3
119½	112¼	117⅛	114½	Do. 4½% 1958–68	115½	+1	3 9 6
				Dom. & Col. Govts.			
109⅞	105	108⅞	100	Austr. 5% 1945–75	103½	...	4 11 6
105⅝	101	104 15/16	98	Canada 4% 1940–60	99½	...	4 0 9
118	114½	115	112½	Nigeria 5% 1950–60	113½	+1	3 14 8
110	104¼	108	97¾	N. Zealand 5% 1946	101½	+1	5 0 0
107⅜	103¼	107 11/32	98	Queens. 5% 1940–60	101½	+1½	4 5 0
114⅛	110½	112 15/16	106½	S. Africa 5% 1945–75	109½	...	3 11 6
				Foreign Governments			
103	93	96½	80	Arg. 4½% Stg. Bds.	83½	+2	5 9 1f
105½	97¾	102	24	Austria 1930 5%	45	+2½	11 2 2
91¾	84¼	89	48	Do. 4½% 1934–59	66	+3½	8 0 4
102¼	95¼	99	87	Belgian 4% (36) 1970	95	+5	4 5 9
33¼	24½	36	31½	Bulgaria 7½%	34½	...	7 4 11m
89¾	37	37½	14	Brazil 5% Fd. 1914	16½	−½	Nil
28	15	19⅝	15½	Chile 6% (1929)	16½	−1	5 0 0v
95¾	54½	60½	40½	China 5% (1912)	47½	+2	10 10 6f
101⅞	59	73½	43	Do. 5% (1913)	56½	+2½	8 17 0f
108⅝	101½	105¾	52	Czechoslovakia 8%	55	−17	14 11 0f
100	92½	99	94	Denmark 3%	97½	...	3 1 9
106½	100½	104	97½	Egypt Unified 4%	98½	...	4 1 3
18½	11	13	9¼	French 4% (British)	10	...	5 12 6e
66	52¾	60	40	Ger. Dawes Ln. 5%	49	+6	10 4 0
49¼	35	46	28	Do. Young Ln. 4½%	37½	+6½	12 0 0
40¾	30	34½	25	Greek 6% Stab. Ln.	30	...	7 12 6w
62	47⅛	58½	30	Hungary 7½%	37	+4½	12 3 4h
88¾	53	60	38	Japan. 5½% 1936–65	45	+2	12 4 6f
94¾	57½	64½	40	Do. 6% ('24) red. 1959	47	+2	12 15 3f
61½	40¾	50	35	Peru 7½% 1922	40	...	...
83	56	75½	54	Poland 7%	65	−10½	8 9 3s
20½	13	15¾	10	Roum. 4% Con. 1922	12	...	15 9 0y
96⅝	88¼	92	78	U.K. & Arg. C. 3%	83	−1	3 12 3
				Corporation Stocks			
118	111½	115¾	109½	Bir'ham 5% 1946–56	109½	...	3 11 4
118¾	112¾	117	111½	Bristol 5% 1948–58	111½	...	3 12 0
95¼	82½	87½	80	L.C.C. 3%	84	+2	3 11 5
101	93	97½	94	Liverpool 3% 1954–64	95½	...	3 6 3
104⅝	100⅝	105¾	100	Middx. 3½% 1957–62	100½	+½	3 9 6

Prices, Year 1938 Jan. 1 to Sept. 21, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, Sept. 21, 1938	Change since Sept. 14, 1938	Yield Sept. 21, 1938 £ s. d.
				Public Boards			
115½	108	2½	2½	C. Elec. 5% 1950–70	111½	+2½	3 15 8
				Lon. Pass. Transport			
119½	111	2¼	2¼	4½% "A" 1985–2023	113½	−1	3 18 6
129¾	121	2¾	2½	5% "A" 1985–2023	122½	−2	3 19 6
122⅝	116½	2½	2½	5% "B" 1965–2023	117½	...	4 0 4
84	72⅞	2¾b	1½a	"C" 1956 or after	75½	+1	5 12 7
92¼	83½	1½	1½	Met. W.B. "B" 3%	88½	+5	3 7 10
118	113	2½	2½	P. of Lon. 5% 50–70	114½	...	3 12 9
				British Railways			
65	32½	3½b	Nil a	G.W. Ord.	34	+½	10 5 9
4⅝	2⅛	Nil	Nil	L. & N.E.R. Def.	2⅝	...	Nil
8⅝	3⅝	Nil	Nil	Do. 5% Pref. Ord.	4	...	Nil
97	44½	3¾b	Nil a	Do. 5% Pref. 1955	44½	...	8 8 6f
27⅛	9¾	½c	1¾c	Do. 4% 2nd Pf.	10½	...	16 13 0
68¼	22½	3b	Nil a	Do. 4% 1st Pf.	25½	...	11 15 9
30⅛	12⅛	1¼c	1½c	L.M.S. Ord.	13	+½	11 10 9
70¼	24½	2b	Nil a	4% Pf. 1923	27½	...	7 5 6
82¼	48½	2b	2a	4% Pf.	51½	+1	7 15 9
21⅜	10¾	½c	1½c	Southern Def.	11¾	+½	12 15 4
87	48½	3b	1a	Do. 5% Pf. Ord.	50½	+1	7 18 5
115½	86	2½a	2½b	Do. 5% Pf.	89	+1	5 12 4
				Dom. & Foreign Rys.			
14	7 7/16	Nil	Nil	Antofagasta Ord.	11	...	Nil
6½	3⅝	Nil	Nil	B.A. & Pac. Ord.	5	...	Nil
17	8¾	Nil	Nil	B.A. Gt. Sthn. Ord.	11	+½	Nil
12½	6⅛	Nil	Nil	B.A. West. Ord.	7½	...	Nil
13¼	6½	Nil	Nil	C. Arg. Ord.	8	...	Nil
8 7/16	5	Nil	Nil	Can. Pac. Com. $25	6	...	Nil
28½	25	2c	2c	Costa Rica Ord.	25	−½	8 0 0
43/9	33/9	Nil	1c	Nitrate Rlys. £10	37/6	...	5 6 9
66	32½	†2a	†2b	San Paulo Ord.	33	−1½	12 2 6†
16/3	11/0¾	1c	1c	Taltal Rly. Ord. £5	15/–	...	6 13 4
				Banks and Discount			
75/6	56/3	10b	7½a	Alexanders £2, £1 pd.	58/9	...	5 18 0
35/–	32/6	5a	5b	Bk. of N. Zealand £1	33/9	...	4 14 8e
352½	325	6a	6b	Bk. of England	338	+10½	3 11 0
76/7½	69/6	7b	7a	Barclay B. £1	72/–	+2/6	3 17 9
46/–	41/–	3¼b	3a	Barcl. (D.,&c.) A £1	43/–	...	2 18 0
8 9/16	7¼	4½b	3½a	Bk. of Aust. £5	8	...	5 0 0
£44½	£39½	8c	8c	Bk. of Mont. $100	£44	...	3 12 6e
26⅛	22¾	5¼c	6c	Bk. of N.S.W. £20	23½	...	4 0 0e
55/–	22/6	6c	Nil c	Brit. Overseas A £5	35/–	+5/–	Nil
13⅛	9½	7b	5a	Chtd. of India £5	10½x	−½	5 14 0

Prices, Year 1938 Jan. 1 to Sept. 21, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, Sept. 21, 1938	Change since Sept. 14, 1938	Yield Sept. 21, 1938 £ s. d.
13/4½	12/–	3⅓a	3¾b	Com. Bk. of Aus. 10/–	12/6	...	4 17 6e
53/9	50/–	5b	5a	District B. £1 fy pd.	52/6	...	3 16 3
90/–	73/–	3½b	3½a	En. S. & Aust. £5 £3p.	75/–	...	5 12 0
10⅜	9 13/16	16b	8a	Hambros £10, £2½ p.	10	...	4 10 0
£96¼	£82	£3b	£2½a	Hong. and S. $125	£87	+£3½	6 6 5
64/6	55/9	6b	6a	Lloyds £5, £1 pd.	59/–	+2/6	4 1 3
9¾	8⅝	9b	7a	Martins £20, £2½ pd.	8½	+⅛	4 2 0
89/3	78/3¾	8b	8a	Midland £1, fy. pd.	83/6	+2/6	3 16 6
6 5/16	5⅝	5a	5b	Nat. Dis. £2½ fy. pd.	5¾	...	4 7 0
41	29¾	11b	4a	Nat. of Egypt £10	33	+2	4 10 9
41¼	34½	9b	8a	N. of Ind. £25, £12½p	35½	−1	5 19 0
3⅞	3 7/16	7½b	7½a	N. Prov. £5, £1 pd.	3 19/32	+3/32	4 3 3
488	438	8½a	8½b	Roy. Bk. of Scotland	442½	...	3 16 6
16 13/32	13⅞	5a	10b	St. of S.A. £20, £5 pd.	15¼	+½	4 16 9
51/3	39/6	6¼b	3¾a	Union Dis. £1	42/6	...	4 14 1
99/–	89/10½	11b	9a	West. £4, £1 pd.	94/–	+3/–	4 5 0
				Insurance			
28⅝	24½	40a	50b	Alliance £1, fully pd.	26	...	3 9 3
16¼	12¾	†3/6a	†4/6b	Atlas £5, £1¼ pd.	14½	...	2 15 0†
10 5/16	9⅛	20a	20b	Com. Un. £1, fy. pd.	9¾	+¼	4 2 0
5½	4 5/16	2/–b	1/6a	Gen. Acc. £1, 5/– pd.	4⅝	+1/16	3 16 6
31	26⅛	25a	25b	Lon. & Lanc. £5, £2pd.	27½	+½	3 12 9
11⅞	9½	3/2a	3/1b	N.Brit.&Mer. £1¼ f.p.	10¾	+¼	2 18 0
20⅝	18¼	†30b	†25a	Pearl (£1), fy. pd.	18½	...	3 0 0†
16	13¾	6/–a	6/–b	Phoenix £1, fy. pd.	15	...	4 0 0
35 11/16	29½	†72¼b	†25a	Prudential £1 A	34¼	+¼	2 15 0†
106/–	81/3	†50c	†50c	Do. £1, with 4s. pd.	92/6	...	2 3 0†
10 5/16	8¼	11a	19b	Royal Exchange £1	9⅜	...	3 2 0
9 1/16	7½	3/3a	3/3b	Royal £1, 10/– pd.	8¼	−⅛	3 18 9
17	15¼	6/6a	6/6b	S.U.&Nl.A £20, £1pd.	16	...	4 1 3
88/6	69/8¼	1/3a	1/6b	Sun In., £1 with 5/pd.	82/6	...	3 5 6
8 13/16	7¼	†10a	†10b	Sun. Lf. Ass., £1 fy.pd	8	...	2 10 0†
				Investment Trusts			
267	230	4a	8b	Anglo-Amer. Deb.	240	...	5 0 0
65½	45½	3c	3½c	Anglo-Celtic Ord.	47½	...	7 7 6
11/3	7/6	7½c	10c	Brit. Assets Trust 5/–	8/9	−2/6	5 14 0
233	208	6b	4a	Debenture Corp. Stk.	215	...	4 13 0
75	55½	1½a	3b	For. Amer. &c., Def.	66½	...	6 15 3
137½	119½	4½b	2½a	Guardian Investment	120½	...	5 16 0
254	201	4a	8b	Ind. and Gen. Ord.	220	...	5 9 1
275½	222	5a	8b	Invest. Trust Def.	222	−3	5 17 1
17/–	14/9	2½a	6½b	Lake View Inv. 10/–	15/–	...	6 0 0
252½	227½	8½b	3½a	Mercantile Inv.	227½	−5	5 5 6
154	121½	4½b	3a	Merchants Trust Ord.	121½	−1	6 3 5
251½	222½	7b	5a	Metropolitan Trust	222½	...	5 7 10
5/–	3/4½	2½c	4c	Scottish Inv. 5/–	4/6	...	4 9 0
218	170	3½a	6b	Scottish Mort., &c.	178½	...	5 6 5
221	190½	3a	9b	Trustees Corp. Ord.	202½	−3	4 18 9p
193	167	6b	4a	United States Deb.	175½	...	5 14 0
				Financial Trusts, &c.			
11/9	6/3	2½c	4c	ArgentineLand,&c.10/	9/4½	...	8 11 5
35/–	22/–	10c	13⅓c	Brit. S.Afr. 15/–fy. pd.	24/9	+2/3	8 0 0
23/9	15/7½	10c	10c	Charterhouse Inv. £1	20/–	...	10 0 0
16/10½	13/3	2a	2b	C. of Lond. R. Pty. £1	15/–	...	5 6 9†
33/9	25/7½	†2½a	†8¾b	Daily Mail & Gen. £1	27/–	...	8 6 6†
7	6 1/16	4¼b	3a	Dalgety £20 £5 pd.	6¼	−⅛	5 16 0
23/6	17/6	3a	6b	Forestal Land £1	17/6	...	10 5 6
25/10½	18/–	Nil c	z 4 (c)	Hudson's Bay Co. £1	20/6	...	3 18 6
20/–	13/9	2½a	5b	Java Invest. £1	15/7½	...	9 13 0
5⅝	2	Nil	Nil	Peru. Corp. Pref.	2½	...	Nil
10/6	7/–	3c	3½c	Primitiva Hold. £1	8/6	...	8 5 0
17/3	12/6	7½c	7½c	Staveley Trust £1	13/9	...	10 1 9
34/10½	23/9	10c	12½c	Sudan Plant. £1	25/–	−3/9	10 0 0
				Breweries, &c.			
77/6	61/3	12½b	5a	Ansell's Brewery £1	68/–	+6d	5 2 6
32/–	21/9	5½b	2½a	Barclay Perkins £1	24/6	...	6 10 6†
131/–	103/9	†20b	†5a	Bass Ratcliff Ord. £1	122/–	+2/–	4 1 9†
67/–	51/–	3a	12b	Charrington & Co. £1	58/9	+3/3	5 2 0
82/6	70/–	14b	6a	Courage Ord. £1	71/3	−1/3	5 12 0
107/9	89/–	7½a	15b	Distillers Ord. £1	94/6	+3/3	4 15 0
125/–	101/3	12a	17b	Guinness Ord. £1	111/–	+4/9	5 4 0
113/6	91/–	20b	7½a	Ind. Coope & All. £1	97/6	+1/3	5 12 0
43/–	32/–	7½b	3½a	Meux's Ord. £1	35/–	+2/6	6 5 9
93/–	76/3	15b	8a	Mitchells&Butlers £1	80/6	+6d	5 14 0
75/–	63/9	5a	12½b	Ohlsson's Cape £1	67/–	+2/–	5 4 0
78/–	65/–	14b	4a	Simonds (H.&G.) £1	66/3	...	5 8 9
108/6	87/6	†5a	†17½b	S. African Bws. £1	101/3	−1/3	4 9 0†
42/–	30/–	6b	4a	Taylor Walker Ord. £1	33/6	−1/6	5 18 6
26/3	19/4½	5½b	2a	Walker (P.)&R.Cain £1	22/–	+9d	6 19 0
77/9	62/6	6a	12b	Watney CombeDef. £1	66/–	+1/–	5 8 9
				Iron, Coal and Steel			
24/6	18/9	4a	6b	Allied Ironfound. £1	19/4½	...	10 6 8
44/–	33/9	4a	6b	Babcock Wilcox £1	36/3	+1/3	5 10 4
9/4½	4/7½	10c	10c	Baldwins 4/–	5/6	+3d	7 5 0
46/3	33/9	10b	3½a	Bolsover Col. Ord. £1	33/9x	−6d	8 0 0
32/3	24/9	†5a	†12½b	Brown (J.) Ord. 10/–	28/9	+1/9	6 2 0†
36/7½	25/–	†2a	†6b	Butterley Co. Ord. £1	25/–	...	6 8 0†
11/3¾	6/6	8⅓c	4a	Cammell Laird 5/–	7/6x	+8d	5 6 9
25/7½	19/3	3a	5b	Colvilles Ord. £1	20/6	+1/1½	7 15 0
11/10½	6/10½	7½c	10c	Consett Iron Ord. 6/8	7/9	+9d	8 13 3
87/6	76/10½	5a	15b	Cory, William, Ord. £1	80/–	+1/3	5 0 0
34/3	18/1½	6c	10c	Dorman Long Ord. £1	18/9	...	10 13 4
55/3	34/3	14c	18c	Do. Pref. Ord. £1	36/3	−1/3	9 18 9
70/–	60/–	†6a	†11½b	Firth Brown £1	63/9	−1/3	5 10 0†
31/1½	21/9	†3a	†4½b	GuestKeen&c. Ord. £1	23/3	+6d	6 8 0†
33/9	26/–	15b	7½a	Hadfields 10/–	26/6	+3d	8 9 0
31/4½	21/6	6½b	2½a	Horder Collieries £1	23/9	+7½d	7 11 7
29/–	25/–	5c	9½c	Lambert Bros. Ord. £1	27/6	...	6 19 0
2/4½	2/–	2c	3½c	Ocean Coal, &c. 4/–	2/3	+3d	6 4 6
12/3	7/6	5c	10c	Pease and Partners 10/–	8/6	+4½d	11 18 0
23/9	14/4½	2a	5½b	Powell Duffryn £1	15/7½	+1/3	9 12 3
48/4½	35/–	†5a	†7½b	Sheepbridge C.&I. £1	36/3	+1/3	6 18 0†
35/4½	24/4½	3½a	8½b	Shipley Coll. Ord. £1	24/4½	−7½d	9 17 0
40/–	28/9	12c	13c	S. Durham } Ord. £1	28/9	...	9 0 9
20/–	12/–	6c	7c	Steel & Iron } B Ord £1	12/6	...	11 4 0
47/–	38/4½	4a	6b	Stanton Iron. £1	38/9	...	5 3 3
58/–	39/6	†3a	†8b	Staveley Coal, etc. £1	40/–	−1/3	5 10 0†
40/3	31/6	7½c	12½c	Stewarts & Lloyds £1	33/9	+7½d	7 8 0
28/9	23/3	4a	6b	Swan, Hunter £1	24/4½	−7½d	8 4 2
10/10½	2/4½	15c	5c	Thomas (Rich.) 6/8	2/9	...	?

(a) Interim dividend. (b) Final dividend. (c) Dividends for full year. (d) Paid in £N.Z. (e) Allowing for exchange. (f) Flat yield.
(h) Yield on 4½% basis. (m) Based on payment of 2½%. (n) To redemption at par, in year shown. (v) Yield on 15/8% basis.
(s) Yield worked on a 5½% basis. (w) Yield based on 40% of coupon. † Free of Income Tax. (y) Yield based on 47% of coupon.
(p) Yield worked on a 10% basis. (t) Yield worked on a 14% basis. (z) 1% paid free of income tax.

Prices, Year 1938 Jan. 1 to Sept. 21, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, Sept. 21, 1938	Change since Sept. 14, 1938	Yield Sept. 21, 1938 £ s. d.
				Iron, Coal, &c.—cont.			
25/6	20/9	Nil	Nil	Thornycroft, John £1	23/9	...	Nil
$64	$38½	1c	Nil c	U. States Steel $100	$59½	+$3	Nil
27/6	20/–	3a	7b	Un. Steel Cos. Ord. £1	24/–	+2/–	8 17 9
27/6	18/9	10c	10c	Vickers 10/–	20/9x	+2/–	4 16 0
29/6	21/–	10c	3¾a	Ward (Thos. W.) £1	22/6	...	8 17 0
36/6	33/1½	10 4/9 c	12⅖c	Weardale S. etc. Df £1	33/9	...	7 8 0
5 15/16	3 15/16	12½a	22½b	Whitehead I. & S. £1	4	...	8 15 0
51/3	40/7½	15c	15c	Yarrow & Co. £1	47/6	...	6 6 3
				Textiles			
5/9	2/9	Nil	Nil	Bleachers £1	3/1½	+3d	Nil
5/6	2/10½	Nil	Nil	Bradford Dyers £1	3/6	...	Nil
5/4½	2/3	Nil	Nil	Brit. Cel. Ord. 10/–	3/3	...	Nil
7/6	4/–	Nil	Nil	Calico Printers £1	4/4½	...	Nil
41/9	32/6	10c	10c	Coats, J. & P. £1	35/7½	+7½	5 12 0
48/1½	26/9	7⅔b	1½a	Courtaulds £1	30/6	+1/–	6 0 0
39/9	26/3	2½a	7½b	English Swg. Ctn. £1	26/3	...	7 12 5
6/9	2/1½	Nil	Nil	Fine Cotton Spin. £1	2/4½	...	Nil
33/9	25/–	5½b	3a	Linen Thread Stk. £1	27/6	...	6 3 7
49/4½	36/3	†12½c	†10c	Patons & Baldwins £1	45/7½	+7½d	4 8 0†
18/9	5/7½	Nil a	Nil b	Whitworth & Mit. £1	6/3	...	Nil
				Electrical Manufactg.			
45/3	34/–	10c	10c	Associated Elec. £1	36/–	+1/6	5 11 0
95/6	77/6	15b	5a	British Insulated £1	87/6x	+1/–	4 11 5
103/3	78/9	15b	5a	Callenders £1	90/–	+1/3	4 8 10
32/6	18/9	6½b	6a	Crompton Park. A 5/–	23/9	...	2 8 9
31/10½	24/4½	Nil c	10c	English Electric £1	29/–	−6d	6 19 0
79/3	67/–	17½c	20c	General Electric £1	77/–	+2/–	5 4 0
21/3	16/–	15b	5a	Henleys (W. T.) 5/–	20/–	...	5 0 0
41/3	34/–	5a	7½b	Johnson & Phillips £1	38/–	...	6 11 0
30/6	21/6	7½c	7½c	Siemens £1	23/1½	...	6 9 9
				Electric Light, &c.			
$13 11/16	$7⅜	Nil	$1c	Brazil Trac., no par	$11¼	...	8 17 9
68/–	62/6	9b	6a	Bournemouth & Ple.	66/3	...	4 12 3
39/3	24/6	5b	2a	British Pow. & Lt. £1	28/–x	+4½d	4 19 7
34/3	31/6	4b	3½a	City of London £1	32/6	−6d	4 12 4
42/–	33/6	5b	3a	Clyde Valley Elec. £1	36/–	−6d	4 8 9
51/–	45/3	7½b	3a	County of London £1	46/–	−1/–	4 10 6
27/9	25/3	4a	5b	Edmundsons £1	26/–	...	4 11 0t
35/–	30/–	5b	2½a	Lancashire Elec. £1	30/6x	−6d	4 19 0
32/4½	28/9	4b	3a	Lond. Ass. Elec. £1	30/7½	...	4 11 0
50/9	43/6	9b	3a	Metro. Electric £1	47/6	−1/3	5 1 0
39/–	33/3	5½b	2½a	Midland Counties £1	37/6x	...	4 5 0
3/10½	26/6	4½b	2½a	North-East. Elec. £1	30/6	+6d	4 12 0
49/–	44/6	6b	4a	North Metro. £1	45/6	+6d	4 8 9
38/9	34/–	5½b	2½a	Scottish Power £1	36/–x	−1/–	4 8 9
1/10½	37/6	5b	3a	Yorkshire Electric	40/–	...	4 0 0
				Gas			
5/–	21/6	2⅘a	2⅘b	Gas L. & C. £1	22/6	+6d	5 0 0
38	108	4a	6b	Imp. Cont. Stk.	112½	...	8 17 9
3/9	21/6	2⅞b	2½a	Newc.-on-Tyne £1	23/6	...	4 11 6
09¾	101¾	3b	2½a	S. Metropolitan Stk.	105½	...	5 4 3
				Motors and Cycle			
1/3	36/3	15c	12½c	Albion Motors Ord. £1	41/3	+1/3	6 0 0
9/4½	31/–	†7½c	†2½a	Assoc. Equip. Ord. £1	35/–	...	4 6 0†
2/6	21/10½	50c	30c	Austin 5/–	25/7½	+1/3	6 6 0
3/3	18/3	Nil	Nil	Birm. Sml. Arms £1	22/3	+9d	Nil
4/0¾	17/9	83⅓b	33⅓a	Dennis 1/–	18/9	...	6 3 0
3/1½	15/7½	6c	5c	Ford Motors £1	16/3	...	6 3 0
7/6	48/–	12½b	2½a	Lucas, J. (£1)	50/–	...	6 0 0
9/4½	71/3	20c	25c	Leyland Motors £1	80/–	...	6 5 0
3/3	24/9	45c	45c	Morris Motors 5/– Od.	28/1½	+1/1½	8 0 0
1/3	35/7½	20b	5a	Ral. Cycle Hold. £1	37/6	+6d	13 6 9
4/3	81/3	6a	16½b	Rolls-Royce £1	98/9	+2/6	4 10 0
6/7½	9/9	25c	40c	Stand. Motor 5/–	12/9	+6d	7 16 9k
				Shipping			
7 3/16	3⅞	5a	15b	Clan Line Steam. £1	4½	...	4 9 0
4/6	2/3	Nil	Nil	Cunard £1	2/9	...	Nil
4/6	14/9	3c	5c	Furness, Withy £1	16/6	+1/–	6 1 0
4/6	17/6	4c	2½a	P. & O. Def. £1	20/–	...	4 0 0
3/7½	16/9	4½c	5c	Royal Mail Lines £1	17/6	−6d	5 16 0
2/3	13/6	Nil c	Nil c	Union Castle Ord. £1	14/6	...	Nil
				Tea and Rubber			
8/6	9/6	2½c	5c	Allied Sumatra £1	14/4½	+7½d	7 0 0
0/–	18/1½	4a	5b	Anglo-Dutch £1	26/3	...	6 17 2
9/4½	18/3	5a	10b	Bah Lias £1	26/3	...	11 8 7
7/–	21/–	2a	6b	Jhanzie Tea £1	22/6	...	7 2 3
8/6	31/6	5a	7½b	Jorehaut Tea £1	33/9	−1/3	7 8 0
7/6	29/6	2½a	10b	Jokai (Assam) £1	32/6	+1/3	7 10 0
/10½	10/–	5c	5c	Linggi Plant. £1	15/7½	...	6 8 0
3/10	2/0¾	5a	7½b	London Asiatic 2/–	3/6	...	7 2 9
/10½	17/6	4a	6b	Rubber Trust £1	27/6	+6d	7 6 9
3/8¼	2/–	5a	10b	United Serdang 2/–	3/–	...	10 0 0
				Oil			
3/1½	67/–	5a	20b	Anglo-Iranian £1	100/–	+6/3	5 0 0
2/6	24/9	32½a	12½b	Apex (Trinidad) 5/–	27/–	+1/–	8 7 0
5/–	25/–	Nil	Nil	Attock £1	39/4½	+4/4½	Nil
6 1/16	4	5a	25b	Burmah Oil £1	4 7/16	+5/32	4 10 0k
/10½	3/3	10d ps c	11d ps c	Mexican Eagle M.$4	4/3	+9d	...
42	£33⅞	6a	11b	Royal Dutch fl.100	£37½	+£1½	5 0 0e
5 1/16	3½	†7½a	†12½b	Shell Transport £1	4 9/32	+3/32	4 13 0†
5⅜	4 1/16	20b	10a	Trinidad Lease. £1	4⅞	+¼	6 3 0
				Miscellaneous			
/6	17/3	5c	5c	Aerated Bread £1	19/4½	...	5 3 4
/–	20/–	9c	8c	Allied News. £1	21/–	...	7 10 7
/9	18/–	7c	7c	Amal. Metal £1	18/9	...	7 9 4
/6	11/3	5a	3b	Amal. Press 10/–	13/–	...	6 2 0
/–	11/–	10a	10b	Assoc. Brit. Pic. 5/–	12/–	...	8 6 9
/9	10/3	26⅖c	25c	Assoc. News. Df. 5/–	11/–	...	11 6 0
/1½	67/6	7½a	15b	Assoc. P. Cement £1	76/3	+3/9	5 18 0
/6	54/4½	10b	5a	Barker (John) £1	55/–	−1/3	5 9 1
6	7/4½	85c	17½a	Beechams Pills Df. 2/6	8/3	+9d	?
/9	37/6	m 29c	s 32⅓c	Boots Pure Drug 5/–	40/7½	+1/3	4 5 6
/9	23/–	7½c	10c	Borax Deferred £1	23/9	−7½d	8 8 5
/9	11/9	9c	Nil c	Bow. Paper Mills £1	12/–	−3d	Nil
/10½	44/3	7½a	17½b	Bristol Aero. 10/–	50/9	+9d	4 18 0
/1½	40/6	8½b	4a	Brit. Aluminium £1	49/4½	+1/3	5 0 0
/3	31/–	2¾a	5b	British Match £1	33/9	+3d	4 12 6
5 7/16	4 15/32	†20c	†21¼c	Brit.-Amer. Tob. £1	5 5/16	+5/16	4 2 0†
/4½	63/9	7a	10b	British Oxygen £1	70/–	−1/3	4 17 0
/–	46/3	17½b	7½a	Brockhouse (J.) £1	46/3	−1/3	10 16 0
8¾	37	Nil c	4c	Cable & Wir. Hdg.	39½	+1	10 2 6
[illegible]	6	20b	15a	Carreras A Ord. £1	7⅜	+⅜	4 17 0
/–	8/3	20c	25c	Crittall Mfg. Ord. 5/–	10/6	+6d	11 18 0
/6	38/3	10c	12½c	De Havilland Air. £1	45/–	...	5 11 0
/–	25/3	9c	9c	Dunlop £1	27/6	+1/–	6 11 0
/6	31/10½	5a	7½b	Eastwoods Ord. £1	32/6x	+3d	7 14 0
/3	9/0	10c	10c	Elec. & Mus. Ind. 10/–	11/6	+1/6	8 14 0
/3	17/–	15a	20b	Ever Ready Co. 5/–	18/–	...	9 14 6

Prices, Year 1938 Jan. 1 to Sept. 21, inclusive Highest	Lowest	Last two Dividends (a) %	(b) (c) %	Name of Security	Price, Sept. 21, 1938	Change since Sept. 14, 1938	Yield Sept. 21, 1938 £ s. d.
26/4½	17/–	10c	†12½c	Fairey Aviation 10/–	23/–	+6d	5 8 6†
56/9	45/–	5a	7½b	Finlay (Jas.) & Co. £1	51/3	...	4 19 6
6 21/32	5 5/16	7½a	20b	Gallaher Ltd. Ord. £1	6 5/16	+3/16	4 7 0
7/–	3/9	Nil c	Nil c	Gaumont-Brit. 10/–	4/1½	−1½d	Nil
20/6	9/1½	16c	Nil a	Gen. Refract's 10/–	9/6	−1/–	16 16 0
35/3	23/–	15a	25b	Gestetner (D) (5/–)	25/–x	−1/3	8 0 0
90/7½	68/9	5a	20b	Harrisons&Cros.Df. £1	85/–	...	?
76/6	60/–	13½b	5a	Harrods £1	62/6	...	6 0 0
30/–	19/10½	27½b	15a	Hawker Siddeley (5/–)	25/3	+1/9	8 2 0
28/3	21/–	8c	9c	Imp. Airways £1	26/3	...	6 17 2
35/3	27/6	5½b	3a	Imp. Chem. Ord. £1	30/–	+6d	5 13 3
13/7½	6/3	5c	Nil c	Imp. Smelting £1	7/6	...	Nil
7¾	6	†17½b	†7½a	Imp. Tobacco £1	6 15/16	+5/16	3 12 0†
$53½	$38⅞	c$1·30	c$2·25	Inter. Nickel n.p.	$50½	+$3	3 19 3n
12/9	8/7½	5a	5b	International Tea 5/–	9/6	+3d	5 7 3
40/3	31/–	4a	6b	Lever & Unilever £1	35/–	+1/3	5 14 3
60/–	43/9	22½c	20c	London Brick £1	53/9	+1/3	7 8 9
5 13/16	5	8⅓a	14⅙b	Lyons (J.) Ord. £1	5 5/16	+1/16	4 4 6
60/7½	42/6	15a	27½b	Marks & Spen. 'A' 5/–	55/–	+6/3	3 14 0
4 11/16	3⅜	7½a	12½b	Murex £1 Ord.	3 13/16	+1/16	5 8 0
37/–	30/–	9⅜b	2½a	Phillips (Godfrey) £1	32/–	+9d	7 8 0
35/6	24/–	10b	7½a	Pinchin Johnson 10/–	26/3	+1/3	6 12 0
42/9	26/3	12½a	37½b	Prices Trust Ord. 5/–	34/4½	+7½d	7 5 0
58/9	42/6	11⅞b	3⅛a	Radiation Ord. £1	50/–x	−7½d	6 0 0
5 15/32	4⅞	22½c	22½c	Reckitt & Sons Ord. £1	5 5/16	...	4 5 6
14/3	9/4½	†8⅓b	5a	Sears (J.) Ord. 5/–	10/–	...	8 5 0
14/6	8/9	2½c	4c	Smthfld.&Arg.Mt. £1	9/9	−9d	8 4 0
60/6	51/6	12½b	2½a	Spillers Ord. £1	56/3	−1/3	5 8 0
26/10½	21/–	Nil	Nil	Swed. Match. B.kr.25	25/7½	+7½d	Nil
83/–	70/–	14b	4¼a	Tate and Lyle £1	73/9	+1/3	4 19 0
48/3	36/6	5b	5a	Tilling, Thos. £1	43/9	...	4 11 5
68/4½	52/6	11b	5a	Tob. Secrts. Ord. £1	65/–	...	4 18 6
53/–	27/–	35c	25c	Triplex Safety G. 10/–	30/–	+1/3	8 6 9
89/4½	73/9	16¼b	10a	Tube Investments £1	77/6	+2/6	6 14 0
87/6	68/9	16¼b	3¾a	Turner & Newall £1	76/3	+5/–	5 4 9
57/4½	46/3	7½b	5a	United Dairies £1	53/9	...	4 13 0
27/7½	18/4½	15b	7½a	United Molasses 6/8	21/3	+1/3	7 1 2
39/8¼	33/9	7½b	5a	W'llpapr Mfrs. Def. £1	35/–	...	7 2 9
39/3	32/6	3a	7b	Wiggins, Teape Ord. £1	36/–	...	5 10 0
70/–	57/6	15a	45b	Woolworth Ord. 5/–	62/–	+2/–	4 17 0
				Mines			
73/6	52/6	95c	95c	Ashanti Goldfields 4/–	70/–	+1/3	5 9 0
12/10½	8/0¾	p6a	p4b	Burma Corp. Rs. 9	9/6	+6d	9 3 0†
3/6	1/6	Nil c	Nil	Commnwlth. Mng. 5/–	2/1½	+1½d	Nil
81/3	62/6	32½c	6¼a	Cons. Glds. of S. Af. £1	73/1½	+3/1½	5 8 0
17¾	14¾	95b	95a	Crown Mines 10/–	16⅞	...	5 12 0
13 5/16	6	30a	Nil b	De Beers (Def.) £2½	8⅝	+½	8 18 0
69/4½	43/9	20c	15c	Jo'burg. Cons. £1	48/9	+2/6	6 3 2
48/3	30/10½	11¼b	11¼a	Randfontein £1	37/–	+9d	12 2 0
12⅞	9⅛	37½b	25a	Rhokana Corp. £1	11	+½	5 14 0
19⅛	11½	Nil	Nil	Rio Tinto £5	13	+1½	Nil
21/7½	13/7½	10a	10b	Roan Antelope Cpr. 5/–	17/–x	+1/9	5 19 0
11 15/16	9⅜	75a	75b	Sub Nigel 10/–	11⅜	+¼	6 6 0
9 13/32	7	2/6a	6/–b	Union Cp. 12/6 fy pd.	8 13/16	+5/16	4 16 0
9 25/32	5⅝	Nil	Nil	W. Witwatersrand 10/–	6⅝	+⅝	Nil
19/1½	5/2¼	10c	Nil c	Wiluna Gold £1	13/9	...	Nil

NEW ISSUE PRICES

Issue	Issue price	Sept. 21, 1938	Change since Sept 14	Issue	Issue price	Sept. 21, 1938	Change since Sept 14
Af. Ex. 5½% pf.	21/–	2/4½ pm	+1½d	Harl. Eng. 5/–	par	4/6–5/–	...
Am. Pr. 4% db.	99	3¾–3¼ dis	+½	Do. 6d. pf. 10/–	par	9/0–10/–	...
Bechm. 2/6	7/6	7/9–8/3	...	Ipswich 3¼%	98½	2¼–3¼ dis	−¼
Bechm. 5% pf.	1	6d dis	...	Leeds 3¼%	98	1½–½ dis	+1
Bootle 3¼%	98½	2–1 dis	+1½	Luton 3¼%	98½	1¼–¼ dis	+1¼
Bnmth. 3¼%	98½	par–1 pm	+1½	Pretoria 3½%	99	3½–2½ dis	+1
Bwtr. 4½% db.	98	10–8 dis	−3	S. Mt. El. 4% pf.	20/6	9d. dis	+3d
Brt. Ox. 5% pf	22/6	3d dis	+4½d	Do. 3½% db.	100	½ dis	...
Brtn. (M) 5% db	100	3½–2½ dis	−1	Stoke 3¼%	98½	3½–2½ dis	+1
Cov. GP 4% dbs	99	5½–4½ dis	...	Wolrhptn 3¼%	98½	2½–1½ dis	+1

UNIT TRUST PRICES

as supplied by managers and Unit Trusts Association
(Table does not include certain closed trusts)

Name and Group	Sept. 21, 1938	Change since Sept 14	Name and Group	Sept. 21, 1938	Change since Sept 14
Municipal & Gen.			**Keystone**		
For. Govt. Bond	13/–-14/–x	...	Gold 2nd Ser.	18/4½-19/4½	+1½d
Limited Invest.	17/6-18/6	+3d	Gold 3rd Ser.	13/4½-14/4½	+4½d
Mid. & Southern	18/3-19/3	+3d	Keystone	15/4½-16/4½	+1½d
Scottish & Northn.	16/–-17/–	+3d	Keystone 2nd	12/4½-13/4½	+1½d
Bank-Insurance			Keystone Flex.	13/10½-14/10½	+3d
Bank & Insur.*	18/–-19/–	...	Key. Consol.	13/7½-14/7½	+1½d
Insurance*	19/9-20/9	−3d	**Allied**		
Bank*	17/–-18/–	...	Amer. Indsts.	17/3-18/3	+9d
Invest. Trust*	13/3-14/–	−3d	Brit. Ind. 1st	16/6-17/6x	+3d
Scot. B.I.I.T.*	14/4½-15/3	−3d	Do. 2nd	14/3-15/3	...
Cornhill deb.*	20/9-21/6	+1½d	Do. 3rd	14/6-15/6	−3d
Cornhill def.*	12/9-13/9	−3d	Do. 4th	14/9-15/9	−3d
			Elec. Inds.	15/6-16/6	...
National			Metals & Min.	13/3-14/3	+3d
National C.	16/9-17/9	−3d	**Other Groups**		
National D.	15/3-16/3	+3d	Brit. Emp. 1st Unit.	15/10½-16/10½x	+3d
Nat. Invest.	12/4½-13/4½	+3d	Brit. Gen. "C"	14/–-15/–x	+1½d
Amalgamated	18/9-19/9x	...	Rubber & Tin	1/0½-1/2	−1d
Century	15/9-16/9x	...	Brit. & Amer.	14/6-15/6	+3d
Gilt-edged	16/9-17/3	+3d	Producers	7/6-8/–	...
Scottish	16/–-17/–	...	Domestic	6/3-6/9	−3d
Universal	16/7½-17/7½x	+1½d	Do. 2nd Ser.	6/3-6/9	...
Protected 1st	16/1½-17/1½x	−1½d	Do. Priority	9/3-9/9x	+3d
Do. 2nd	14/3-15/3	...	1st Prov. "A"	19/3-20/3	−3d
Do. 3rd	9/10½-10/10½	+1½d	Do. "B"	14/3-15/3	...
			Do. Reserves	14/3-15/3	−3d
"15 Moorgate"			Selective "A"	15/1½-16/1½	+4½d
Inv. Flexible	11/9-12/9x	...	Selective "B"	14/10½-15/10½	+1½d
Inv. Gas & El.	12/4½-13/4½	−3			
Inv. General	15/9-16/9	...	Brit. Trans.	11/6-12/6	−3d
Inv. 2nd Gen.	13/–-14/–	−1½d	Bank, Ins. & Fin.	14/9-15/9	−3d
Inv. Gold	16/4½-17/4½x	−1½d	British Bank Shrs.	19/6-20/6	...
Hundred	16/9-17/9	...	Do. Insur. Shrs.	15/9-16/9x	+3d
Provident	12/7½-13/7½x	...	Brit. Dom. In.	15/–-16/–	...
Savings Unit	8/6-9/1½	...	Four Square	19/–-20/–	...
Security First	13/1½-14/1½	...	Brewery	13/6-14/6	...

* Bid and offered prices are free of Commission and Stamp Duty. (a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (k) Yield on 20% basis.
(m) Including bonus of 5% free of tax. (n) Yield worked on a $2 basis. (p) Annas per share. Latest annual dividend equal to about 6·945% tax free.
(s) 8⅓% paid free of income tax. † Free of Income Tax. (t) Yield worked on 6% basis. (e) Allowing for rate of exchange

(*Continued from page 605*)

Dealings in *oil shares* began more confidently on Monday, though part of the improvement was attributable to "bear" closing. Business, in fact, failed to expand, and although the leading issues remained firm for a time, the limited volume of trading caused small and irregular price movements in mid-week.

Rubber shares began the new account in a more satisfactory style, and though business was very quiet, more rises than falls were recorded in the first part of the week.

The *mining market* shared the general preoccupation with the Czech situation. The steadier tendency on Monday was followed by a cheerful opening on Tuesday, but gave way to hesitation on Wednesday, disregarding the unofficial reports of the Czech acceptance of the Anglo-French plan. Kaffirs were supported by scattered buying orders on Monday and purchases from Paris offset dull conditions at the Cape. There were some further gains on Tuesday, but on Wednesday the market was very quiet. Spasmodic buying of Rhodesian coppers was reported, but interest was small. Turnover in the West African market was small, but prices, where changed, were mainly higher.

"FINANCIAL NEWS" INDICATORS

1938	Total Bargains‡	Corres. Day 1937	Security Indices: 30 ord. shares*	Security Indices: 20 fixed int.†
Sept. 16	5,030	*6,830*	80·0	125·0
Sept. 19	5,065	*8,390*	79·9	125·1
Sept. 20	5,865	*6,815*	81·1	125·7
Sept. 21	5,065	*7,090*	81·5	125·7
Sept. 22	5,855	*6,890*	80·6	125·2
1938				
High...	...	...	*97·2*	*131·0*
			Jan. 12	*Feb. 4*
Low...	...	...	*78·2*	*123·6*
			Sept. 14	*Sept. 14*

‡ Approx. total recorded in S.E. List. * July 1, 1935 = 100. † 1928 = 100.

ACTUARIES' INVESTMENT INDEX

A further fall has been recorded by the Actuaries' Index of 151 industrial ordinary shares, which on Tuesday last stood no higher than 62·0 (Dec. 31, 1928 = 100)—the lowest level since 1933—as compared with 62·6 a week ago and 63·9 a month ago. The corresponding average yields are 6·07, 6·01 and 5·92 per cent. We give below a selection of the component indices of prices (several of which have fallen to new "lows" for the year) and yields :—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100) Aug. 23, 1938	Sept. 13, 1938	Sept. 20, 1938	*Prices 1938 High*
Insurance (10)...	118·6	115·6	113·5	*121·5*
Coal (9)	75·8	73·6	72·6	*106·7*
El.Lt. & Pw.(16)	122·4	121·3	118·1	*122·6*
Elec. Manut. (12)	119·7	116·6	114·2	*129·7*
Home Rails (41)	37·9	37·8	37·0	*71·0*
Stores & Cat.(18)	57·9	56·4	55·1	*66·4*
Brew.& Dist.(20)	121·1	119·9	119·0	*133·6*

Group	Yields (%) Aug. 23, 1938	Sept. 13, 1938	Sept. 20, 1938	*Prices 1938 Low*
Insurance	3·60	3·69	3·76	*110·8*
Coal	7·13	7·11	7·16	*72·6*
El. Light & Pwr.	4·58	4·62	4·74	*114·8*
Electric. Manuf.	5·65	5·79	5·90	*111·1*
Home Rails.....	9·00	9·17	9·31	*37·0*
Stores & Cater.	5·58	5·80	5·93	*55·1*
Brew. & Distill.	5·51	5·56	5·60	*119·0*

New York

WALL STREET'S movements remain sensitive to events in Europe. At the end of last week the market still believed that the situation was critical, but on Monday it found rather greater confidence and staged a brisk advance. The rise continued on Tuesday and business was vigorous, 1,200,000 shares being traded compared with 830,000 on Monday. On Wednesday morning reports that the Czech Government had accepted the Anglo-French plan caused a buying wave, but the pace became more sedate later, and in the afternoon the market was mainly influenced by good domestic news. Steels rose several points early in the week and improved further on Wednesday on reports of increased operations in the Youngstown and Pittsburgh districts. *Iron Age* estimates steel mill activity at 47.5 per cent. of capacity for the current week, as against 45.5 per cent. in the previous week, but states that new business is disappointing. Motors were helped on Monday by the settlement of the strike at the Detroit plant of Briggs Manufacturing, whilst on Tuesday Chrysler and General Motors registered big rises on favourable production reports. Rails were idle early in the week, but hardened for a time later on hopes that the President's conferences with company and union executives would hasten the settlement of the wage dispute. Coppers rose on Monday as a result of the price improvement. On Wednesday the market was impressed by very favourable reports of the Federal Housing Administration. The bond market was firm throughout the week, though on Wednesday trading in European bonds was nervous and on a small scale.

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).

WEEKLY AVERAGES

	1938 Low Mar. 30	1938 High Aug. 24	Sept. 7, 1938	Sept. 14, 1938	Sept. 21, 1938
347 Ind'ls. ...	75·9	109·2	107·9	98·5	104·0
32 Rails	19·0	31·4‡	27·1	23·2	25·1
40 Utilities...	57·7	78·8‡	74·5	68·6	72·3
419 Stocks ...	63·7	90·7‡	89·3	81·4	86·0
Av. yield %*	8·35 High	3·92 Low	3·94%	4·30%	4·03%

* 50 Common Stocks. † January 12th. ‡ July 20th.

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

Sept. 15	Sept. 16	Sept. 17	Sept. 19	Sept. 20	Sept. 21
117·0	114·6	112·2	115·1	119·1	119·6

1938 High: 127·4 August 6th. Low: 83·6 March 31st.

TOTAL DEALINGS IN NEW YORK

1938	Stock Exchange: Shares 000's	Stock Exchange: Bonds $000's	Curb Shares 000's
Sept.15	1,140	5,000	142
" 16	670	4,510	93
" 17*	420	3,400	90
" 19	830	4,130	102
" 20	1,200	6,830	118
" 21	1,030	7,430	124

* Two-Hour Session.

New York Prices

	Close Sept. 15, 1938	Latest Sept. 22, 1938
1. Rails and Transport		
Atchison	32⅝	31½
Balt. & Ohio...	6¾	7
B.M.T.....	8½	8¼
Can. Pacific...	5¾	5⅞
Ches. & Ohio	27½	27½
G.N. Ry. Pf...	17⅜	18
Illinois Cent...	9⅞	10¼
N.Y. Central..	16⅛	15⅞
Northern Pac.	9⅝	9⅞
Pennsylv. R...	18	18
Southern Pac.	15¼	15⅝
Southern Rly.	10⅞	11½
Union Pac. ...	84	83¾
Greyhound ...	15⅛	15⅛
2. Utilities and Communications		
Am. W'works.	8½	8¼
C'with. & S....	1	1
Con. Edison...	24¾	25⅛
Col. Gas & El	5¾	6¼
El Bond & Sh.	6¼	7
Nat Pwr & Lt.	5⅞	6⅝
N. American..	17⅞	18⅛
Pac. Gas & El	25⅛	26⅜
Pac. Lighting	36	37
Pub Serv N.J.	27⅞	29
Stan Gas & E.	2⅞	3⅛
United Corp.	2¼	2⅝
Un. Gas Imp.	9⅝	9¾
Amer. Tel. ...	138	140½
Internat. Tel.	7⅛	8¼
Westn. Union	25½	25¾
Radio	6⅝	6¾
" B. Pref	54¾	54
3. Extractive and Metal		
Am. Rol. Mill	16⅝	16¾
Beth. Steel ...	56⅜	56½
Beth. Steel P.	97	96
Republic St.	16¼	16⅝
U.S. Steel	56⅜	55⅞
U.S. Steel Pf.	110	108½
Alaska J'neau	10	9⅝
Am. Metal ...	33	34
Am. Smelting	45	45⅝
Anaconda ...	32	32⅝
Bohn Alum ...	24	25¼
Cerro de Pas..	43½	44½
Int. Nickel ...	47⅛	47⅛
Kennecott ...	39¼	40⅛
Patino Mines	9¼	10¼
Tex. Gilf. Sul.	35	36¼
U.S. Smelt....	58	58½
Vanadium ...	17½	18½
Atlantic Refg.	21¼	22⅛
Phillips Petr.	37	38½
Shell Union...	14⅞	14⅓
Shell Un. Pf...	105¼	104⅝
Socony Vac....	12¾	13
Stan. Oil Cal.	29	29⅝
Stan. Oil N.J.	51⅓	52
Texas Corp.	41⅞	42½
4. Manufacturing		
Briggs	32½	32½
Chrysler	69½	70⅛
Elec. Autolite	31	31⅜
Gen. Motors..	45⅛	44¾
Hudson Mtr.	8	8¾
Nash Kelvntr	8⅝	9
Packard Mtr..	4¼	4⅝
Bendix Avtn.	20¼	20⅝
Boeing Airpln	21⅝	21⅝
Douglas Afr...	42⅝	43
United Aircft.	25¼	25⅛
Air Reduction	57½	58
Allied Chemi.	176	179
Col. Carbon	83	85
Dupont	130	131
Un. Carbide	79	81¼
U.S. Ind. Alc.	19	21
Allis Chalmer	46⅜	46⅞
Gen. Electric	39¾	40⅛
West'hseElec.	98⅜	99
American Can	94¾	96
Addressogrph	26	26¼
Caterpillar ...	45¼	48
Cont. Can. ...	39	40¼
Ingersoll Rnd	95	91½
Int. Harvester	58⅜	59½
Johns Manvle	94¾	97
Am. Radiator	14½	14⅞
Corn Prods....	56	56⅞
J I Case & Co.	83½	81
Glidden	20	20½
G. Am. Trans	47	47¼
Allied Stores	9⅞	9¾
Celanese of A.	20⅜	19¾
Ind. Rayon...	25½	27
Colgate Palm.	10½	11
Eastm'n Kdk.	168	171¼
Gillette	8	8½
Lambert Co.	12⅝gx	13½
Loews	48	48¾
20th Cen. Fox	24¼	24¼
5. Retail Trade, etc.		
Mont. Ward	44½	44½
J. C. Penney	78½	80⅛
Sears Roebck	68¾	69⅜
Walgreen ...	15⅞	16½
Woolworth ...	44⅝	44¾
Borden	15¾	15¾
Gen. Foods...	32⅞	35
Kroger Grey.	16⅜	16¼
Nat. Biscuit	22¾	23¼
Nat. Dairy ...	12¼	12⅛
Stand. Brands	6¾	7
Am. Tob. B.	83¼	84
Lig. Myers B.	96½	95½
Lorillard	18⅝	18½
Reyn. Tob.B.	41¼	40¼
Nat. Distillers	22½	23
Schenley Dis.	15	15¼
6. Finance		
Comcl. Credit	46¼	48
Atlas Corp....	6⅞	7
Com Inv. Tr.	50½	49

Capital Issues

CAPITAL ISSUE TOTALS

Week ending September 24	Nominal Capital £	Conversions £	New Money £
To the Public	Nil	...	Nil
To Shareholders	330,000	...	408,750
By S.E. Introduction....	Nil	...	Nil
By Permission to Deal	178,964	...	205,735
Sav. Certs., week ending September 17	*Dr100,000*	...	*Dr100,000*

Year to date	Including Conversions £	Excluding Conversions £
1938 (New Basis).....	237,119,105	217,228,142
1937 (New Basis).....	*455,793,045*	*407,119,150*
1938 (Old Basis).....	173,898,536	154,987,678
1937 (Old Basis)	*257,516,329*	*211,924,913*

Destination (Excluding Conversions)

Year to date	U.K. £	Brit. Emp. ex U.K. £	Foreign Countries £
1938 (New Basis)	166,787,209	47,590,756	2,850,177
1937 (New Basis)	*348,044,086*	*56,816,705*	*2,258,359*
1938 (Old Basis)	131,063,175	21,104,231	2,820,072
1937 (Old Basis)	*194,063,735*	*16,368,678*	*1,492,500*

Nature of New Borrowing (Excluding Conversions)

Year to date	Deb. £	Pref. £	Ord. £
1938 (New Basis)	137,420,007	15,376,492	64,431,553
1937 (New Basis)	*204,421,510*	*26,278,146*	*176,419,494*
1938 (Old Basis)	126,391,813	9,252,053	19,343,812
1937 (Old Basis)	*147,536,092*	*16,457,821*	*47,931,000*

NOTE.—"Old Basis" includes only public issues and issues to shareholders only; "New Basis" includes all new capital in which permission to deal has been granted.

Industry and Trade

Renewal of the Tinplate Cartel.—The International Tinplate Cartel is weathering the storm of the present slump more successfully than had been expected. There are few branches of the iron and steel industry where the contraction in output and exports since last year has been as great as in tinplate manufacture. In 1937 the industry experienced a period of unprecedented prosperity. World production totalled approximately 4.25 million tons, compared with the previous record of 3.7 million tons, and the exports of the five principal countries amounted to about 986,000 tons, compared with the previous peak of 928,000 tons in 1929. This year output has declined by nearly 40 per cent. and the volume of exports by about 30 per cent. Despite the strain which this curtailment has imposed upon the Cartel for the regulation of exports and prices, the agreement of 1934 has not only been maintained but was renewed last week for a further period of three years. No details of the resolutions adopted at last week's meeting of the Cartel have been published, but it is understood that they do not involve any material change in export quotas and that they re-affirmed the amended schedule of prices fixed last April. The problem created by the erection of tinplate works in Belgium has been solved by the allocation of the Belgian inland trade to the new plant, and it is expected that this may have the effect of reducing Belgian imports by about 15,000 tons per annum.

* * *

Since the Cartel was first established the British proportion of the combined export trade of the United Kingdom, the United States, Germany (including the Saar), France and Italy has been substantially reduced. In the five years 1927-31 the British proportion of the exports of these countries was 64 per cent.; in 1932, 74.7 per cent.; and in 1933, 61.5 per cent. Last year it was only 46.9 per cent. Under the original agreement 51,000 tons was allocated to France and the Saar, 16 per cent. of the estimated world total of 800,000 tons to Germany, and the balance in the proportions of 70 per cent. to the United Kingdom and 30 per cent. to the United States. This distribution has been altered in recent years by the admission of Italy with a quota of 39,750 tons and of Norway with one of 3,000 tons, and by adjustments affecting Germany on the return of the Saar and Italy on the temporary suspension of exports from that country during the Abyssinian War. In the current year, however, Britain's position in the export markets has improved. Between January and June British exports of tinplates were equivalent to 51 per cent. of the aggregate exports of the countries adhering to the Cartel. Moreover, it is expected that the potential competitive power of the United Kingdom in the world markets will be appreciably strengthened by the new strip mills at Ebbw Vale.

* * *

Collapse of Cotton Price Agreement.—It could scarcely be expected that the co-operation of Lancashire cotton spinners would stand the test of a severe fall in demand. At a meeting in Manchester on Wednesday the members of the ring spinners price agreement decided to abandon the pact. By undercutting the prices fixed by

ISSUES TO SHAREHOLDERS ONLY

Attock Oil Company, Ltd.—Issue of 300,000 £1 ordinary shares at 25s. each in proportion of one for every 5·666 held. To rank for dividend from January 1, 1939.

S. E. Opperman.—Issue of 300,000 2s. shares at 2s. 3d. each, in proportion of one for each two ordinary held, to finance extensions.

E. N. V. Engineering.—It is proposed to capitalise £50,000 of the reserve account shown in last balance-sheet at £75,000 and to distribute as bonus one fully-paid 5 per cent. preference share for every five ordinary shares held.

BY TENDER

Liverpool Corporation Bills.—Tenders will be received at the Bank of England Bill Office on September 27th for £1,000,000 Liverpool Corporation Bills dated September 30, 1938, and payable on September 30, 1939. Payment in full must be made not later than 2 o'clock on September 30th.

SHORTER COMMENTS

Company Results of the Week.—Profits of the COMMERCIAL BANK OF AUSTRALIA show an expansion from £247,435 to £262,384, and the dividend has been raised from 6⅜ per cent. to 7½ per cent. In the engineering group, LAYCOCK ENGINEERING profits have advanced from £19,804 to £40,890, but a substantially greater sum has been provided for taxation, and the dividend is raised cautiously from 5 per cent. to 7½ per cent. The results of S. E. OPPERMAN also show an improvement, from £8,777 to £17,502, but a reduction is recorded in the earnings of S. G. B. (DUDLEY) from £26,497 to £20,310. The board of PARNALL AIRCRAFT has declared a maiden dividend of 7½ per cent., which absorbs £33,750 from the latest year's profits of £66,787, while the balance is employed to wipe out the deficit of £22,066 brought forward, and for reserves. The full reports of DEBENHAMS and HARVEY NICHOLS confirm the preliminary profits figures discussed in *The Economist* of August 27th, page 423. The parent company's net profits have been reduced from £580,754 to £555,112. Increased profits are recorded by ALLIED INDUSTRIAL SERVICES, but reduced earnings are announced by CALTHROPS, HOSEGOOD INDUSTRIES, LEYLAND AND BIRMINGHAM RUBBER, and LINOTYPE AND MACHINERY. COHEN WEENEN, however, have almost exactly maintained their net profits at £58,127.

MISCELLANEOUS

Sir J. L. Hulett and Sons, Ltd.—Net earnings for year to April 30, 1938, £81,270 against £81,522. Ordinary dividend maintained at 7 per cent. For equalisation of dividends, £25,000. Redemption of notes, £10,000. Special depreciation of Tinley Manor, £10,000 against £12,000. Cane crops reserve, £25,000 against £20,000. Cash stands at £56,410 against £4,963.

Beecham Maclean Holdings, Ltd.—Mr Philip E. Hill, presiding at the statutory meeting of Beecham Maclean Holdings, Ltd., on September 20th, announced that the company had now acquired the whole of the ordinary share capital of Macleans, Ltd.

Cable and Wireless.—Index numbers, working-day average of comparable receipts, 1929 = 100. August 1938, 60·2 against 63·1 for July 1938, and 73·0 for August 1937.

Qualcast, Ltd.—The preliminary figures of this company were discussed on page 509 of *The Economist* of September 10th. The balance sheet at June 30, 1938, shows total assets £440,490 against £437,979 on June 30, 1937. Cash has risen from £44,744 to £60,102. Stocks and stores, £108,408 against £52,837. Debtors, £40,298 against £71,561. General reserve account, £100,000.

Laycock Engineering Company, Ltd.—Trading profit for year to June 30, 1938, £58,945 against £25,988. Tax and N.D.C., £17,354 against £5,484. Ordinary dividend raised from 5 to 7½ per cent. The board has opened a general reserve with a transfer of £15,000 from profits. Carry-forward reduced from £10,957 to £9,616.

S. E. Opperman.—Trading profit for year to July 31, 1938, £17,852 against £9,353 for initial period of 13 months to July 31, 1937. To depreciation, £2,872 (£1,872). To reserve for taxation, £4,000 (£1,500). Ordinary dividend raised from 8 per cent. to 17½ per cent. Carry-forward increased from £1,847 to £4,865.

Transvaal Output, Employment and Working Profits.—Gold output, August, 1938: Witwatersrand, 1,021,502 fine ounces; outside districts, 25,887 fine ounces; total, 1,047,389 fine ounces. Value for purposes of declaration, 142s. per ounce. Total output, July, 1938, 1,027,123 fine ounces. Number of natives employed at end of August: Gold mines, 318,074; coal mines, 17,047; total, 335,121. Total estimated working profit, August, 1938: Witwatersrand, £2,693,988; outside districts, £9,722; total, £2,703,710. Total working profit, July 1938, £2,618,059.

Parnall Aircraft, Limited.—The profit for year to July 31, 1938, amounted to £89,287, compared with £26,782 for preceding year. To provision for income tax, £22,500. To reduction of preliminary expenses account, £10,971. A debit balance of £22,066 brought into the accounts has been wiped out. The £33,750 available is to be utilised to pay a first dividend of 7½ per cent.

Leyland and Birmingham Rubber Co.—Net profits for year to June 30, 1938 £81,830, against £97,325. The latter figure is after reserving £22,450 for tax. Deduction for depreciation, etc., £22,247 (£27,778). Ordinary dividend 11¼ per cent., against 12½ per cent. To reserve £7,500 (£5,000). Carry forward raised from £30,615 to £31,445.

COTTON PRODUCTION IN THE UNITED STATES

	Production (In thousands of 500 lb. bales)	Crop condition on August 1st per cent.	Yield per acre lb.
1933	13,049	74	212·7
1934	9,636	60	171·6
1935	10,638	74	184·2
1936	12,399	72	197·6
1937	18,946	81	266·9
Forecast 1938	11,988	78	217·9

ravages by the boll weevil, but reports suggest that loss from this source will be slightly below the average. Much, however, still depends on the weather in the cotton belt during the next two months. In view of these statistics, there is every indication that supplies this season will be far larger than consumption, and that the carry-over next July will be the largest ever known. A period of relatively low prices for cotton may therefore be expected, although any important decline in prices may be checked by the possibility of a loan from the United States Government to the farmers. The granting of such a loan is mandatory if the price in Southern markets falls below a level of about 8.30 cents, or if the crop at any time should be estimated by the Government to exceed 13,000,000 bales

INDUSTRIAL REPORTS

TRADE in most centres is still affected by local holidays. There is, however, a better tone in the Glasgow coal market. More inquiries are also recorded in this area for steel and output shows a slight improvement. The estimate of the United States cotton crop has been a bearish factor in Manchester, where there are fears of a further fall in cotton prices.

Coal

Newcastle-on-Tyne. — Northumberland steam collieries working under a system of curtailed production are in a slightly better position, but it will take considerably more trade to provide for full production and clear some of the stocks. The Durham section is very quiet, collieries being fortunate to work a full week. Local industrial trade shows no improvement and buyers abroad have no interest in the market. Patent oven coke has a steady outlet to the Scandinavian countries, but owing to the lack of home trade most makers are curtailing production.

★

Glasgow.—The rather brighter market which has developed since the pit holidays is well maintained. In the export branch new business has not materially expanded from its recent meagre volume, but contract supplies are being taken up more regularly, and increasing stocks are a less common feature. Washed nuts are moving fairly steadily all round, with pearls fully booked up for some time ahead. Apart from one or two prime brands, however, round coal is freely available. There are more indications of a stocking movement in house coal, and washed nuts are finding a better outlet to the public utility undertakings.

★

Cardiff.—The Greek Pelopenese Railways have invited prices for the supply of about 29,000 tons of large coals or patent fuel, while the Thessaly Railway have inquired for about 5,000 tons of coal. The Greek Navy have asked for prices for about 8,000 tons. In recent years, Germany has made big inroads into the Greek market and has secured the biggest portion of these orders. Apart from this, demand on the Cardiff market has been slow again this week and there seems little likelihood of any early expansion in the volume of business. As yet, however, there was no sign of any general easing in prices and only in very few instances have sellers made concessions. Shipments, foreign and coastwise, were severely curtailed last week on account of the holidays. They amounted to 184,000 tons compared with 366,700 tons in the previous week and 235,269 tons in the same period of last year. For the current year to date exports from the South Wales ports totalled 11,588,339 tons, against 12,051,927 tons a year ago.

Iron and Steel

London.—Holiday conditions continue to influence the iron and steel markets and will be much in evidence for the remainder of this month, according to the official report of the London Iron and Steel Exchange. In many districts consuming works will close down for the annual break and deliveries of steel will be suspended. Business in the pig iron section of the market has been on a restricted scale for some time and the majority of users are working on their stocks. As a result new orders are scarce; but it is reported that inroads are being made in the heavy accumulations which have weighed on the market since the beginning of the year. The demand for some of the special descriptions of pig iron which are largely used by the heavy engineering works is well maintained.

The situation in the semi-finished steel department is not likely to show any signs of improvement until later in the year when the autumn demand begins to make itself felt. Considerable stocks exist at consumers' works and although these are being gradually absorbed they are sufficient in the present state of the demand to check new purchases.

There is an irregular demand for finished steel; but recently business in some of the lighter descriptions has been more active. In the heavy steel branches of the industry, production continues at a good rate and the works have enough in hand to keep them employed for some months. Export orders of importance are scarce; but lately there has been some expansion in the volume of inquiry from overseas markets.

Middlesbrough.—Business on the iron and steel market is extremely quiet as is usual during August, and five more blast-furnaces have been or will be put out of operation during the next few days. Shipments of pig iron from the Tees for the first nine days of August amounted to 1,197 tons, against 670 tons during the same period in July, one parcel being shipped to Scotland. In the steel trade it is almost impossible to get re-rollers to accept deliveries of semi-manufactured steel There has been some improvement in demand for lighter steel, whilst producers of heavy finished steel continue well employed. Owing to the reduced number of blast-furnaces now operating there is little demand for blast-furnace coke, and importations of foreign ore are considerably reduced. There is no demand for iron and steel scrap. Next week is the local holiday week and steelworks and foundries will be closed.

★

Glasgow.—Holiday conditions still influence the markets in some directions, but generally in this district there has been more business placed and inquiries are more promising. Steelmakers are busy and have booked a fair tonnage during the week. Demand for black and galvanised sheets also shows some improvement. Bookings of light structural material have been particularly good and include some valuable contracts for Glasgow firms. In almost all branches business shows a slight improvement over recent weeks.

★

Cardiff.—The tinplate trade was slow to settle down after the interruptions of holiday week. Export demand was weak and again little business was concluded; steel sheets were in slow request. The statistical position of the tinplate and sheet industry is shown in the accompanying table.

Tinplate Industry Statistics

	Week ended July 24, 1937	Week ended July 16, 1938	Week ended July 23, 1938
Production—per cent. of capacity	78·32	46·48	48·95
	Week ended Aug. 3, 1937 Tons	Week ended July 28, 1938 Tons	Week ended Aug. 4, 1938 Tons
Shipments	6,206	5,942	5,151
Stocks (warehouse and in vans).....	1,442	5,173	1,439
	Thirty-one Weeks ended Aug. 3, 1937 Tons		Thirty-one Weeks ended Aug. 4, 1938 Tons
Shipments	257,764		151,349

Textiles

Cotton (Manchester). — The United States Government's crop estimate of 11,988,000 bales was about 500,000 bales more than expected. It is quite evident that the crop has made a good start. The fall in prices has not been important, selling of futures being checked by the probability of a Government loan to farmers. It has been another unsatisfactory week for spinners. Only hand-to-mouth buying has occurred in the American section, and curtailment of output tends, if anything, to increase. In the Egyptian branch considerable interest has been taken in the change in the price-fixing scheme. A special rebate of 5 per cent. from the gross price of yarns has been made to firms who will undertake to do all their business with mills in the agreement. This decision has caused some confusion. Cloth demand has continued very restricted, and the turnover has again consisted of retail lots to meet the urgent requirements of buyers. In all sections of the market there is a distinct fear of lower prices, owing to the enormous supplies of raw cotton.

★

Jute (Dundee).—Business in the jute trade continues slow and the accumulation of orders for yarns and cloth over the holiday period has been small. Prices are well maintained, but spinners and manufacturers are still unable to obtain the higher terms so necessary to meet the recent advance in prices for raw jute, which have been fluctuating to some extent. No further progress has been made in Calcutta with the expected agreement amongst the mills for a restriction of production. Only a very small proportion of the mills are refusing to sign the draft agreement, and it may be that the other mills, merchants, shippers and brokers will boycott them in order to force them to co-operate with the majority. The prolonged controversy continues, with no sign of any immediate settlement, and all the time stocks of goods in Calcutta are increasing; stocks of hessians are estimated at 433 million yards, compared with 186 million yards on January 1st of this year, while stocks of sackings have risen from 82 million yards to 188 million yards.

THE COMMODITY MARKETS

THE downward trend of the prices of primary products continued during the past week, an indication that consumers are not yet prepared to start a large-scale re-stocking movement. Nevertheless, current prices still remain above those quoted before the upward movement in June. In retrospect the sudden rise of prices in June appears to have been in the nature of a false start, though additional evidence of economic recovery in the United States might well initiate a further spurt. Moody's index of the prices of staple commodities in the United States (December 31, 1931 = 100) fell from 146.8 to 142.5 during the week ended last Wednesday. A month ago the index stood at 146.0 and a year ago at 206.8.

Metals

Copper.—As a result of the holiday influences and the more reserved advices from the United States, the copper market was much quieter. The turnover on the London Metal Exchange this week contracted considerably and the standard cash price, at £41 3s. 9d. per ton, closed with a net loss of 10s. Nevertheless, the undertone of the market has remained firm and operators are looking for an improvement in the autumn. Whether this optimism is justified depends primarily on the trade outlook in the United States, which is at present still as obscure as ever in the last three months.

★

Tin.—Tin has fluctuated within narrow limits this week and closed at £194 per ton, a loss of £1 5s. on last week's close. There has been again very little demand on consumers' account, and although recently an increase in the activity of the Welsh tinplate industry has taken place, current consumption of tin is still disappointingly low. The I.T.C. appointed last week Mr R. G. Mills, a director of various companies dealing with Brazilian produce, as manager of the buffer pool.

★

Lead and Spelter.—Both metals moved in sympathy with the copper and tin markets. Lead closed 6s. 3d. down at £14 6s. 3d. per ton, while spelter lost 1s. 3d., to close at £13 16s. 3d. per ton. Turnover of both products was very small this week. Stocks of zinc in the United States fell from 3,500 short tons in June to 146,200 short tons in July. This fall, the first decline since August, 1937, was due to the increase in deliveries from 29,250 short tons to 33,800 short tons, while production fell by 430 tons to 30,360 tons. Even at the higher level, however, deliveries remained still well below the level of July, 1937, when they amounted to 49,700 short tons. The level of metal stocks in this country is discussed in a note on page 341.

Grains

WHEAT prices sagged further last week, and are generally 1s. to 1s. 9d. per quarter lower, particularly in the forward positions. The latest estimates of the American winter wheat crop are about 25 million quarters lower than the previous ones, which was not unexpected. The Canadian Wheat Board has fixed a flat rate of 80 cents a bushel, on the basis of No. 1, Northern, Fort William, as the price to growers for the 1938 crop. As there is no differentiation over the season, it is expected that there will be heavy marketings directly after the harvest. Maize prices also weakened at the close of the week; buyers are waiting for more definite information on prospective crops of wheat and barley. Barley prices also declined, with a slow demand and selling pressure from Russia; at present prices, barley is highly competitive with maize as a feeding stuff, a relationship which may be expected to continue in view of the short Argentine maize crop.

Other Foods

Provisions.—The meat trade has been dull and prices have tended to sag. The bacon market has been steadier, but prices of Dominion butter, after being firmly held early in the week, declined later by about 1s. per cwt. Eggs were dearer and English (15-15½ lb.) were quoted at 17s. to 17s. 6d. per great hundred.

★

Colonial Produce.—Spot sugar prices were unchanged during the week, but forward rates were reduced by 1½d. per cwt. Cocoa, coffee and tea prices were firmly held, against a moderate demand.

★

Fruit and Vegetables.—There was a good demand for the moderate supplies of English potatoes and prices were generally higher than a week ago. After a dragging trade over the week-end, demand for fruit and other vegetables improved; lettuces sold well and prices of English tomatoes rose to 3s.-5s. per 12 lb.

Miscellaneous Commodities

Oils and Oilseeds. — Markets generally are quiet and affected by the trend in wheat prices; the expectation of good crops of linseed in the United States and Argentine also has a depressing effect. Little business was done in this product, or in Egyptian cottonseed. The price of linseed oil has again fallen to nearly the lowest quotation of this year. The demand for cotton oil is quiet and that for oil cakes has sharply fallen.

★

Rubber.—The market has been dull and prices steady; standard sheet on the spot closed at 7⅛d. per lb., a gain of ⅛d. per lb. on the week. The increase in stocks outside the regulated area in June amounted to 1,727 tons.

therefore, uneconomic to transport lignite for any distance, and much of the output is used in the great power stations in Saxony and the Rhineland, which have been specially designed to use fuel of low efficiency. Some

GERMAN OUTPUT OF COAL AND LIGNITE
(Million Tons)

	U.K. Coal	Germany				
		Coal	Lignite			
			Rhineland	Central	E. Elbe	Total
1913	287	190	20·3	38·7	25·9	87·2
1929	287	163	52·8	71·3	47·4	174·5
1937	241	180	†	†	†	185·0

† Not available.

lignite is sold in the open market in the form of briquettes, but an increasing proportion of the total output is now used for the production of synthetic liquid fuels; the Union Rheinische Braunkohlenskraftstoff A.G. was formed in January, 1937, to produce motor spirit and Diesel oil from lignite. It is of interest to note that lignite is one of the few minerals of importance which exists in any quantity in the new province of Austria.

Boom in Vanadium.—Vanadium is one of the lesser known, though important, steel alloy metals whose importance as an armament metal is derived from the fact that the addition of a comparatively small quantity to steel not only increases its hardness quite remarkably, but also its resistance to strong torsional strains. Rhodesia is the principal source of supply, the only other producing countries being South-west Africa, Peru and, to a minor extent, the United States. Although recent output figures are only available for Northern Rhodesia, production is understood to have increased substantially. The British South Africa Company, the owner of the Northern Rhodesian mineral rights, has just announced that Northern Rhodesia's vanadium output amounted to 78,805 lbs. in July, compared with 47,788 lbs. in July, 1937, thus bringing the total output for the first seven months of this year to 461,834 lbs., against 268,003 lbs. in the corresponding period of 1937. In spite of the rapid expansion of output, vanadium prices have not suffered from the general setback in commodity prices, but as the price of the metal is privately arranged for each contract between buyer and seller, details of recent price changes are not available. The indications are, however, that the market in vanadium will remain firm in spite of the increase in supplies.

INDUSTRIAL REPORTS

THE flow of new orders to industry continues to be hampered by the political crisis. Exporters, moreover, were harassed by the difficulties of insuring war risks. Coal production is now running well below the level of a year ago; the quantity raised in the week ended September 10th was 3,985,000 tons, against 4,550,100 tons in the corresponding period last year. New business remained limited. The iron and steel markets were a little more active, but the volume of transactions is still small. The limitation of working hours in Indian jute mills, ordered by the Government of Bengal, has brought a ray of hope to Dundee manufacturers. In the cotton industry, the Board of Trade, with the consent of the Treasury, has extended the operations of the Surplus Spindles Board for a further period of twelve months from September 14. A more detailed account of the course of industrial activity is given in the *Trade Supplement* accompanying this week's issue of *The Economist*.

Coal

Newcastle-on-Tyne.—The steam coal section of the North-East coal market remains fairly steady with prices firmly quoted. Shipments are increasing and there has been some Scandinavian buying from consumers who have been holding off the market expecting a fall in prices. Durham coking and gas coals show little change; idle time is a common occurrence among collieries producing these grades, and apart from some seasonal increase in trade there is no indication of any improvement. Patent oven coke has a steady outlet in the export section but inland business is unsatisfactory.

★

Workington.—The coal trade is a little brisker, chiefly because merchants in Eire and Ulster are taking the last opportunity, before prices are raised next month, of increasing their winter stocks. Landsale, too, is somewhat better. But needs of industrial fuel are smaller on account of short-time working at the coking plants supplying the furnaces on hematite pig iron. Prices are steady.

★

Glasgow.—Though the political news has tended to put a restraint on new export business, this section of the trade has improved during the week. Danish buyers have been operating more freely, and there has also been more inquiry from Sweden. Business with Norway and Finland, however, remains dull. Germany is reported to be operating steadily on contract. The week's shipments were better at 221,000 tons, bringing the total for the year to date to 7,345,000 tons, against 8,835,000 at this date last year. Nuts are now all strongly held in the shipping market, the London trade moving steadily. Home business remains satisfactory on the whole.

★

Cardiff.—Business continues very quiet on the Cardiff coal market. The strained political situation in Europe has not produced even a ripple of new inquiries; on the contrary, the increase in rates to cover war risks on cargoes has had a restrictive effect. Shipments in the foreign and coastwise trades at the docks of the Great Western Railway Company last week totalled only 344,500 tons, against 376,400 tons the previous week and 436,814 tons in the corresponding week last year; and for the current year to date the decline in the volume of the foreign and coastwise trades amounts to nearly a million tons, or over 7 per cent. There are tentative inquiries in the market for a few cargoes of large and small coals for Australia. Prices are unchanged, and except for sized grades supplies are abundant. The depressed conditions of the patent fuel trade is shown in a further decline of output and exports.

Iron and Steel

London. — The weekly report of the London Iron and Steel Exchange indicates that markets have been overshadowed by the international crisis. The undertone has been firm and there are indications that overseas buyers have awakened to the risks of allowing their stocks to become depleted. In the home market more business has been moving in several departments than for some time.

Business in pig iron, while still well below normal, has shown signs of reviving, and in the case of foundry iron the stocks of foreign material which have been weighing on the market for many months appear to have been largely absorbed. As a result home producers are experiencing a slightly more active demand.

Trading in the semi-finished steel market, also, has developed greater activity, although there is still room for a considerable expansion. The process of the absorption of stocks is progressing steadily and there are indications that the usual autumn expansion in demand is approaching.

The situation in the finished steel section of the market is irregular. The heavy steelmakers have still a considerable tonnage of work in hand, but their reserve of orders has been greatly reduced. Conditions in the lighter branches of the industry have shown some improvement, but there is a fair amount of unemployed plant. The inquiry from overseas, however, has been on a larger scale than for some time.

★

Middlesbrough.— Having now liquidated the greater part of imported material, consumers of foundry pig iron are more inclined to negotiate for their future requirements, but as prices are fixed until the end of the year and stocks in makers' yards still substantial, there is no difficulty in obtaining delivery and no inducement to purchase forward.

Production of Cleveland foundry pig iron is intermittent and there is no reason for an increase. East Coast hematite production has been brought more into line with the lower level of demand. Consumers in the Midlands are still not taking full delivery under existing contracts. Some small parcels of special iron have been sold for export, and during the past week one lot of 900 tons has been shipped via Hamburg to Czechoslovakia, whilst a further parcel of 500 tons has been shipped to France. Shipments of pig iron from the Tees during the first 19 days of September amounted to 3,218 tons, compared with 1,889 tons during the same period in August.

No decision has yet been reached regarding the price of heavy steel scrap to be applied during the last quarter of this year, and it is understood that nothing will be decided until October. In the meantime, steelworks are restricting deliveries to the minimum. Imports of ore have been further reduced and the quantity imported into the Tees during the first 19 days of September amounted to 39,175 tons, compared with 64,175 tons during the same period in August. Blast-furnace coke is in small demand with the supply ample.

Semi-finished steel is in little request, and whilst heavy steel makers are fairly fully employed, they are anxious to have replacement orders.

★

Workington.— No sign of improvement in the North-East Coast hematite pig-iron trade can be detected. Though the number of furnaces in blast between Workington and Barrow is four fewer than in June, production is more than ample for needs and stocks are now estimated to exceed 100,000 tons. Deliveries, mainly to the Midlands, Scotland and South Wales, represent only an inconsiderable tonnage, and local consumption has decreased by a third. Any further curtailment of output is for technical reasons impracticable, but if the depression continues, the entire closing down of one of the plants cannot be prevented. Prices remain at the fixed minimum and it is stated that they will not be revised until the end of the year. Malleable iron is an extremely moderate trade at £8 5s. per ton, delivered at Birmingham, and a like statement applies to ferro-manganese at £18 15s. per ton, home, the output of which exceeds the quantity which can be marketed.

The outlook in the steel trade is uncertain. Orders on the books are fast being worked off, and new business is not sufficient to encourage the hope that the rolling mills at Workington may be kept in engagement for more than three weeks in four. Native ore, at 24s. 6d. per ton, f.o.t., is in diminished local request and none is being sent outside the district. Production has decreased of late.

★

Glasgow.—Markets are still affected by the present political situation and buyers are still holding back. At the same time there is some improvement, although individual orders placed do not involve any great tonnage. Heavy steelmakers have still much work on hand. In the lighter branches order books are not so well filled, but just recently there has been more business placed, although not sufficient to warrant putting any additional plant into operation. There is also a better demand for semis, but not of sufficient magnitude to keep the available plant in operation.

★

Cardiff.—The position in the tinplate industry is practically unchanged, and the sheet trade is relatively even more depressed. Production in tinplates in the week ended September 10th was equal to 47 per cent. of capacity compared with 77.46 per cent. in the corresponding week last year, while the black and galvanised sheet mills are operating at only about one-third of capacity. Under the renewed Cartel Agreement, prices in South Wales continue at 21s. 6d. per basis box except for certain markets, where 20s. 3d. per box is quoted, according to the reduction made by the Cartel last April. Galvanised sheets are stable at £16 15s. per ton for export. There are no signs of an improvement in the heavier branches of the industry.

Textiles

Cotton (Manchester).—The market has been dominated by political developments. Traders have been harassed to an increasing extent by the question of war risk insurance. Wide fluctuations have occurred in foreign exchange rates, and business has been carried on with much difficulty. Raw cotton prices have not shown much change. The American crop appears to be doing well. Stocks of raw cotton in Great Britain now total 1,164,278 bales, against 691,000 bales a year ago.

Spinners have bought more Egyptian cotton, probably as a hedge against the contingency of interference with the Mediterranean shipping route.

The yarn market has been unsettled by fears that the American ring price agreement might be abandoned. There has been more demand for both American and Egyptian yarns, but no important transactions have taken place.

There has been a larger inquiry for cloth, but although there has not been any general improvement in turnover, rather more orders have been booked. There has been more activity for India, while further buying has been recorded for South America. Useful orders have also been secured for Java and Hong Kong. There has not been much business passing for Egypt and the Near East, while purchases for the home trade remained limited. Some Government contracts are pending.

★

Jute (Dundee).—In consequence of a decree issued by the Governor of Bengal, the Indian jute mills will curtail their working hours to 45 hours per week from September 26th. An exception is made in the case of five small mills, which will be allowed to run 72 hours per week until they have installed 175 looms. The effect of this measure has been lost on the market by the political crisis, but prices have advanced steadily, if slowly, during the past ten days, and if political tension subsides, a more marked improvement should be seen in the jute industry. Buyers are uncertain how to act, but there is always a quiet business being done in most commodities and prices are tending to advance.

The Indian jute mills are steady purchasers of raw jute, which tends to keep up prices. Moreover, the official estimate points to a short crop this year, and the forecast may be more correct than hitherto, in view of the pains taken by the Indian Central Jute Committee this year to secure more accurate returns. The consumption of the Indian mills this season will not be less than six million bales, and they will require to purchase this quantity to prevent further inroads into their already reduced stocks; as other consuming centres are expected to require four million bales, world consumption may amount to ten million bales, against a crop officially forecast to yield 6,696,000 bales. The price of Daisee-2/3 is £19 per ton for the full group, and for Tossa-2/3 £20 is lowest, October/November.

Jute yarns are in better demand and spinners have raised their prices for common 8-lb. cops to 2s. 1d., with 10½ oz. 40 in. hessians 2⅛d. and 8 oz. 2d.

THE COMMODITY MARKETS

THE upward trend of prices noticeable last week has been reversed, both here and in the United States, but movements in the prices of individual primary products were far from uniform. Thus wheat prices, which were marked up sharply last week on fears of war, fell as suddenly when this danger receded. Non-ferrous metals, on the other hand, advanced in price with the improvement in American demand, spelter being also sustained by hopes of a revival of the international cartel. Most markets, however, are still swayed by political rather than by economic developments.

Moody's index of the prices of staple commodities in the United States (December 31, 1931 = 100) fell from 145.6 to 143.3 during the week ended last Wednesday. A month ago the index stood at 143.8, and a year ago at 192.6.

Metals

Copper. — After rising to £43 7s. 6d. per ton on more favourable news of the international situation, standard copper declined to £42 10s., and thus closed the week with a net gain of £1 1s. 3d. The undertone of the market has improved sufficiently in the last few days to weather the storm of very large profit-taking sales by speculators without major losses. Reports from United States consuming centres continued favourable this week, and it was not surprising, therefore, that the United States domestic price was again raised by ¼ cent to 10⅞ cents per lb. on Monday.

★

Tin. — The price of tin, after a rise at the end of last week, relapsed again on Tuesday, since when it has been stable at £195 5s. per ton, a net gain of £2 15s. compared with the previous Wednesday. In spite of the maintenance of the low tin quota for the remainder of this year, offerings of the metal are still plentiful. On the other hand, United States consumers are again asking for nearby delivery of tin, which suggests that their stocks are running

(*Continued on page* 618)

BRITISH WHOLESALE PRICES

	Sept. 14, 1938	Sept. 21, 1938
CEREALS AND MEAT		
GRAIN, etc.—		
Wheat—	s. d.	s. d.
No. 2, N. Man. 4/6 lb.	30 3	30 3
Eng. Gaz. av., per cwt.	5 1	4 11
Liv. Oct., per cental	5 2	5 2
Flour, per 280 lb.—		
Straights, d/d London	26 6	26 6
Manitoba, ex store	24 9	Nom.
	26 3	Nom.
Barley, Eng. Gaz. av. per cwt.	10 2	9 9
Oats, " " "	6 9	6 9
Maize, La Plata, landed, 480 lb.	26 9	26 9
Rice, No. 2 Burma, per cwt.	9 0	8 10½
MEAT—		
Beef, per 8 lb.—		
English long sides	4 0	4 0
	4 8	4 10
Argentine chilled hinds	4 0	4 3
	4 5	4 6
Mutton, per 8 lb.—		
English wethers	4 0	4 0
	4 8	5 4
N.Z. frozen wethers	3 0	3 0
	3 8	3 8
Lamb, per 8 lb.—		
N.Z. frozen	4 10	4 10
	5 6	5 8
Pork, English, per 8 lb.	6 0	6 4
	7 0	7 4
BACON (per cwt.)—		
English	99 0	99 0
Danish	99 0	99 0
Dutch	96 0	96 0
Irish	92 0	92 0
	99 0	99 0
HAMS (per cwt.)—		
Canadian	93 0	93 0
United States	90 0	92 0
OTHER FOODS		
BUTTER (per cwt.)—		
Australian	116 0	112 0
	117 0	
New Zealand	120 0	117 0
	121 0	
Danish	135 0	135 0
	136 0	136 0
CHEESE (per cwt.)—		
Canadian	79 0	71 0‡
	80 0	72 0
New Zealand	72 6	72 0
	73 0	
English Cheddars	86 0	86 0
	88 0	90 0
Dutch	52 0	57 0
	57 0	61 0
COCOA (per cwt.)—		
Accra, g.f.	24 6	24 6
	25 0	25 0
Trinidad	36 0	36 0
	44 0	44 0
Grenada	34 0	34 0
	36 0	36 0
COFFEE (per cwt.)—		
Santos supr. c. & f.	33 0	33 0
Costa Rica, medium to good	44 0	45 0
	65 0	65 0
Kenya, medium	50 0	50 0
	70 0	70 0
EGGS (per 120)—		
English (15–15½ lb.)	19 6	19 6
	20 0	20 0
Danish (15½ lb.)	14 6	14 6
	14 9	14 9
FRUIT—		
Oranges, S. African boxes	9 9	8 6
	14 0	13 9
" Brazilian Peras.. boxes	10 0	8 0
	12 3	11 9
Lemons, Naples ..... boxes	17 0	20 0
	31 0	30 0
" Sicilian ..... boxes	18 0	18 0
	24 0	24 0
Apples, Amer. (var.).....barrels	30 0	....
	32 0	29 0
" Californian Gravenstein Boxes	7 9	7 9
	8 0	11 9
Grapes, Almeria .....barrels	...	...
	...	...
Grapefruit, S. African	8 0	8 0
	14 0	16 3
LARD (per cwt.)—		
Irish, finest bladders	50 0	50 0
	56 0	56 0
U.S.	48 0	49 0
	50 0	51 3
PEPPER, per lb.—		
Black Lampong (in Bond)	0 2⅝	0 2⅝
" " (Duty paid)	0 3⅛	0 3⅛
White Muntock (in Bond)	0 3¾	0 3¾
	0 3⅞	0 3⅞
" " (Duty paid)	0 4⅜	0 4⅜
	0 4½	0 4½
POTATOES (per cwt.)—		
English King Edward	5 0	5 0
	5 6	5 6
SUGAR (per cwt.)—		
Centrifugals, 96°, prpt. shipm. c.i.f. U.K./Cont.	5 9	5 6¾
REFINED London—		
Yellow Crystals	19 0	19 1½
Cubes	23 3	23 4½
	23 9	23 10½

	Sept. 14, 1938	Sept. 21, 1938
	s. d.	s. d.
SUGAR (per cwt.)—cont.		
Crushed	21 6	21 7½
Granulated	19 4½	19 6
	20 3	20 4½
Home Grown	19 3	19 4½
	19 6	19 7½
TEA* (Auction Average) (per lb.)—	d.	d.
N. India	14·05	15·73
S. India	13·12	13·15
Ceylon	15·66	16·34
Java	12·61	13·52
Sumatra	11·26	10·80
Africa	11·85	11·43
Total	15·48	15·41
TOBACCO (per lb.)—	s. d.	s. d.
Virginia stemmed and unstemmed, common to fine	0 8	0 8
	2 6	2 6
Rhodesian stemmed and unstemmed	0 9	0 9
	1 10	1 10
Nyasaland stemmed and unstemmed	0 7	0 7
	1 4	1 4
East Indian Stemmed	0 4	0 4
	1 7	1 7
East Indian Unstemmed	0 5	0 5
	1 6	1 6
TEXTILES		
COTTON (per lb.)—	d.	d.
Raw, Mid-American	4 77	4 74
" Sakellaridis, F.G.F.	7 84	7 91
" Giza, F.G.F.	7 49	7 56
Yarns, 32's Twist	9¾	9¾
" 40's Weft	10 4	10⅜
" 60's Twist (Egyptian)	17¼	17⅜
Cloth, 32 in. Printers, 116 yds., 16×16, 32's & 50's	s. d. 16 5	s. d. 16 5
" 36 in. Shirtings, 75 yds., 19×19, 32's & 40's	22 0	22 10
" 38 in. ditto, 38 yds., 18×16, 10 lb.	9 8	9 8
" 39 in. ditto, 37½ yds., 16×15, 8¼ lb.	8 8	8 8
FLAX (per ton)—	£ s.	£ s.
Livonian ZK	65 0	65 0
	66 0	66 0
Pernau HD	66 0	66 0
	88 0	88 0
Slanetz Medium, 1st sort	90 0	90 0
HEMP (per ton)—		
Italian PC	70 0	70 0
Manilla, Sept.-Nov. "J2"	21 0	21 0
JUTE (per ton)—		
Native 1st mks., c.i.f. H.A.R.B., Aug.-Sept.	19 0 0	19 2 6
Daisee 2/3 c.i.f. Dundee, Oct.-Nov.	18 15 0	19 0 0
SISAL, (per ton)—	£ s.	£ s.
African, Sept.-Nov.	14 0	14 0
	16 10	16 10
SILK (per lb.)—	s. d.	s. d.
Canton	7 3	7 3
Japan	7 3	7 3
	8 0	8 0
Italian, raw, fr. Milan	8 0	8 0
	7 3	7 3
WOOL (per lb.)—	d.	d.
English, Southdown, greasy	12	12½
" Lincoln hog, washed	11	11
Queensland, scd. super combg.	23	23
N.S.W. greasy, super combg.	12½	12½
N.Z., greasy, half-bred 50–56	11	11
" Crossbred 40–44	10	10
Tops—		
Merinos 70's average	27	27
" 64's "	25	25
Crossbred 48's	16	16
" 46's	15½	15½
MINERALS		
COAL (per ton)—	s. d.	s. d.
Welsh, best Admiralty	19 6	19 6
	22 6	22 6
Durham, best gas, f.o.b. Tyne	18 9	18 10½
	19 0	19 3
Sheffield, best house, at pits	22 0	22 0
	24 0	24 0
IRON AND STEEL (per ton)—		
Pig Cleveland No. 3, d/d	109 0	109 0
Bars, Middlesbrough	265 0	265 0
Steel rails, heavy	202 6	202 6
Tinplates .....per box	21 6	21 6
NON-FERROUS METALS (per ton)—		
Copper—		
Standard cash	41 8 9	42 10 0
	41 10 0	42 11 3
Three months	41 13 9	42 13 9
	41 15 0	42 15 0
Tin—		
Standard cash	192 10 0	195 5 0
	192 15 0	195 10 0
Three months	193 5 0	196 0 0
	193 10 0	196 5 0
Lead, soft foreign—		
Cash	15 10 0	15 17 6
	15 11 3	15 18 9
English, pig	17 10 0	18 0 0
Spelter, G.O.B.—		
Spot	14 2 6	14 6 3
	14 5 0	14 8 9
Aluminium, ingots and bars	94 0 0	94 0 0
" rolling billets	102 0 0	102 0 0
Nickel, home and export	180 0 0	180 0 0
	185 0 0	185 0 0
Antimony, Chinese	50 0 0	50 0 0
	s. d.	s. d.
Wolfram, Chinese .....per unit	59 0	59 0
	62 0	62 0
	£ s. d.	£ s. d.
Platinum, refined .....per oz.	8 0 0	8 0 0
Quicksilver .....per 76 lb.	13 18 0	13 18 0
	13 18 6	13 18 6

	Sept. 14, 1938	Sept. 21, 1938
	s. d.	s. d.
GOLD, per fine ounce	144 11	144 0
SILVER (per ounce)—		
Cash	1 7 11/16	1 7¼
MISCELLANEOUS		
CEMENT, best Eng. Portland, d/d site, London area, in paper bags 20 to ton (free, non-returnable)—		42s. per ton
4-ton loads and upwards		
CHEMICALS—	s. d.	s. d.
Acid, citric, per lb., less 5%	1 0	1 0
	1 0¼	1 0¼
" Nitric	0 2	0 2
	0 3	0 3
" Oxalic, net	0 5	0 5
	0 6	0 6
" Tartaric, English, less 5%	1 1	1 1
	1 1¼	1 1¼
Alcohol, Plain Ethyl	12 0	12 0
Ammonia, carb. ..... ton	20 0 0	20/0/0
	21/0/0	21/0/0
" Sulphate	7/5/0	7/5/0
Arsenic, lump .....per ton	35/0/0	35/0/0
	s. d.	s. d.
Borax, gran. ..... per cwt.	13 6	13 6
" powder	15 0	15 0
Nitrate of soda ..... per cwt.	8 0	8 0
	0 4	0 4
Potash, Chlorate, net	0 4½	0 4½
" Sulphate ..... per cwt.	10 0	10 0
Soda Bicarb. ..... per cwt.	10 0	10 0
	11 0	11 0
Crystals ..... per cwt.	5 0	5 0
	5 3	5 3
Sulphate of Copper..... per ton	18/5/0	18/5/0
COPRA (per ton)—		
S.D. Straits, c.i.f.	10/15/0	10/15/0
HIDES (per lb.)—	s. d.	s. d.
Wet salted, Australian	0 4	0 3⅞
	0 4¼	0 4½
West Indian	0 3	0 3
	0 3¼	0 3¼
Cape	0 4¾	0 4¾
	0 5	0 5
Dry and Drysalted Cape	0 6½	0 6¼
	0 7	0 6¾
Market Hides, Manchester—	0 4⅛	0 4⅛
Best heavy ox and heifer	0 5⅜	0 5⅜
Best cow	0 4⅛	0 4⅜
	0 4⅝	
Best calf	0 5	0 5
	0 6⅜	0 6⅜
INDIGO (per lb.)—		
Bengal, gd. red.-vio. to fine	5 0	5 0
	6 0	6 0
LEATHER (per lb.)—		
Sole Bends, 8/14 lb.	1 0	1 0
	1 10	1 10
Bark Tanned Sole	2 0	2 0
	2 10	2 10
Shoulders from DS Hides	0 6	0 6
	0 8	0 8
" Eng. or WS do.	0 7½	0 7½
	1 3	1 3
Bellies from DS do.	0 4¾	0 4¾
	0 5¾	0 5¾
" Eng. or WS do.	0 6½	0 6½
	0 8½	0 8½
Dressing Hides	1 0	1 0
	1 8	1 8
Ro. Eng. Calf, 20/35 lb. per doz.	3 6	3 6
	4 6	4 6
PETROLEUM PRODUCTS (per gall.)—		
Motor Spirit No. 1, London	1 6	1 6
Petroleum, Amer. rfd. bril. Lond.	0 10	0 10
Fuel oil, in bulk, for contracts ex. instal. Thames—		
Furnace	0 3¼†	0 3¼†
Diesel	0 4½†	0 4½†
ROSIN (per ton)—		
American	13/0/0	11/5/0
	18/0/0	17/15/0
RUBBER (per lb.)—	s. d.	s. d.
St. ribbed smoked sheet	0 7 5/16	0 8 1/16
Fine hard Para	0 7¾	0 7¾
SHELLAC (per cwt.)—		
T.N. Orange	39 0	39 0
	42 0	42 0
TALLOW (per cwt.)—		
London town	17 6	17 6
TIMBER—		
Swedish u/s 3×8 ..... per std.	21/0/0	21/0/0
" 2½×7 ... "	20/10/0	20/10/0
" 2×4 ..... "	18/0/0	18/0/0
Canadian Spruce, Dis. "	22/10/0	22/10/0
Pitchpine .....per load	13/10/0	13/10/0
Rio Deals ..... per std.	35/0/0	35/0/0
Teak .....per load	25/0/0	25/0/0
Honduras Mahogany logs c. ft.	0/12/0	0/12/0
English Oak Planks ... "	0/6/0	0/6/0
English Ash Planks ... "	0/7/0	0/7/0
VEGETABLE OILS (per ton net)—		
Linseed, naked	21/15/0	21/12/6
		21/17/6
Rape, refined	31/15/0	31/15/0
Cotton-seed, crude	18/0/0	18/0/0
Coconut, crude	15/0/0	15/7/6
Palm	13/2/6	13/12/6
Oil Cakes, Linseed, Eng.	9/2/6	8/15/0
Oil Seeds, Linseed—		
La Plata, Sept.	10/15/0	11/0/0
Calcutta	12/1/3	12/2/6
	s. d.	s. d.
Turpentine ..... per cwt.	32 3	32 3

* Weeks ended Sept. 8th. and Sept. 15th.

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

‡ New.

COMMODITY STATISTICS

Coal

COAL OUTPUT ('000 tons)

District	Week ended Sept. 3, 1938	Week ended Sept. 10, 1938	Jan.-August 1937	Jan.-August 1938
Northumberld.	288·8	284·7	9,431·8	8,979·0
Durham	596·7	632·2	21,901·6	21,594·6
Yorkshire	791·4	486·1	29,667·1	28,190·3
Lancs, Cheshire and N. Wales	320·0	315·8	11,718·3	11,563·0
Derby, Notts & Leicester	554·7	513·3	22,174·8	21,883·5
Staffs, Worcs, Salop & Warwick	365·8	363·0	13,351·3	13,275·3
South Wales & Monmouth	740·0	684·3	24,987·0	24,620·6
Other English districts*	119·2	118·0	3,615·4	3,650·9
Scotland	572·1	587·6	21,200·4	20,280·8
Total	4,348·7	3,985·0	158047·7	154038·0

* Including Cumberland, Gloucester, Somerset, and Kent.

Cotton

RAW COTTON delivered to Spinners ('000 bales)

Variety	Week ended Sept. 9, 1938	Week ended Sept. 16, 1938	Total Deliveries Aug. 1, 1937–Sept. 17, 1937	Total Deliveries Aug. 1, 1938–Sept. 16, 1938
American	18·6	19·9	142	124
Brazilian	3·9	4·2	54	23
Peruvian, etc.	1·5	1·7	19	11
Egyptian	3·9	4·5	29	32
Sudan Sakel	2·2	1·6	22	23
East Indian	3·9	2·4	49	72
Other countries	2·2	1·8	30	14
Total	36·2	36·1	345	299

Metals

SALES ON LONDON METAL EXCHANGE

	Week ending Sept. 14, 1938	Week ending Sept. 21, 1938	From Jan. 1 to Sept. 21, 1938
Copper	Tons 6,350	Tons 12,350	Tons 335,525
Tin	1,305	1,565	61,020
Lead	9,850	16,000	263,850
Spelter	4,250	10,650	215,675

U.K. STOCKS

	Sept. 10, 1938	Sept. 17, 1938
Copper (Br. official w'houses):	Tons	Tons
Refined	5,151	5,873
Rough	30,404	30,147
Tin (London and Liverpool)	8,132	7,927

METALS—(cont.)

TINPLATE INDUSTRY

	Week ended Sept. 11, 1937	Week ended Sept. 3, 1938	Week ended Sept. 10, 1938
Production—per cent. of capacity	77 46	48·70	47·00

	Week ended Sept. 16, 1937	Week ended Sept. 8, 1938	Week ended Sept. 15, 1938
	Tons	Tons	Tons
Shipments	13,986	5,505	4,338
Stocks (warehouse and in vans)	6,598	3,514	2,893

	Thirty-seven Weeks ended Sept. 16, 1937	Thirty-seven Weeks ended Sept. 15, 1938
	Tons	Tons
Shipments	296,839	174,757

Foods

WORLD SHIPMENTS OF WHEAT AND FLOUR ('000 quarters)

	Week ended Sept. 10, 1938	Week ended Sept. 17, 1938	Season to Sept. 18, 1937	Season to Sept. 17, 1938
From—				
N. America	425	519	2,398	3,534
Argentina and Uruguay	95	140	754	956
Australia	182	173	975	1,799
Russia	495	163	557	2,513
Danube and dist.	80	124	1,085	533
India	38	1	383	392
Other Countries	...	...	155	...
Total	1,315	1,120	6,307	9,727
To—				
U.K.	186	237	1,630	1,849
"Orders"	542	237	979	3,096
France	49	22	62	219
Belgium	118	101	756	845
Holland	51	48	348	716
Italy	7	53	166	122
Greece	47	14	190	195
Scandinavia	13	25	176	121
Austria, etc.	23	31	200	256
Other European Countries	48	67	324	559
Ex-European Countries	231	285	1,476	1,749
Total	1,315	1,120	6,307	9,727

WORLD SHIPMENTS OF MAIZE AND MAIZE MEAL ('000 quarters)

From	Week ended Sept. 10, 1938	Week ended Sept. 17, 1938	From Apr. 1 to Sept. 18, 1937	From Apr. 1 to Sept. 17, 1938
Argentina	467	392	1,033	5,727
Atlantic America	494	305	4	10,582
Danube Region	11	38	2,055	2,142
S. & E. Africa	82	52	2,111	560
Indo-China, etc.	69	52	313	910
Total	1,123	839	25,183	19,921

OTHER FOODS

	Week ended Sept. 10 1938	Week ended Sept. 17, 1938
BACON:		
Arrivals in London (bales)		
Danish	15,329	14,938
Canadian	4,512	4,830
Dutch	2,607	2,371
Lithuanian	1,358	1,527
Polish	2,929	2,814
COCOA:		
Movements in Lond. (bags):		
Landed	12,720	2,475
D/d for home consumption	5,938	3,405
Exports	219	147
Stocks, end of week	192,657	191,580

OTHER FOODS—(cont.)

	Week ended Sept. 10, 1938	Week ended Sept. 17, 1938
COFFEE:		
Movements in Lond. (cwt.)		
Brazilian—Landed	4	431
" D/d for home consn.	93	99
" Exports	...	67
" Stocks, end of week	2,257	2,522
Central and S. American:		
Landed	1,160	...
D/d for home consumption	2,566	2,101
Exports	1,731	1,394
Stocks, end of week	111,617	108,122
Other kinds—Landed	643	73
" D/d for home consn.	3,441	3,507
" Exports	187	1,647
" Stocks end of week.	71,776	66,695
MEAT:		
Supplies at Smithfield (tons):		
Total	8,853	8,443
Beef and veal	4,556	4,403
Mutton and lamb	2,606	2,346
Pork and bacon	984	939
Poultry, etc.	707	755
SUGAR:		
Movements, London and Liverpool (tons):		
Imports	14,296	11,468
Deliveries	15,251	15,093
Stocks, end of week	217,081	213,456
TEA:*		
Sales on Garden A/c. (pkgs.):		
N. India	48,490	49,165
S. India	7,626	6,524
Ceylon	24,298	21,515
Java	2,108	1,920
Sumatra	406	498
Africa	2,261	4,344
Total	85,189	83,966

* Weeks ended Sept. 8th and Sept. 15th.

Miscellaneous Commodities

MOVEMENTS OF RUBBER IN LONDON AND LIVERPOOL

	Week ended Sept. 10, 1938	Week ended Sept. 17, 1938
Landed tons	1,864	1,620
Delivered tons	2,056	1,696
Stocks, end of week tons	99,533	99,457

WORLD SHIPMENTS OF LINSEED ('000 tons)

	Week ended Sept. 10, 1938	Week ended Sept. 17, 1938	From Jan. 1 to Sept. 18, 1937	From Jan. 1 to Sept. 17, 1938
Argentine to—				
U.K. and Orders	...	0·8	375·6	204·2
Continent	5·8	18·1	422·2	477·6
U.S.A. and Canada	8·3	13·9	618·1	249·0
Australia, Brazil, etc.	0·4	0·1	19·1	14·9
Calcutta to—				
U.K. and Orders	4·0	5·6	96·8	82·1
Continent	...	...	0·2	0·9
Bombay to—				
U.K. and Orders	1·2	0·1	42·5	116·6
Continent	...	...	10·9	6·3
Madras to U.K.	...	...	...	...
India to—				
Australia, etc.	1·1	...	18·8	11·5
U.S.A.	...	...	...	...
Sundries	...	...	0·4	...
Total	20·8	38·6	1604·6	1163·1

AMERICAN WHOLESALE PRICES

	Sept. 14, 1938 Cents	Sept. 21, 1938 Cents
GRAINS (per bushel)—		
Wheat, Chicago, Sept.	66¾	62½
Winnipeg, Oct.	66½	60¾
Maize, Chicago, Sept.	53⅞	50⅛
Oats, Chicago, Sept.	26⅛	25⅛
Rye, Chicago, Sept.	44½	42½
Barley, Winnipeg, Oct.	36¾	34¾
METALS (per lb.)—		
Copper, N.Y., Domestic spot	9·92½	10·22½
Producers' export	10·25	10·55

	Sept. 14, 1938 Cents	Sept. 21, 1938 Cents
METALS (per lb.)—*cont.*		
Tin, N.Y., Straits spot	42·85	43·65
Lead, N.Y., spot	4·90	5·10
Spelter, East St. Louis, spot	4·75	4·95
MISCELLANEOUS (per lb.)—		
Cocoa, N.Y., Accra, Sept.	4·92	4·98
Coffee, N.Y., cash—		
Rio, No. 7	5¼	5¼
Santos, No. 4	8	8
Cotton, N.Y., Am. mid., spot	7·95	8·25

	Sept. 14, 1938 Cents	Sept. 21, 1938 Cents
MISCELLANEOUS (per lb.)—*cont.*		
Cotton, Am. Mid., Oct.	7·80	7·95
Lard, Chicago, Sept.	7·87½	7·75
Petroleum, Mid-cont. crude 33 deg. to 33·90, at well, per barrel	116	116
Rubber, N.Y., smkd. sheet spot	16¼	16⅝
Do. do. Oct.	16⅝	16⅜
Sugar, N.Y., Cuban Cent., 96 deg., spot	3·00	3·00

EASTWOODS, LIMITED

CONDITIONS IN BUILDING TRADES

The eighteenth ordinary general meeting of Eastwoods, Limited, was held, on the 21st instant, in London.

Mr Horace Boot, M.Inst.C.E., M.I.Mech.E., M.I.E.E. (chairman and managing director), in the course of his speech, said: To the net profit of £59,860 14s. 1d. we must add the amount brought forward of £15,300 15s. 5d., making a total of £75,161 9s. 6d. The directors now recommend the payment of a final dividend on the ordinary shares of 7½ per cent., making a total of 12½ per cent. for the year, leaving to be carried forward £17,161 9s. 6d.

The prosperity of the building trades must be measured by methods other than mere reference to the number of houses erected. The unlimited construction of dwelling-houses could not be expected to continue indefinitely, and plans already approved, coupled with schemes under consideration, and others known to be held in abeyance, should be sufficient to keep the industry actively engaged. The Eastwoods Group have already begun to transfer their merchanting interests to the Midlands and the North, where delayed housing construction may now be expected to proceed in conjunction with the Government re-armament programme.

We are most largely interested in the manufacture and distribution of bricks, and are the largest and oldest stock brick makers in the country. The continued popularity of the brick for all purposes of building construction is indicated by the total output for 1937, which exceeded eight thousand millions, and which may be expected to be even higher still for the year 1938.

The profit reduction is due to higher costs, increased taxation, and to reduced margins on the coal merchanting side, coupled with legislation which we cannot control. There were lower receipts from external investments in Government and other securities, and the previous year also had the benefit of certain non-recurrent profits.

The confidence of the public has been thoroughly shaken for several months past by political uncertainty and the rumours of war—most of which have been exaggerated, but the repercussions on trade are now reflected in the results obtained. I think, on the whole, we may shortly look forward to better times.

The report and accounts were unanimously agreed to.

TANGOEL RUBBER ESTATES, LIMITED

SATISFACTORY CONDITION OF PROPERTY

The annual ordinary general meeting of the Tangoel Rubber Estates, Limited, was held, on the 20th instant, at the registered office of the company, Fenchurch House, 5 Fenchurch Street, London, E.C., Mr. Walter Hilliers (chairman of the company) presiding.

The representative of the agents and secretaries (Messrs Rowley, Davies and Co., Limited) having read the notice convening the meeting and the report of the auditors,

The Chairman said: Gentlemen,—the accounts do not, I believe, call for any explanations; however, in case any of you may be asking yourselves why the balance on revenue account is smaller than last year, although the crop and the price realised are about the same, I would explain that the difference is due first of all in a large measure to the much higher export duty in Java this year, as against the previous year, and, furthermore, the amount debited to profit and loss account for replanting is larger; the necessity of buying certain licences is also, to a certain extent, a contributory cause.

As the report gives you the necessary details as to crop, the average selling price and also the forward sales, there is no need for me to specially refer to these matters.

The visiting agent's report as regards the condition of the estates is in every respect satisfactory.

I will now move: "That the directors' and auditors' reports and audited balance sheet and accounts to June 30, 1938, as circulated to the members, be taken as read, and that the same be and are hereby adopted, and that a dividend of 5 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, and it was carried unanimously without question or comment.

The retiring director, Mr Basil Worthington, was re-elected; and the auditors, Messrs Tribe, Clarke, Painter, Darton and Co., having been re-appointed, the proceedings terminated.

(*Continued from page* 613)

low or that industrial prospects are judged with more confidence.

★

Lead and Spelter.—The price of lead rose to £16 2s. 6d. per ton on Monday, but closed on Wednesday at £15 17s. 6d. per ton, a gain of 7s. 6d. per ton on the week. On Tuesday sales of lead on the London Metal Exchange reached the highest daily level in this year, but the market proved quite capable to absorb the supply without major losses. No new reports regarding the lead restriction scheme have so far been received, but the improvement in the value of building plans passed in August is a hopeful sign for the future consumption of lead. Spelter gained only 3s. 9d. this week and closed on Wednesday at £14 6s. 3d. per ton. The spelter position is discussed in a special industrial note on page 610.

Grains

THE wheat market has been dominated by the political uncertainties of the past week. Sharp price advances occurred on several days, but on Wednesday there was a relapse, as the prospect of war became less likely. The market was also helped by a semi-official statement that sales of Russian wheat have been stopped for the season. There has been a better demand for Manitoba wheat, for which prices have risen by 1s. per quarter or more during the week: the prices of other varieties are little changed on balance. The area sown to wheat in the Argentine is estimated at 20 million acres, against 17.6 million acres last year. Prices of maize and barley were also affected by international developments, and by the increase of the official quotations for war insurance. Maize prices, however, lost early in this week most of the gain recorded previously, but barley prices have remained 1s. to 1s. 6d. per quarter higher than in the middle of last week, largely owing to the absence of offers from Russia.

Other Foods

Provisions.—Dominion butter fell by 3s. to 4s. per cwt. on the week, but Continental prices were maintained, against a slow trade. Demand for chilled and frozen meat has been good, but home killed meat sells less readily.

★

Colonial Produce.—Sugar prices were raised by 1½d. per cwt. for all kinds at the end of last week, since when the market has been steady. There was a firm demand for tea, with prices tending to rise. The cocoa and coffee markets have been quiet.

★

Fruit and Vegetables.—Supplies of English potatoes have been heavy at the Borough, but prices were maintained. Trade in other vegetables and in fruit was very slow over the week-end, but improved on Wednesday, when there was a considerable trade at somewhat lower prices.

Miscellaneous Commodities

Oils and Oilseeds.—Business has been disorganised by the political uncertainties and by the revised insurance rates for war risks, and the volume of transactions in these markets has been very small in the past week. The demand for linseed has fallen and is now confined to Calcutta afloat. Egyptian cotton seed, quoted at £6 7s. 6d. per ton on passage to Hull, is firmer in price, as are most vegetable oils; the price of linseed, after a rise at the end of last week, relapsed by about 10s. per ton.

★

Rubber.—Industrial news from America continues to be optimistic, but the rubber market has been dominated in the past week by the political crisis. The price of standard sheet on Wednesday, at 8 1/16d. per lb., showed a gain of ⅛d. to 3/16d. per lb. on the week, but this rise reflected little more than a slight easing of the international situation.

CURRENT STATISTICS

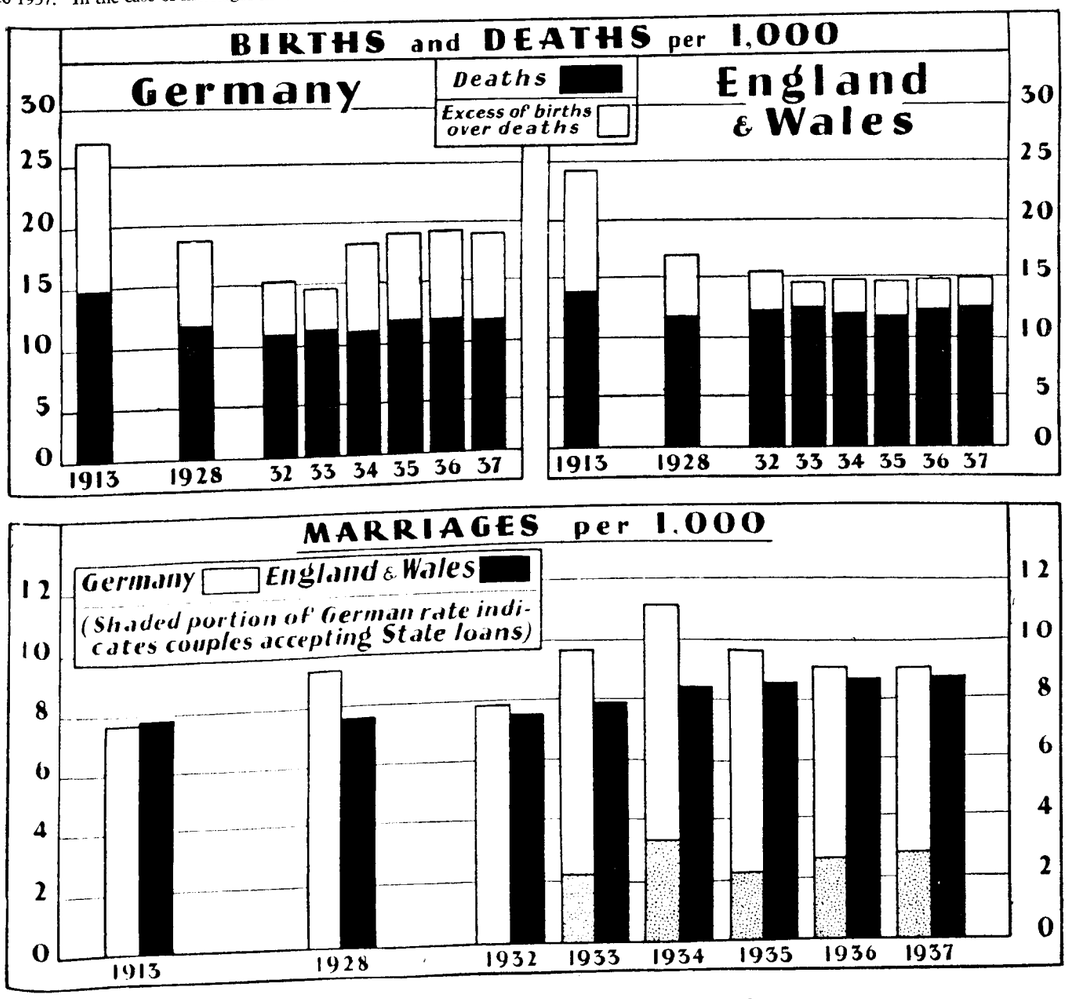
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All tables appear regularly except those whose titles are printed in italics, which are special to this issue.

Births, Deaths and Marriages in England and Germany

The following charts show the birth, death and marriage rates in England and Wales and Germany in 1913, 1928, and the period 1932 to 1937. In the case of marriages in Germany since 1933, the proportion of couples accepting State loans is indicated.



Finance

GOVERNMENT RETURNS

For the week ended September 17, 1938, total ordinary revenue was £12,370,000, against ordinary expenditure of £18,228,000. Thus, excluding sinking fund allocations, the deficit accrued since April 1st last is £150,378,000, against a deficit of £89,293,000 a year ago.

ORDINARY AND SELF-BALANCING REVENUE AND EXPENDITURE

Revenue	Receipts into the Exchequer (£ thousands) Estimate, 1938–39	April 1, 1937, to Sept. 18, 1937	April 1, 1938, to Sept. 17, 1938	Week ended Sept. 18, 1937	Week ended Sept. 17, 1938
ORDINARY REVENUE					
Inc. Tax ...	‡341150	51,237	51,380	1,451	363
Sur-tax	62,000	6,580	7,980	120	100
Estate, etc., Duties.....	88,000	43,900	35,120	1,510	1,019
Stamps.....	24,000	9,560	8,900	1,550	700
N.D.C.....	20,000	...	6,030	...	260
Other In. Rev. Duties	1,250	140	530	...	50
Total I. Rev.	536,400	111,417	110,030	4,631	2,483
Customs ...	227,950	103,818	103,080	4,399	4,274
Excise	116,150	53,000	51,800	5,800	4,900
Total Cust. and Excise	344,100	156,818	154,880	10,199	9,174
Motor Duties.....	36,000	8,609	8,510	113	114
P.O. (Net Receipts)...	8,670	8,250	6,840	450	550
P.O. Fund	2,400	...	...	...	...
Crown Lds.	1,330	590	620	...	...
Rec. from Sun. Loans	5,250	3,405	3,925	...	...
Misc. Rec.	10,500	3,785	2,903	1	19
Total Ordinary Revenue	944,650	292,874	287,703	15,394	12,370
SELF-BAL. REVENUE Post Office and Broadcasting* ...	80,442	30,700	32,310	900	850
Total ...	1025092	323,574	320,013	16,294	13,220

Expenditure	Issues out of the Exchequer to meet payments (£ thousands) Estimate, 1938–39	April 1, 1937, to Sept. 18, 1937	April 1, 1938, to Sept. 17, 1938	Week ended Sept. 18, 1937	Week ended Sept. 17, 1938
ORDINARY EXPEND.					
Int. & Man. of Nat. Dt.	230,000	106,359	106,630	872	1,228
Payments to N. Ireland	8,900	3,070	3,298	...	...
Other Cons. Fund Serv.	5,239	1,522	1,277	...	...
Total.....	244,139	110,951	111,255	872	1,228
Supply Serv.	†702109	271,216	326,826	16,691	17,000
Total Ordy. Expend. ...	§946548	382,167	438,081	17,563	18,228
SELF-BAL. EXPEND. P.O. and Broadcasting Votes	80,442	30,700	32,310	900	850
Total.....	1026990	412,867	470,391	18,463	19,078

* Revenue required to meet expenditure.

† Excluding Post Office and Broadcasting and £112,900,000 under Defence Loans Act.

‡ After concessions of £100,000 made during passage of Finance Act.

§ After adding Navy and Air Supplementary Estimates, Consol. Fund increase under Fire Act and reduction by revised Civil Estimate (net increase, £2,150,000).

After raising Exchequer balances by £162,052 to £2,962,976, the other operations for the week (as shown below), raised the gross National Debt by £1,010,000 to about £8,294 millions.

WEEK'S CHANGES IN DEBT

(£ thousands)

Net Increases in Debt		Net Repayments, etc.	
Treasury Bills	2,305	Nat. Savings Certs. .	100
Public Dept. Adv.	2,250	N. Atl. Shipping.....	15
		P.O. & Tel. (Mon.) Acts	400
	4,555		515

AGGREGATE ISSUES AND RECEIPTS

The aggregate issues and receipts from April 1, 1938, to September 17, 1938, are shown below :—

(£ thousands)

Ordinary Exp.....	448,081	Ordinary Rev. ...	287,703
Increase in balances	599	Eire receipts*	7,900
		Gross borr.	148,741
		Less Sinkg.Fds.	1,772
		Net borrowing ...	143,977
	448,680		448,680

* Receipts under Sec. 2 (3) of Eire (Confirmation of Agreement) Act, 1938.

FLOATING DEBT

(£ millions)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt	Floating Assets
1937						
Sept. 18	573·0	291·4	37·0	...	901·4	325·4
Dec. 31	889·7*		39·4	55·7	984·9	...*
1938						
June 11	530·0	310·7	41·6	...	932·3	352·3
„ 18	585·0	303·4	40·1	...	928·5	343·5
„ 25	533·0	305·7	44·7	...	933·4	350·4
„ 30		851·0*	42·4	41·5	934·9	...*
July 9	573·0	295·3	43·1	...	914·5	341·4
„ 16	568·0	302·3	40·7	...	911·1	343·0
„ 23	568·0	301·1	37·2	...	909·4	341·3
„ 30	565·0	309·1	46·6	...	920·7	355·7
Aug. 6	563·0	320·1	44·2	...	921·3	364·3
„ 13	555·0	303·4	44·1	...	902·5	347·5
„ 20	555·0	296·2	41·9	...	893·1	338·1
„ 27	555·0	294·0	45·7	...	894·7	339·7
Sept. 3	550·0	316·9	44·1	...	911·0	361·0
„ 10	545·0	324·2	46·0	...	915·1	370·2
„ 17	537·0	334·5	48·2	...	919·7	382·7

* Owing to inequalities between Treasury bill payments and maturities at the end of the quarter, it is impossible to separate tender and tap issues or to calculate floating assets.

TREASURY BILLS

(£ millions)

Date of Tender	Amount Offered	Amount Applied for	Amount Allotted	Average Rate %	Per Cent. Allotted at minimum Rate
				s. d.	
1937					
Sept. 17	50·0	87·4	50·0	9 11·18	85
Dec. 31	50·0	80·5	50·0	10 11·59	47
1938					
June 10	50·0	86·0	50·0	12 9·19	54
„ 17	50·0	80·5	48·0	11 5·68	69
„ 24	45·0	66·7	45·0	10 9·18	57
July 1	45·0	84·8	45·0	10 5·33	40
„ 8	45·0	85·2	45·0	10 5·43	40
„ 15	45·0	90·7	45·0	10 5·21	37
„ 22	45·0	88·3	42·0	10 5·03	32
„ 29	40·0	82·4	40·0	10 1·90	58
Aug. 5	35·0	75·6	35·0	10 1·80	40
„ 12	30·0	76·8	30·0	10 1·50	30
„ 19	85·0	82·2	35·0	10 1·51	32
„ 26	40·0	87·6	40·0	10 1·53	36
Sept. 2	45·0	74·6	45·0	10 5·87	17
„ 9	45·0	63·1	42·0	11 11·02	60
„ 16	40·0	55·8	37·0	18 10·75	66

Bills are paid for during following week, on any working day at applicant's option. When normal length is 92 days, bills paid for Saturday are 91-day bills and there are no Monday maturities. When normal length is 90 days, bills paid for on Monday are 89-day bills. Bills paid for in February are 89-day bills, except those paid for each Tuesday, which are 88-day bills.

On September 16th, applications at £99 15s. 3d. per cent. for bills to be paid for on any day of the following week were accepted as to about 66 per cent. of the amount applied for. Applications at higher prices were accepted in full. £40·0 millions of Treasury bills are being offered on September 23rd.

NATIONAL SAVINGS CERTIFICATES

Sales in	Number	Purchase Price
34 weeks to :—		
Aug. 28, 1937† ...	21,425,635	16,069,227
Aug. 27, 1938 ...	21,612,367	16,209,275
Week to :—		
Aug. 28, 1937 ...	496,454	372,341
Aug. 20, 1938 ...	522,557	391,918
Aug. 27, 1938* ...	507,180	380,385

* Net Exchequer receipts, week ended August 27, 1938, *Dr. £100,000*.

† After adjustments to June 19th.

BANK OF ENGLAND RETURNS

SEPTEMBER 21, 1938

ISSUE DEPARTMENT

	£		£
Notes Issued :		Govt. Debt ...	11,015,100
In circulation	179,221,521	Other Govt. Securities ...	188,336,779
In Bnkg. Department	47,189,752	Other Secrts....	640,257
		Silver coin.....	7,864
		Amt. of Fid. Issue.....	200,000,000
		Gold Coin & Bullion	326,114,273
	226,411,273		526,114,273

BANKING DEPARTMENT

	£		£
Proprs. capital	14,553,000	Govt. secs. ...	97,606,164
Rest	3,689,296	Other secs.	6,090,281
Public Deps.*	18,431,105	Disct. etc.	24,562,652
Other Deps.:		Securities	30,652,933
Bankers	*100,869,610*		47,189,752
Other	*37,425,937*	Notes	
	140,295,547	Gold & Silv. Coin	1,509,099
	176,957,948		176,957,948

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

THE WEEK'S CHANGES

(£ thousands)

Both Departments	Amt. Sept. 21, 1938	Compared with Last Week	Compared with Last Year
COMBINED LIABILITIES			
Note circulation	179,225	+ 632	+ 6,745
Deposits : Public	18,431	+ 3,139	+ 2,767
Bankers'.....	100,861	+ 1,268	+ 4,741
Others.....	39,124	+ 3,017	+ 3,181
Total outside liabilities	637,910	+ 1,808	+ 5,538
Capital and rest	18,242	= 9	= 29
COMBINED ASSETS			
Govt. debt and securities	206,958	+ 1,032	+ 9,580
Discounts and advances	6,090	+ 211	+ 882
Other securities	25,203	+ 2,601	+ 3,242
Silver coin in issue dept.	8	= 0	= 3
Gold coin and bullion....	327,923	+ 38	+ 108
RESERVES			
Res. of notes & coin in banking department...	48,699	- 594	+ 6,637
Proportion of reserve to outside liabilities—			
(*a*) Bnkg. dept. only ("proportion")	30·6%	+ 0·6%	+ 3·9%
(*b*) Gold stocks to deposits and notes ("reserve ratio")	51·1%	- 0·1%	+ 0·4%

COMPARATIVE ANALYSIS

(£ millions)

	1937	1938			
	Sept. 22	Aug. 31	Sept. 7	Sept. 14	Sept. 21*
Issue Dept.:					
Notes in circ.	486·0	480·1	480·1	478·6	479·2
Notes in banking dept.	40·1	46·0	46·3	47·8	47·2
Govt. debt and securities ...	199·7	199·0	199·7	199·4	199·3
Other secs. ...	0·3	0·2	0·2	0·5	0·6
Gold	326·4	326·4	326·4	326·4	326·4
Bnkg. Dept.:					
Public	15·7	27·8	32·2	21·5	18·4
Bankers'.....	105·6	94·7	91·3	99·6	100·9
Others	36·2	36·4	34·8	36·4	39·4
Total	157·5	158·9	158·3	157·5	158·7
Bkg. Dept. Secs.:					
Government ..	106·9	102·1	101·3	98·5	97·6
Discounts, etc.	5·2	5·4	5·4	5·9	6·1
Other	21·6	22·3	22·1	22·1	24·6
Total	133·7	129·8	128·8	126·5	128·3
Banking dept. reserve.....	42·1	47·3	47·7	49·3	48·7
" Proportion "	26·7	29·7	"	30·1	31·2	30·6
Reserve ratio†	51·0	51·2	"	51·4	51·5	51·4

† Gold stocks in both departments to deposits and notes in circulation. * At this date, Government debt was £11,015,100 ; silver coin in Issue Department, £7,864, capital, £14,553,000 ; rest, £3,689,296.

OVERSEAS BANK RETURNS

NOTE.—A return of the Bank of Spain appeared in *The Economist* of May 28th last. The latest return of the Banque Mellie Iran appeared in *The Economist* of August 20th ; of the Banks of Argentina, Egypt and Lithuania, of August 27th; International Settlements, Denmark, Poland, of September 10th ; Bulgaria, Estonia, Finland, Greece, Java, Jugoslavia, Latvia, Norway, and Sweden, of September 17th.

U.S. FEDERAL RESERVE BANKS

Million $'s

12 U.S.F.R. Banks	Sept. 23, 1937	Aug. 25, 1938	Sept. 15, 1938	Sept. 22, 1938
RESOURCES				
Gold certifs. on hand and due from Treas.	9,130	10,632	10,630	10,720
Total reserves	9,447	11,038	11,019	11,112
Total cash reserves ...	308	397	379	383
Total bills discounted	24	7	7	8
Bills bt. in open mkt.	3	1	1	1
Total bills on hand ...	27	7	7	9
Industrial advances ...	21	16	16	16
Total U.S. Govt. secs.	2,526	2,564	2,564	2,564
Total bills and secs. ...	2,574	2,587	2,587	2,588
Total resources	12,825	14,248	14,475	14,429
LIABILITIES				
F.R. notes in actual circulation	4,253	4,145	4,201	4,201
Aggregate of excess mr. bank res. over reqts.	1,020	2,980	3,130	2,740
Deposits — Member-bank reserve account	6,977	8,156	8,425	8,014
Govt. deposits	193	771	346	917
Total deposits	7,533	9,242	9,188	9,272
Cap. paid in and surplus	306	309	309	309
Total liabilities	12,825	14,248	14,475	14,429
Ratio of total res. to deposit and F.R. note liabs. combined	80·2%	82·5%	82·3%	82·5%
U.S.F.R. BANKS AND TREASURY COMBINED RESOURCES				
Monetary gold stock...	12,694	13,079	13,421	13,588
Treasury and Nat. Bk. currency	2,593	2,727	2,733	2,735
LIABILITIES				
Money in circulation...	6,529	6,470	6,550	6,552
Treasury cash and deposits with F.R. Bks.	3,730	3,188	3,105	3,750

NEW YORK FEDERAL RESERVE BANK.—Million $'s

	Sept. 23, 1937	Aug. 25, 1938	Sept. 15, 1938	Sept. 22, 1938
Total gold reserves ...	3640·2	4666·2	4601·2	4497·5
Total bills discounted	15·2	1·8	2·3	3·2
Bills bt. in open mkt.	1·1	0·2	0·2	0·2
Total U.S. Govt. secs.	725·0	780·1	780·1	780·1
Total bills and securts.	746·7	785·8	786·3	787·2
Deposits — Member-bank reserve account	3147·9	3907·5	4131·1	3923·2
Total res. to dep. and Fed. Res. note liabilities combined ...	84·8%	87·0%	86·7%	86·5%

FEDERAL RESERVE REPORTING MEMBER BANKS.—Million $'s

	Sept. 8, 1937	Aug. 10, 1938	Aug. 31, 1938	Sept. 7, 1938
ASSETS				
Loans, total	10,041	8,199	8,270	8,240
Investments	12,274	12,412	12,591	12,601
Reserve with Federal Reserve banks	5,162	6,550	6,685	6,756
Due from domestic bks.	1,619	2,365	2,457	2,467
LIABILITIES				
Deposits : demand (adjusted).....	14,811	15,009	15,388	15,267
Time	5,289	5,193	5,210	5,217
U.S. Government ...	608	430	411	407
Inter-bank	5,499	6,203	6,293	6,469

BANK OF FRANCE.—Million francs

	Sept. 16, 1937	Aug. 18, 1938	Sept. 8, 1938	Sept. 15, 1938
ASSETS				
Gold	55,805	55,808	55,808	55,808
Advances on gold coin	1,099	...	...	...
Bills : Commercial ...	9,344	7,028	9,816	12,360
Bought abroad	793	726	726	726
Advances on securities	3,944	3,606	3,717	3,878
Thirty-day advances ...	873	718	732	1,061
Loans to State without interest : (*a*) general	3,200	3,200	3,200	3,200
(*b*) provisional	26,008	40134†	40134†	40134†
Negotiable bonds,	5,637	5,570	5,570	5,570
Sinking Fund Dept.	4,293	4,084	4,345	4,619
Other assets				
LIABILITIES				
Notes in circulation ...	88,940	99,340	102900	108186
Deposits : Public	2,309	2,900	2,528	2,838
Private ...	16,469	15,942	16,078	16,617
Other liabilities	3,379	2,693	2,743	2,713
Gold reserve to sight liabilities	51·8%	47·2%	45·9%	43·7%

† Of which frs. 18,050 millions under Conventions whose permissible limit is frs. 30,000 millions.

BANK OF DANZIG

Million Danzig gulder

	Sept. 15, 1937	Aug. 15, 1938	Aug. 31, 1938	Sept. 15, 1938
ASSETS				
Gold coin and bullion	28·11	28·97	29·18	29·72
Danzig subsid. coin ...	4·46	3·42	3·20	3·50
Balances abroad and foreign bills	2·27	7·07	8·19	7·38
Discounts	13·55	13·80	13·42	13·80
LIABILITIES				
Notes in circulation ...	31·17	34·80	37·62	34·69
Deposits on demand...	17·04	22·01	20·81	24·52

REICHSBANK

Million Reichsmarks

ASSETS	Sept. 15, 1937	Aug. 15, 1938	Sept. 7, 1938	Sept. 15, 1938
Gold	70·0	70·8	70·8	70·8
Of which depstd. abroad	20·1	10·6	10·6	10·6
Res. in foreign currencs.	5·6	5·7	5·4	5·5
Bills of exchange and cheques	4825·1	5826·3	6378·1	6328·9
Silver and other coin...	188·7	176·7	133·3	151·9
Advances	33·0	33·3	28·5	41·9
Investments	403·7	847·3	847·8	847·7
Other assets	796·4	1158·2	1149·4	1104·4
LIABILITIES				
Reserves	493·0	514·4	514·4	514·4
Notes in circulation ...	4763·2	6290·5	6659·7	6666·0
Other daily maturing obligations	649·4	863·0	948·0	902·2
Other liabilities	267·0	300·3	311·3	318·4
Cover of note circulatn.	1·58%	1·21%	1·14%	1·14%

AUSTRALIAN COMMONWEALTH BANK.—Million £'s

ASSETS	Sept. 20, 1937	Aug. 22, 1938	Sept. 12, 1938	Sept. 19, 1938
Gold and English stg.	16·01	16·01	16·01	16·01
Other coin, bullion, &c.	4·89	5·26	5·48	5·73
Money at short call— London	35·04	23·41	22·59	23·58
Short-term loans	3·18	...	...	...
Secrts. and Treas. bills	76·92	90·06	90·99	91·85
Discounts and advances	10·37	13·99	14·00	14·09
LIABILITIES				
Notes issued	47·53	49·03	49·03	49·03
Res. pm. on gold sold	7·75	7·75	7·75	7·75
Deposits, etc.....	83·19	84·90	85·36	87·65

NATIONAL BANK OF BELGIUM

Million belgas

ASSETS	Aug. 25, 1938	Sept. 1, 1938	Sept. 8, 1938	Sept. 15, 1938
Gold	3,047	3,085	3,101	3,095
Silver and other coin...	47	46	46	47
Foreign exchange, etc.	927	927	957	977
Bills and securities.....	604	590	538	589
Advances	43	56	47	74
LIABILITIES				
Notes in circulation ...	4,223	4,297	4,320	4,464
Deposits : Govt.	15	31	11	16
Other	344	289	323	215

BANK OF CANADA

Million $'s

ASSETS	Sept. 15 1937	Aug. 17, 1938	Sept. 7, 1938	Sept. 14, 1938
Reserve, of which	212·6	205·0	212·6	212·4
Gold coin and bullion	179·4	180·6	180·4	181·1
Securities	166·2	176·4	180·4	184·4
LIABILITIES				
Note circulation	155·8	159·6	168·7	171·5
Deposits : Dom. Govt.	29·9	10·0	18·2	17·6
Chartered banks ...	181·7	202·5	202·8	202·7
Reserves to notes and deposit liabilities ...	57·7%	54·9%	54·4%	54·1%

NATIONAL BANK OF CZECHOSLOVAKIA.—Million Cz. kr.

ASSETS	Sept. 15, 1937	Aug. 15, 1938	Sept. 7, 1938	Sept. 15, 1938
Gold	2,572	2,653	2,653	2,653
Balance abroad and foreign currencies ...	359	217	167	142
Discounts and advances	2,201	3,453	4,381	6,004
State notes debt.....	2,014	2,005	2,005	2,004
LIABILITIES				
Bank notes in circulatn.	5,848	7,467	8,206	9,608
Deposits	514	419	411	605

NATIONAL BANK OF HUNGARY

Million pengo

ASSETS	Sept. 15, 1937	Aug. 15, 1938	Sept. 7, 1938	Sept. 15, 1938
Metal reserve :				
Gold coin and bullion	84·1	84·1	84·1	84·1
Foreign exchange ...	59·5	75·0	75·7	75·8
Res. of token money ...	4·6	6·1	5·2	5·9
Int. bills, wts., & secs.	385·1	373·6	385·8	384·5
Advances to Treasury	111·3	150·1	148·2	173·6
LIABILITIES				
Notes in circulation ...	403·6	547·8	578·8	584·7
Current accounts, deposits, etc.	218·9	201·7	182·9	211·1
Cash certificates.....	92·9	69·7	69·7	69·7

RESERVE BANK OF INDIA

Million rupees

ASSETS	Sept. 17, 1937	Aug. 19, 1938	Sept. 9, 1938	Sept. 16, 1938
Gold coin and bullion	444	444	444	444
Rupee coin	614	681	686	695
Balances abroad.....	130	25	20	14
Sterling securities	803	695	695	695
Indian Govt. rupee securities.....	274	324	324	324
Investments	770	65	63	62
LIABILITIES				
Notes in circulation : India	1,773	1,663	1,684	1,676
Burma.....	38	70	69	68
Deposits : Govt.	131	155	175	176
Banks	294	237	204	206
Gold and sterling to liabilities	58·4%	53·1%	53·0%	52·8%

BANK OF JAPAN.—Million yen

ASSETS	Aug. 28, 1937	July 30, 1938	Aug. 20, 1938	Aug. 27, 1938
Coin & bullion : Gold	801·0	501·3	501·3	501·3
Other	48·0	46·7	45·0	44·8
Spec. fd. for for. exch.	...	300·0	300·0	300·0
Discounts and advances	972·8	519·9	508·9	536·2
Government bonds ...	640·9	1212·7	1002·8	1256·7
Agencies' accounts ...	119·9	117·6	145·6	148·6
LIABILITIES				
Notes issued	1579·6	2042·9	1847·8	1892·8
Deposits : Government	361·0	275·0	265·5	353·1
Other	76·7	96·8	126·0	147·0

NETHERLANDS BANK

Million florins

ASSETS	Sept. 20, 1937	Aug. 22, 1938	Sept. 12, 1938	Sept. 19, 1938
Gold	1265·9	1480·5	1481·0	1497·8
Silver	18·4	22·0	18·8	
Home bills, etc.....	10·8	9·7	9·3	9·4
Foreign bills	5·1	5·0	4·9	4·1
Loans and advances in current account...	179·1	294·5	295·5	288·1
LIABILITIES				
Notes in circulation ...	829·0	914·6	952·2	1005·3
Deposits : (*a*) Govt. ...	88·9	187·9	166·5	813·1
(*b*) Other ...	581·7	727·2	700·7	

RESERVE BANK OF NEW ZEALAND

Million £'s

ASSETS	Sept. 13, 1937	Aug. 15, 1938	Sept. 5, 1938	Sept. 12, 1938
Gold	2·80	2·80	2·80	2·80
Sterling exchange	18·94	14·63	12·64	12·68
Advances to State	4·47	5·89	6·59	6·39
Investments	2·91	2·73	2·73	2·73
LIABILITIES				
Bank notes	12·95	13·59	13·70	13·63
Demand liabs. : State	5·45	4·54	3·52	3·11
Banks and others ...	9·28	6·61	6·21	6·55
Reserves to sight liabs.	78·5%	70·4%	65·8%	66·4%

BANK OF PORTUGAL

Million escudos

ASSETS	Aug. 18, 1937	July 20, 1938	Aug. 10, 1938	Aug. 17, 1938
Gold	916·3	917·6	917·6	917·6
Balances abroad.....	625·6	571·9	595·5	589·6
Discounts	317·8	374·8	394·1	389·7
Securities	124·4	120·5	120·5	120·5
Government loans.....	1042·2	1039·6	1039·6	1039·6
LIABILITIES				
Notes in circulation ...	2036·5	2004·1	2041·4	2050·6
Deposits : Government	406·4	476·8	511·9	466·5
Bankers' ...	705·1	660·8	624·8	626·0
Other	86·0	55·7	40·0	66·4
Foreign commitments	52·4	102·0	119·8	118·7

NATIONAL BANK OF ROUMANIA

Million lei

ASSETS	Aug. 14, 1937	July 16, 1938	Aug. 6, 1938	Aug. 13, 1938
Gold and gold exchange	16,117	16,898	16,951	16,963
Clearing and other for. exchange.....	3,635	1,179	1,109	919
Commercial bills	6,397	7,310	7,877	8,089
Agric. & urban advncs.	2,053	1,937	1,908	1,907
Treasury bills issued agnst. losses on credits	6,467	4,803	4,796	4,797
State debt and adv. to Treasury.....	4,868	5,601	5,601	5,601
Secs. and participatns.	957	1,644	1,649	1,669
LIABILITIES				
Notes in circulation ...	26,815	29,565	30,245	30,457
Other sight liabilities...	12,787	12,664	12,296	12,004
Long-term liabilities...	2,758	3,199	3,540	3,601

SOUTH AFRICAN RESERVE BANK

Million £'s

ASSETS	Sept. 10, 1937	Aug. 12, 1938	Sept. 2, 1938	Sept. 9, 1938
Gold coin and bullion	22·94	23·90	24·99	25·56
Bills discounted : Home	0·03	0·03	0·03	0·03
Foreign	5·45	6·48	7·19	7·19
Investments	1·73	1·72	1·72	1·72
Other assets	10·92	11·42	12·41	12·73
LIABILITIES				
Notes in circulation ...	15·97	16·41	18·03	16·83
Deposits : Government	1·60	1·85	2·05	2·30
Bankers' ...	18·79	22·58	20·63	22·27
Cash reserves to liabilities to public	59·9%	55·0%	57·8%	58·0%

SWISS NATIONAL BANK

Million francs

ASSETS	Sept. 15, 1937	Aug. 15, 1938	Sept. 7, 1938	Sept. 15, 1938
Gold	2527·9	2826·0	2846·9	2850·9
Foreign exchange	253·6	382·7	374·0	321·3
Discounts, etc.	9·2	5·1	11·0	16·3
Advances	27·1	20·0	20·4	21·6
Securities	15·7	94·7	94·7	94·5
LIABILITIES				
Notes in circulation ...	1377·1	1498·6	1545·6	1655·7
Deposits	1428·8	1807·5	1775·5	1627·9

N.B.—Exchange Equalisation Fund and assets included in returns December 31, 1936, onwards at 538,583,653 frs.

BANK CLEARINGS

LONDON

(£ thousands)

	Month of August			Week ended Wednesday		Aggregate from January 1 to	
	1937	1938	*Change* †	Sept. 22, 1937	Sept. 21, 1938	Sept. 22, 1937	Sept. 21, 1938
Number of wkg. days:	25	26	%	6	6	221	222
Town	2,706,649	2,734,861	− 2·8	612,783	632,610	27,043,393	24,449,640
Metropolitan	161,802	157,725	− 6·3	35,016	32,545	1,576,091	1,507,132
Country	295,490	285,833	− 7·0	64,788	62,113	2,760,406	2,668,265
Total	3,163,941	3,178,422	− 3·4	712,587	727,268	31,379,890	28,625,037

† Based on average working day.

PROVINCIAL

(£ thousands)

	Month of August			Week ended Saturday		Aggregate January 1 to	
	1937	1938	*Change* †	Sept. 18 1937	Sept. 17, 1938	Sept. 18, 1937	Sept. 17, 1938
No. of working days:—	25	26	%	6	6	219	220
BIRMINGHAM	9,116	8,165	−13·9	1,986	1,583	97,785	86,983
BRADFORD	4,121	3,940	−29·1	660	605	38,798	29,013
BRISTOL	5,017	5,222	+ 0·1	1,299	1,241	47,596	46,738
HULL	3,698	3,406	−10·0	795	725	33,922	31,148
LEEDS	3,341	3,262	− 6·1	848	800	37,604	35,413
LEICESTER	2,732	2,467	−13·1	769	762	28,230	25,898
LIVERPOOL	26,153	20,091	−26·1	5,923	4,225	259,584	192,619
MANCHESTER	43,974	36,166	−20·9	9,598	7,719	410,353	341,421
NEWCASTLE	6,383	5,822	−13·7	1,427	1,328	55,023	55,769
NOTTINGHAM	1,946	1,788	−10·2	369	365	19,271	18,383
SHEFFIELD	4,442	3,902	−15·6	903	718	41,033	40,089
Total: 11 Towns	110,933	93,331	−19·1	24,567	20,071	1,069,209	903,474
DUBLIN	...	...	...	5,368	8,329	215,370†	234,080‡

† Based on average working day. ‡ 38 calendar weeks.

MONEY RATES

LONDON

	Sept. 15, 1938	Sept. 16, 1938	Sept. 17, 1938	Sept. 19, 1938	Sept. 20, 1938	Sept. 21, 1938	Sept. 22, 1938
Bank rate (changed from 2½% June 30, 1932)	% 2	% 2	% 2	% 2	% 2	% 2	% 2
Market rates of discount							
60 days' bnkrs.' drafts	15/16–7/8	15/16–1	15/16–1	15/16–1	15/16	7/8–15/16	7/8–15/16
3 months' do.	15/16–7/8	15/16–1	15/16–1	15/16–1	15/16	7/8–15/16	7/8–15/16
4 months' do.	15/16–1	1	1	1	1	1–1	1–1
6 months' do.	1	1	1	1	1	1–1	1–1
Discount Treasury Bills							
2 months'	15/16–5/8	15/16	15/16	15/16	7/8–15/16	7/8	7/8
3 months'	15/16–5/8	15/16	15/16	15/16	7/8–15/16	7/8	7/8
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
Deposit allwnce.: Bk.	1/2	1/2	1/2	1/2	1/2	1/2	1/2
Discount houses at call	1/2	1/2	1/2	1/2	1/2	1/2	1/2
At notice	5/8	5/8	5/8	5/8	5/8	5/8	5/8

Comparison with previous weeks

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1938	%	%	%	%	%	%	%
Aug. 25	1/2–1	17/32	17/32–9/16	9/16	2–2½	2¼–2½	2½–3
Sept. 1	1–1	17/32	17/32–9/16	9/16	2–2½	2¼–2½	2½–3
„ 8	1–1	17/32	9/16	9/16–5/8	2–2½	2¼–2½	2½–3
„ 15	1–1	15/16–7/8	15/16–1	1	2–2½	2¼–2½	2½–3
„ 22	1/2–1	7/8–15/16	1–1⅛	1⅛–1¼	2–2½	2¼–2½	2½–3

NEW YORK

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

	Sept. 22, 1937	Aug. 24, 1938	Aug. 31, 1938	Sept. 7, 1938	Sept. 14, 1938	Sept. 21, 1938
	%	%	%	%	%	%
Call money	1	1	1	1	1	1
Time money (90 days' mixed coll.)	1¼	1¼	1¼	1¼	1¼	1¼
Bank acceptances:—	Selling Rates					
Members—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Non-mem.—eligible, 90 dys.	1/2	1/2	1/2	1/2	1/2	1/2
Commercial accept., 90 dys.	1	1	1	1	1	1

EXCHANGE RATES

LONDON—SPOT

(a) Active Exchanges

(Range of the day's business)

London on	Par of Exch. per £	Sept. 16, 1938	Sept. 17, 1938	Sept. 19, 1938	Sept. 20, 1938	Sept. 21, 1938	Sept. 22, 1938
New York, $	‡4·8672	4 79¼–80⅜	4 79½–80¼	4 79½–80¼	4 80¾–83	4 81–83⅛	4 81–83
Montreal, $	4·8672	4 82¼–83⅛	4 82–83	4 82–83⅛	4 83½–85	4 83⅛–85¼	4 83–85
Paris, Fr.	124·21	178⅝–178⅞	178⅝–178⅞	178⅝–178⅞	178⅝–178⅞	178¼–178⅞	178¼–5⅛
Brussels, Bel.	35·00*a*	28 39–46	28 37–42	28 41–48	28 50–68	28 51–64	28 52–61
Milan, L.	92·46	91 30–92	91 30–92	91 15–92	91 60–92	91 67–92	91 67–11⅛
Zurich, Fr.	25·221	21 27–30	21 27–30	21 28–30	21 27½–30	21 27–30	21 24–29
Athens, Dr.	375	540–555	540–555	540–555	540–555	540–555	540–555
Amst'd'm, Fl.	12·107	8 91¾–92⅛	8 91⅝–92⅛	8 91¾–92⅛	8 91¾–92¾	8 91¾–92¼	8 91¾–92⅛
Berlin, Mk.	20·43	11 97–12 02	11 97–12 02	11 97–12 03	12 00–07	12 00–08	12 03–08
Registered Marks	*(c)*	61⅞–66⅛	62 67	61⅞–66⅛	61–64	60½–65½	60½–65⅛
Br. India Rup.	‡18d.	17–15/16	17–15/16	17–15/16	17–15/16	17–15/16	17–15/16
Hong Kong, $	‡ ...	14–15/16	14–15/16	14–15/16	14–15/16	14–15/16	14–15/16
Shanghai, $	‡ ...	8·91 *(f)*	8·91 *(f)*	8·91 *(f)*	8·91 *(f)*	8·91 *(f)*	8·91 *(f)*
Rio, Mil.	‡5·8994	2 2 *m*	2 2 *m*	2 2 *m*	2 2 *m*	2 2 *m*	2 2 *m*
B. Aires, $	11·45	18 98–19 05*g*	18 98–19 05*g*	18 98–19 05*g*	19 00–07*g*	18 99–19 07*g*	18 99–19 05*g*
Valparaiso, $	40	16·12*h* 120·*e*/*l*	16·12*h* 120·*e*/*l*	16·12*h* 120·*e*/*l*	16·12*h* 120·*e*/*l*	16·12*h* 120 *(e) l*	16·12*h* 120 *(e) l*
Montevideo, $	‡51d.	19 –20	19 –20	19 –20	19 –20	19 –20	22¾–23
Lima, Sol.	17·38	23 – 24 *(f)*	23 – 24 *(f)*	23 – 24 *(f)*	22¾–23 *(f)*	22¾–23¼ *(f)*	23¼ *(f)*
Mexico, Pes.	9·76	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd	Unq't'd
Manila, Pes.	‡24·66d.	24–25	24–25	24–25	24–25	24–25	24–25
Moscow, Rbls.	...	25 50–52	25 50–52	25 44–45	25 54–56	25 54–54½	25 55–56

Usance: T.T., Rio de Janeiro, Lima, Valparaiso (90 days). * Sellers. † Pence per unit of local currency. ‡ Par 8·2350 since dollar devaluation on February 1, 1934. (*a*) Prior to devaluation on April 2, 1935. (*c*) Per cent. discount. (*e*) Latest "export" rate. (*f*) Official rate is $15 sellers. (*h*) Average remittance rate for importers. (*l*) Rate for payments to the Bank of England, for account Controller of Anglo-Italian debts. (*l*) Nominal. (*m*) Official.

(b) Other Exchanges

London on	Par of Exch. per £	Sept. 16, 1938	Sept. 21, 1938	Sept. 22, 1938
Helsingfors, M.	193·23	226⅛–227	226⅛–227	226⅛–227
Madrid, Pt.	25·221/2	100–200 *(l)* 77*f*	100–200 *(l)* 77*f*	100–200 *(l)* 77*f*
Lisbon, Esc.	110	110–110⅜	110–110⅜	110–110⅜
Budapest, Pen.	27·82	24⅛–¾	24⅛–¾	24¼–¾
Prague, Kc.	$104⅛	139–140	139–141	139–140
Danzig, Gul.	25·00	25⅛–¼	25⅛–¼	25⅝–⅞
Warsaw, Zl.	48·38	25¼–⅜	25⅛–¼	25⅛–⅞
Riga, Lat.	25·221/2	24⅛–25¾	24⅛–25¾	24¼–25¾
Bucharest, Lei	813·8	655–675	655–675	655–675
Constantinople, Pst.	110	601* 601⅞	601* 601⅞	601* 607⅛
Belgrade, Din.	276·32	208–218	209–219	209–219
Kovno, Lit.	48·66	28¼–29¼	28¼–29¼	28¼–29¼
Sofia, Lev.	673·66	390–420	390–420	390–420
Tallinn, E. Kr.	18·159	17⅝–18⅝	17⅝–18⅝	17⅝–18⅝
Oslo, Kr.	18·159	19·85–95	19·85–95	19·85–95
Stockholm, Kr.	18·159	19·35–45	19·35–45	19·35–45
Copenhagen, Kr.	18·159	22·35–15	22·35–15	22·35–45
Alexandria, Pst.	97·3	97⅝–¾	97⅝–¾	97⅜–¾
Kobe, Yen	‡2/ 58d.	13 1/16–1 1/16	13 1/16–1 1/16	13 1/16–1 1/16
Singapore, $	† 2/8d.	27 1/16–28 1/16	27 1/16–28 1/16	27 1/16–28 1/16
Batavia, F.	12·11	8·89–92	8·89–92	8·89–92
Bangkok, Baht	‡21·82d.	22–22¼	22–22¼	22–22¼

Usance: T.T., except Alexandria (Sight). * Sellers. † Pence per unit of local currency. § Par, 107·10, since koruna devaluation on February 17, 1934. for payments to the Bank of England: (*j*) Under Anglo-Spanish Agreement. (*k*) Under Anglo-Turkish Agreement. (*l*) Nominal.

LONDON—FORWARD

(Closing quotations)

London on		Sept. 16, 1938 Per £	Sept. 17, 1938 Per £	Sept. 19, 1938 Per £	Sept. 20, 1938 Per £	Sept. 21, 1938 Per £	Sept. 22, 1938 Per £
New York, cent.	1 Month	(*p*) 15/16–11/16	(*p*) 5/8–1/2	(*p*) 9/16–5/8	(*p*) 1/2–5/8	(*p*) 1/2–5/8	(*p*) 1/2–3/8
	2 „	1¼–1⅛	1⅛–⅞	1⅛–⅞	15/16–11/16	7/8–¾	1–5/8
	3 „	1¼–1⅛	1⅛–1	1⅛–1	1¼–1⅛	1¼–1⅛	1⅜–1⅛
Paris, francs	1 Month	(*d*) 1¼–1⅜	(*d*) 1¼–1⅜	(*d*) 1⅛–1⅜	(*d*) 1⅛–1	(*d*) 1⅜–1	(*d*) 2–2¼
	2 „	2–2⅛	2 –2¼	2 –2¼	2–2	2⅛–1⅞	3⅞–4⅛
	3 „	3¼–4	3¼–4	3¼–4	3¼–4	4⅛–4¼	5¼–5⅜
Amsterdam, cent.	1 Month	(*p*) 2–1⅞	(*p*) 2–1⅞	(*p*) 1¼–1⅛	(*p*) 1⅛–¾	(*p*) 1¼–¾	(*p*) 1⅜–1
	2 „	2¼–2⅛	2–2⅛	2¼–2⅛	2⅛–1⅜	2⅝–1⅞	2⅝–1⅞
	3 „	4⅛–3⅞	4⅛–3¾	3¾–3⅝	3⅝–2⅞	3⅝–2⅞	3⅜–2⅞
Brussels, cent.	1 Month	(*d*) 14–17	(*d*) 14–18	(*d*) 12–14	(*d*) 10–12	(*d*) 10–13	(*d*) 13–17
	2 „	30–35	30–35	25–30	22–26	23–28	28–32
	3 „	53–58	53–58	43–48	37–41	38–43	47–51
Geneva, cent.	1 Month	(*p*) 3¼–2¼	(*p*) 3–2	(*p*) 4–2	(*p*) 3–2	(*p*) 3½–2½	(*p*) 4–2
	2 „	6½–4½	6½–4½	7–4	6–4	7–5	8–6
	3 „	10–8	9½–7½	14–8	11–8	11–8	13–9

(*p*) Premium. (*d*) Discount.

EXCHANGE RATES—*cont.*

NEW YORK

New York on	Par of Exch. per cent.	Sept. 15, 1938	Sept. 16, 1938	Sept. 17, 1938	Sept. 19, 1938	Sept. 20, 1938	Sept. 21, 1938
London:—* 60 days	Old Par 4·8666	4·8021 32	4·79 32	4·79 32	4·80 32	4·81 32	4·822 32
Cables	New Par 4·8666	4·813/16	4·79 13/16	4·79 13/16	4·80 9/16	4·81 13/16	4·83 1/16
Demand	8·2397	4·813/16	4·79 13/16	4·79 9/16	4·80 7/16	4·81 13/16	4·83 1/16
Paris, Fr.	6·63	2·69⅞	2·69⅞	2·69	2·69–2	2·70¼	2·70⅞
Brussels, Bel.	23·53	16·89½	16·90	16·90	16·89	16·86	16·87
Switz'l'd, Fr.	32·67	22·60½	22·56	22·56	22·57	22·65½	22·69½
Italy, Lira	8·91	5·26¼	5·26¼	5·26¼	5·26¼	5·26¼	5·26¼
Berlin, Mk.	40·33	40·05	40·04	40·04	40·01	40·02½	40·03½
Vienna, Sch.	23·82	...	...	...	...	...	...
Madrid, Pt.	32·67	...	...	...	...	...	...
Amst'd'm Gldr	68·06	53·92½	53·81	53·78	53·86½	54·03½	54·15½
Cop'h'gn, Kr.	145·37	21·48	21·42½	21·42	21·45½	21·51½	21·57½
Oslo, Kr.		24·17½	24·11½	24·11	24·15	24·22	24·28
St'h'lm, Kr.		24·81	24·74½	24·74	24·77½	24·85	24·91
Athens, Dr.	1·29	0·88⅛	0·88¼	0·88¼	0·88¼	0·88½	0·88⅞
M'treal, Can. $	169·31	99·500	99·430	99·375	99·430	99·460	99·500
Yo'hama, Yen	84·40	28·05	28·02	28·02	28·02	28·14	28·17
Shanghai, $	...	17·70	17·65	17·65	17·65	17·70	17·50
B. Aires, Peso	...	29·85	29·77	29·76	29·81	29·89	29·97
Rio, Ms. †	11·96	5·90	5·90	5·90	5·90	5·90	5·90

Usance: T.T. * Dollars per £1. † Official.

IMPORTS AND EXPORTS OF GOLD AND SILVER

Week ended September 22, 1938

Imports From	Bullion	Coin	Exports To	Bullion	Coin
GOLD	£	£	GOLD	£	£
British S. Africa	385,024	...	Canada	35,604	...
British India	...	36,487	Sweden	780,408	964
Australia	46,367	86,875	Poland	69,893	...
Netherlands	624,429	110,655	Netherlands	383,894	391,654
Belgium	9,230,640	...	Switzerland	273,313	67,840
France	192,500	7,187	Hungary	...	294,768
Switzerland	83,598	107,524	United States	25,037,517	...
Total*	10,619,496	350,136	Total*	26,618,482	853,314
SILVER			SILVER		
British S. Africa	176	...	Kenya	...	1,600
New Zealand	3,884	...	Aden & Dependencies	...	6,740
Germany	6,441	1	British India	3,670	...
Belgium	11,146	60	Sweden	2,070	...
France	10,977	36	United States	30,560	860,000
Japan	5,672	...	Germany	14,075	...
Other Countries	277	4,370	France	3,700	...
Total	38,572	4,467	Total*	57,073	868,685

* Including other countries.

Investment

TRANSPORT RECEIPTS

BRITISH RAILWAY TRAFFICS

	Gross Receipts, week ended Sept. 18 (£'000)				Aggregate Gross Receipts 37 weeks (£'000)			
	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts	Passenger	Merchandise	Coal & Coke	Total Goods	Total Receipts
L. M. & S.—										
1937	*540*	*518*	*250*	*768*	**1,308**	*19,860*	*18062*	*9,343*	*27,405*	**47,265**
1938	544	437	235	672	**1,216**	19,883	16585	9,113	25,698	**45,581**
L. & N. E. (*a*)—										
1937	*350*	*349*	*242*	*591*	**941**	*12,971*	*12423*	*9,046*	*21,469*	**34,440**
1938	350	294	225	519	**869**	12,873	11560	8,597	20,157	**33,030**
Great Western—										
1937	*229*	*207*	*109*	*316*	**545**	*8,447*	*7,323*	*4,108*	*11,431*	**19,878**
1938	233	185	101	286	**519**	8,365	6,788	3,927	10,715	**19,080**
Southern—										
1937	*338*	*70*	*29*	*99*	**437**	*12,559*	*2,320*	*1,120*	*3,440*	**15,999**
1938	348	65	28	93	**441**	12,486	2,224	1,100	3,324	**15,810**
Total—										
1937	*1457*	*1144*	*630*	*1774*	**3,231**	*53,837*	*40128*	*23,617*	*63.745*	**117,582**
1938	1475	981	589	1570	**3,045**	53,607	37157	22,737	59,894	**113,501**

(*a*) Week ended Sept. 17.

CUMULATIVE AND WEEKLY COMPARISONS

('000's omitted)

	L.M.S.	L.N.E.R.	Great Western	Southern
Cumulative Figures	£	£	£	£
Gross increase, second half 1937, over second half 1936	+ 1,443	+ 1,099	+ 647	+ 372
Gross decrease, first half 1938, over first half 1937	− 780	− 638	− 318	− 105
Gross decrease, second half 1938, over second half 1937	− 904	− 772	− 480	− 84
11 weeks to Sept. 18, 1938	− 82·18	− 70·18	− 43·63	− 7·63
Weekly Figures				
Av. weekly decrease, 2nd half 1938	− 92	− 72	− 26	+ 4
Latest week compared with 1937				
Latest week compared with average 1927–30	− 236	− 212	− 113	− 50

IRISH RAILWAY TRAFFICS

Company	Gross Receipts, week ended Sept. 16 (£'000)			Aggregate Gross Receipts 37 weeks (£'000)		
	Pass.	Goods	Total	Pass.	Goods	Total
Belfast & Co. Down—						
1937	*2·5*	*0·5*	*3·0*	*102·0*	*18·1*	*120·1*
1938	2·6	0·5	3·1	98·5	15·9	114·4
Great Northern—						
1937	*12·7*	*9·8*	*22·5*	*425·0*	*349·6*	*774·6*
1938	13·0	8·7	21·7	420·6	326·1	746·7
Great Southern—						
1937	*40·9*	*39·3*	*80·2*	*1400·6*	*1494·6*	*2895·2*
1938	42·8	40·8	83·6	1400·0	1443·4	2843·4

OVERSEAS WEEKLY TRAFFIC RECEIPTS

INDIAN

Name	Weeks	Ending	Gross Receipts for Week 1938	+ or −	Aggregate Gross Receipts 1938	+ or −
		1938	Rs.	Rs.	Rs.	Rs.
Bengal & N. Western	22	Aug. 31	†8,37,109	− 18,699	1,57,31,729	− 10,48,068
Bengal-Nagpur	22	31	‡23,44,000	− 1,07,252	3,80,17,840	− 7,45,216
Bombay, Bar. & C.I.	23	Sept. 10	‡29,88,000	+ 2,22,000	5,09,16,000	− 11,27,000
Madras & S. Mah.	22	Aug. 31	‡17,89,000	− 17,217	3,15,05,986	− 15,38,596
S. Indian	22	31	†16,59,703	+ 9,421	2,33,17,242	− 19,218

† 11 days. ‡ 10 days.

CANADIAN

		1938	$	$	$	$
Canadian National	36	Sept. 14	4,193,777	+ 44,061	120,370,873	− 15662901
Canadian Pacific	36	14	3,497,000	+ 264,000	91,588,000	− 5,452,000

SOUTH & CENTRAL AMERICAN

		1938				
Antofagasta	37	Sept. 18	£11,850	− 4,290	564,060	− 61,360
Argentine N.E.	11	17	‡186,700	...	2,088,100	+ 91,600
			*£11,582	...	129,535	+ 5,681
B.A. and Pacific	11	17	‡1,145,000	− 138,000	13,169,000	− 1,748,000
			*£71,030	− 8,561	816,938	− 108,435
B.A. Central	11	10	$113,700	− 24,200	1,244,900	− 344,600
B.A. Gt. Southern	11	17	‡1,882,000	− 183,000	22,484,000	+ 79,000
			*£116,749	− 11,353	1,394,790	+ 4,901
B.A. Western	11	17	‡634,000	− 146,000	6,862,000	− 1,794,000
			*£39,330	− 9,057	425,681	− 111,293
Central Argentine	11	17	‡1,774,750	− 400,750	19,007,000	− 6,469,250
			*£110,096	− 24,561	1,179,096	− 401,315
Central Uruguayan	10	10	*d*127,087	− 9,509	1,466,872	+ 36,236
			e£14,812	− 928	170,965	+ 8,872
Leopoldina	37	17	M2400000	+ 417,000	65,397,000	− 1,941,000
			£28,200	+ 1,843	750,013	− 120,727
Mexican Railway	36	14	$239,300	− 99,100	2,844,400	− 501,800
Nitrate	36	15	*a*£4,021	− 3,639	105,183	− 8,458
United of Havana	11	17	£18,730	− 4,143	193,800	− 18,385

* Converted at average official rate 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."

SUEZ CANAL RECEIPTS

		1938	£	£	£	£
Transit Receipts‡	36	Sept. 10	252,700	+ 24,700	6,687,300	− 944,600

‡ 10 days.

LONDON TRANSPORT BOARD

	Receipts	Compared with prev. Year
	£	£
Week ending Sept. 17, 1938, before pooling	567,100	+ 7,300
Total, 12 weeks to date	6,709,700	+ 39,700
L.P.T.B. receipts, 52 weeks to June 25, 1938	29,388,200	+ 657,100
L.P.T.B. receipts, 52 weeks to June 26, 1937	28,732,000	+ 255,000
L.P.T.B. receipts, year to June, 1937, after pooling	50,247,378	+ 522,655
London Transport Pool receipts, year to June 30, 1937	41,377,929	+ 771,590

OIL OUTPUTS

The British Burmah Petroleum Company, Ltd.—Output of crude oil 43,932 barrels for August, 1938.

British Controlled Oilfields, Ltd.—Total output for week ended September 10th, 12,476 barrels. Total production for week ended September 17, 1938: 12,711 barrels.

Trinidad Petroleum Development Company, Ltd.—Output for week ended September 10th, 57,627 barrels. Output for week ended September 17, 1938: 54,869 barrels.

Kern Oil Company, Ltd.—Total output in August amounted to 221,642 barrels, or about 31,663 tons.

Tampico Oil, Ltd.—The total output from the Company's properties in Mexico during the month of August was 5,641 barrels, in respect of which the royalty due to Tampico Oil, Ltd., was 423 barrels.

Venezuelan Oil Concessions, Ltd.—Total output week to September 17, 1938, 1,304,039 barrels.

THE WEEK'S COMPANY RESULTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation: Dividend: Preference Amount	Appropriation: Dividend: Ordinary: Amount	Appropriation: Dividend: Ordinary: Rate	Carried to Reserve, Depreciation, etc.	Balance Forward	Corresponding Period Last Year: Net Profit	Corresponding Period Last Year: Dividend
		£	£	£	£	£	%	£	£	£	%
Banks											
Commercial Bk. of Australia	June 30	103,338	262,384	365,722	84,694	141,667	7 1/1	30,000	109,361	247,435	6⅔
Financial Land, etc.											
Harrisons and Crosfield	June 30	155,971	318,870	474,841	137,800	118,836	25	...	159,403	314,015	25 (d)
						58,802	(c)				
Trafford Park Estates	June 30	46,568	80,999	127,567	...	52,000	8	25,898	49,669	70,187	7
Iron, Coal and Steel											
Barrow Barnsley Main Colls.	June 30	19,101	96,913	116,017	26,183	33,300	10†	40,000	16,534	101,189	10
Birkett (T. M.) and Sons	July 31	435 (e)	11,276	11,711	...	4,621	7½	1,200	5,890	5,534	10
Cannock Associated Colls.	June 30	16,406	169,018	185,424	34,550	121,365	10	...	29,509	176,609	10
Cochran and Co., Annan	June 30	1,810	35,694	37,504	...	9,981	7½†	26,002	1,521	30,966	7½
Dorman (W. H.) & Co.	Mar. 31	...	20,067	20,067	...	...	...	...	20,067	19,654	Nil
Hilton Main, etc., Colls.	June 30	13,783	32,325	46,108	...	18,375	10	10,000	17,733	36,352	13½
Laycock Engineering	June 30	10,958	40,890	51,848	...	12,688	7½	29,544	9,616	19,804	5
Manvers Main Colliery	June 30	25,047	107,018	132,065	11,000	44,000	5½	48,208	28,857	145,498	5½
S.G.B. (Dudley)	June 30	16,952	20,310	37,262	6,638	8,700	8	1,500	20,424	26,497	8
Sheepbridge Coal and Iron	June 30	88,716	292,197	380,943	20,921	146,395	12½†	107,418	106,209	260,780	10†
Motor, Cycle and Aviation											
General Aircraft	Dec. 31	*Dr. 26,748*	*Dr. 20,610*	*Dr. 47,358*	...	...	...	...	*Dr47,358*	3,239	Nil
Opperman (S. E.)	July 31	1,847	17,502	19,349	...	7,612	17½	6,872	4,865	(e) 8,777	8
Parnall Aircraft	July 31	*Dr. 22,066*	66,787	44,721	...	33,750	7½	10,971	...	26,782	Nil
Rubber											
Seaport (Selangor)	June 30	15,412	8,413	23,825	...	5,438	4	2,800	15,587	13,635	6
Tandjong	June 30	29,608	30,665	60,273	...	20,000	8	10,000	30,273	32,959	10
Shops and Stores											
Debenhams, Ltd.	July 31	229,758	555,112	784,870	379,000	104,167	20⅝	50,000	251,703	580,754	20⅝
Harvey Nichols and Co.	July 31	29,777	82,583	112,360	30,000	42,000	7	10,000	30,360	129,565	10
Howards (Newcastle)	July 31	2,541	15,669	18,210	4,200	7,000	10	3,000	4,010	(a)	(a)
Riding's Stores	June 30	13,734	34,002	47,736	5,801	18,322	35	1,778	21,835	40,245	30
Textiles											
Melso Fabrics	June 30	6,233	3,376	9,609	4,425	...	...	...	5,184	5,510	Nil
Trusts											
City and International	Aug. 31	31,151	51,210	82,361	30,000	16,000	4	...	36,361	51,339	4
Other Companies											
Allied Industrial Services	June 30	19,292	159,901	179,193	12,000	70,000	70	80,000	17,193	128,467	60
Anglo-Siam Corporation	Mar. 31	45,146	42,713	87,859	4,550	20,000	10	10,500	52,809	35,900	10
Bursledon Brick Co.	June 30	5,277	10,319	15,596	1,254	6,531	11	2,600	5,211	11,619	15
Calthrops, Ltd.	June 30	5,562	29,869	35,431	5,531	14,500	10	10,000	5,400	46,768	10·136
Cohen, Weenen and Co.	June 25	42,972	58,127	101,099	45,000	9,000	9	21,717	25,382	58,108	9
Elder Smith and Co.	June 30	189,901	176,836	366,737	...	168,000	7	10,000	188,737	204,836	7
Hosegood Industries	June 30	23,931	75,217	99,148	20,348	45,474	7½	...	33,326	84,877	7½
Leyland & Birmingham Rbr.	June 30	30,615	99,262	129,877	6,000	67,500	11½	24,932	31,445	142,737	12½
Linotype and Machinery	June 30	86,303	86,486	172,789	85,500	...	...	...	87,289	144,700	Nil
London-Amer. Maritime Tdg	July 31	1,167	7,723	8,890	2,253	6,370	10	...	267	11,465	15
Murdoch (John G.) and Co.	Mar. 31	28,136	17,385	45,521	6,750	...	...	25,150	13,621	25,722	2½
Qualcast, Ltd.	June 30	47,881	54,480	102,361	3,872	33,676	30	25,000	39,813	53,349	30
Rich (E.) and Co.	June 30	5,064	3,238	8,302	...	2,280	1½	...	6,022	2,715	1½
Theatre Royal, Drury Lane	June 30	*Dr. 8,015*	*Dr. 13,824*	*Dr. 21,839*	...	...	...	...	*Dr21,839*	8,221	Nil
Total Profits, 1938, in £'000s : No. of Cos											
To September 17		*1,756*	*65,561*	*240,152*	*305,713*	*39,233*	*127,402*	...	*67,263*	*71,815*	*216,613*	...
To September 24		*1,793*	*66,892*	*243,277*	*310,169*	*40,197*	*128,863*	...	*67,885*	*73,224*	*219,889*	...

† Free of income tax. (a) No comparable figure. (c) Paid on £25,000 of management shares. (d) £54,159 paid on £25,000 of management shares. (e) Thirteen months.

DIVIDEND ANNOUNCEMENTS

Rates are actual, unless stated per annum or shown in cash per share. Rate for previous year refers to total dividend, unless marked by asterisk to indicate interim dividend.

Company	*Int. or †Final	Total	Payable	Prev. Year
	%	%		%
BANKS				
Bank of Scotland	a12pa*	...	Oct. 15	18pa*
INSURANCE				
Eagle Star	7½*	...	Sept. 30	6⅔*
General Accident	30*	...	Nov. 1	30*
Sea Insurance	8¾*	...	Oct. 13	8¾*
Yorkshire Insurance	‡17½*	...	Oct. 17	‡17½*
MINING				
Ayer Hitam Tin	Nil*	...	...	30*
Champion Reef (India)	17½*	...	Oct. 15	17½*
Gopeng Consolidated	11½*	...	Sept. 30	6¼*
Idris Hydraulic Tin	Nil*	...	...	5*
Kepong Tin	Nil*	...	...	2½*
Martha Gold (Wallis)	‡15*	...	Nov. 1	‡20*
Mysore Gold	7½*	...	Oct. 22	7½*
Ooregum of India (Pf.)	10*	...	Oct. 29	10*
Pari Tin	Nil*	...	...	5*
Pelepah Tin	Nil*	...	...	2½*
Pengkalen	5*	...	Oct. 11	10*
Sthn. Tronoh Tin	Nil*	...	...	10*
Sungei Besi Mines	Nil*	...	...	21⅞*
Tronoh Tin	Nil*	...	...	15*
TEA & RUBBER				
Bantam (Java, Rub.)	...	9	Oct. 5	15
British Rubber (Java)	...	3	...	5
Bukit Selangor Rbr.	...	3	Oct. 10	5
Buntar Rubber	...	6¼	Oct. 15	7½
Ceylon&Indian Plrs.	7½ †	12½	Oct. 5	10
Ceylon Land&Produce	7½ †	10	Oct. 15	10
Chimpul Rubber	...	2½	Oct. 12	6
Dimbula Valley Tea	2½*	...	Sept. 30	2½*
Ederapolla Tea	4*	...	Sept. 27	5*
Federated (Selangor)	4†	6½	...	12½
Highland Tea of Ceylon	4*	...	Sept. 23	4*
Langkapoera Rubber	...	7½	Oct. 5	10
Layang Rubber	...	4	Oct. 25	6
New Dimbula Tea	15†	19	Oct. 18	15
Sungei Tamu Rubber	6†	10	Oct. 14	10
Tandjong Rubber	...	8	...	10
INDUSTRIALS				
Army & Navy Stores	4½*	...	Oct. 20	4½*
Aspro	15†	25	Oct. 10	32½
Assoc. Prov. Picture	6†	10	...	10
Atkinson-Oates Motors	20†	40	Nov. 15	60
Austin Motor	...	30	Oct. 29	50
Automatic Telephone	3*	...	Oct. 1	3*
Berkeley Property	2†	4	Oct. 14	5*
Birkett (T. M.) & Sons	...	7½	...	10
British Aluminium Co.	4*	...	...	4*
Brit. Insulated Cables	5*	...	Sept. 30	5*
British Gas Light	3½*	...	...	3½*
British Isles Trust	1*	...	Oct. 12	...
British Piston Ring	12½ †	20	...	25
Cable and Wireless	1½*	...	Sept. 30	1½*
,, Holding Co. (Pf.)	2¼*	...	...	2¼*
C.L.R.P. Investment	...	2½	Oct. 12	2½
Clyde Paper	...	12	...	10
Coltness Iron	5*	...	Oct. 15	5*
Cooper McDougall, etc	2½*	...	Sept. 30	2½*
Craven Bros. (Mchtr.)	7½*	...	...	5*
Cumberland Property	Nil*	...	...	3½*
Dale (John) Metal Ctrs.	5*	...	Nov. 1	...
Dean (W. H.) & Son	20†	25	Oct. 19	25
Dickinson (John)	4*	...	...	4*
Dwyer & Co.	‡5*	...	...	‡5*
Edinburgh Invest	3*	...	...	3*
Friars Investment	1½*	...	Oct. 1	1½*
Fullers	5*	...	...	5*
Goodbody (J. & L. F.)	...	5	...	5
Gratton Warehouses	20†	30	Oct. 6	25
Halesowen Steel	5*	...	Sept. 30	10*
Imperial Chem. Indus.	3*	...	Nov. 1	3*
Indestructible Paint	7½*	...	Oct. 8	7½*
Int. Diatomite	2†	6	...	8
International Paint	4*	...	Sept. 30	2½*
Lancashire Electric	2½*	...	...	2½*
Lancs. Un. Transport	4*	...	Oct. 14	9
Leethems (Twilfit)	6†	9	...	5*
Maidstone Motor	2*	...	Oct. 1	2½*
Marconi Marine	2½*	...	Oct. 11	‡3*
Melbourne Hart & Co.	‡3*	...	Oct. 22	3½*
Mew's Brewery	3½*	...	Oct. 18	2½*
Midland Counties Elec.	2½*	...	...	3*
Midland Elec. Corpn.	3*	...	...	12½
Minton Hollins	...	5	...	Nil*
Monsanto Chemicals	‡16⅔*	...	Oct. 31	37cts*
Montreal Light	37cts*	...	...	20
Marex, Ltd.	12½ †	20	...	...
Parnalls Aircraft	7½*	...	Oct. 14	2½*
Phillips Godfrey	2½*	...	...	4*
Portcarne Manor Estm.	4*	...	...	18
Ranks, Ltd.	a 14½	a 17	Oct. 8	5*
River Plate Trust A	5*	...	Oct. 1	1*
,, ,, B	1*	...	Oct. 1	10
Robinson & Cleaver	5†	8	...	17½
Rover Co.	...	15	...	3*
Scc. Scot. Nthn. Inv.	3*	...	Oct. 12	2½*
Spillers	2½*	...	Nov. 1	...
Third Conv. Invest.	2½†	8¾	...	2½*
Thom (Alex.) and Co.	2½*	...	...	7
Trafford Park Estates	5†	8	...	7½
United Steel Cos.	7†	10	Oct. 15	Nil*
Vickers, Ltd.	4*	...	Oct. 12	2½*
West Lon. Elec. Trst	2½*	...	Oct. 1	7½
Whitehall Court	...	2½	...	5*
Woodheads Brewery	5*	...	...	...

‡ Free of income tax. (a) Paid on a larger capital (c) Two years to Sept. 30, 1936. (e) 15 months.



L. M. S.

A Great Heritage

The London Midland and Scottish Railway is a fusion into one of 364 original transport systems, and it is the largest commercially-operated undertaking in the world. The genius of Stephenson was the touch stone upon which this vast organisation was originally founded; the placing of the steam locomotive on metal rails created the greatest revolution in transport that has ever taken place in history; and we can truly take pride in the fact that this was Britain's gift to the world.

Not only did railways originate in this country, but we were the first to develop them. The railways now forming the L.M.S. exercised a strong creative influence on social and industrial development during the last century. They soon obtained a pre-eminent position for comfort, speed and general efficiency for the handling of traffic, and to-day, welded as they are into one organisation, the efficiency of the undertaking has kept in step with progress in the civilisation which we enjoy.

The Minister of Transport stated in the House of Commons as recently as June 17th of this year: "Any Minister of Transport must speedily be impressed by the vital character of the railways as the transport core of the country and the high degree of efficiency and enterprise with which the railways are operated."

The building up of the railways has not been without trials and difficulties. Opposition based on the interests of individuals or on the lack of foresight on the part of authorities placed heavy additional burdens on the lines when they were promoted, and these have had to be overcome as well as possible. The official records contain luminous accounts of the early struggles.

But it is now universally recognised that the maintenance of an efficient railway system is a national necessity, and the London Midland and Scottish Railway, with its great heritage, is unceasing in its efforts to fulfil the transport requirements of the community. To-day the L.M.S. is not merely a railway company, it is a comprehensive transport system in itself; it employs every form of transport in its endeavour to provide efficient service. The history of the last 100 years is inevitably bound up with the railways now forming part of this great group; but it is equally certain that when the history of our times comes to be written the L.M.S. will earn an important place in the story.

Comprehensive National Transport

LONDON MIDLAND AND SCOTTISH RAILWAY

THE ECONOMIST

LONDON MIDLAND AND SCOTTISH RAILWAY

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Introduction

THE London Midland and Scottish Railway Company, created in 1923, under the Railways Act of 1921, is not merely, in point of size, the largest railway undertaking in the United Kingdom. It is by much the largest non-Government business enterprise in the United Kingdom, and it ranks among the greatest undertakings of any country in the world, with an annual revenue exceeding that handled by many sovereign States. Although its active interests are limited to an area bounded by Londonderry, Thurso, Swansea and Hamburg, it has outposts as far afield as Paris, New York, Chicago and Los Angeles. Its stockholders' capital (the whole of which received dividends last year), totals £414 millions, compared with £74 millions for Imperial Chemical Industries, Limited, £67 millions for Lever and Unilever, Limited, and £50 millions for the Imperial Tobacco Company (of Great Britain and Ireland), Limited—to name three of the largest non-railway companies of this country whose shares are familiar to the British investor.

Last year, the London Midland and Scottish Railway paid approximately £41½ millions in wages and salaries to its staff of 232,000 workers. Its 7,945 locomotives and rail motor vehicles travelled, in all, some 235 million miles, on a total track (including sidings) of 19,296 miles, whose renewal and maintenance involved the consumption, in the single year 1937, of nearly 97,000 tons of new rails and 1,663,000 new sleepers. Nearly 460 million passengers (including season ticket holders) travelled on the company's system last year, and over 140 million tons of merchandise were moved on it. Even the subsidiary and ancillary services of so vast an undertaking make a substantial contribution to the economic activity of Great Britain. The company, for example, is one of the largest employers of labour in the engineering industry and a leader in the hotel and catering trades.

The contribution of many of the constituent companies in the L.M.S. to the annals of railway development the world over has been epoch-making. The company incorporates the first railway on which steam power was continuously employed in the public service. In different capacities, on the engineering, financial and "diplomatic" sides, its pioneers — like the two Stephensons, Huish, and even Hudson, "the Railway King"—exercised a decisive influence in the drawing of the railway map of to-day.

In the following pages are related the story of the L.M.S.: the history of its construction and development covering more than a century; the outstanding characteristics of its component sections; the progress in technique, organisation and management since the amalgamation in 1923; the personalities who have guided its endeavours; and, finally, its prospects in the future and the part it may be destined to play in Britain's commercial, industrial and social organisation. Our Survey includes, also, a statistical review of the progress of each of the largest constituent undertakings at ten-year intervals from 1850 to the time of their post-war amalgamation, with a similar analysis for the joint undertaking in key years from 1924 to 1937. A complete record is also provided of the rates of ordinary dividend paid by the four most important constituent companies, from their earliest years onwards. Much of this historical material has hitherto been either unpublished or relatively inaccessible to the general student. It is hoped, therefore, that our Survey may combine interest for the general reader with utility to future railway historians.

Constituent Companies of the L.M.S.

THE first main line railway intended to employ steam locomotion for haulage of passenger and freight traffic in the world may be regarded as the birth of the London Midland and Scottish Railway of to-day. It is, therefore, appropriate to begin an outline of the company's history and growth by reference to the London and North Western Railway, the constituent which absorbed the original Liverpool and Manchester Railway, the world's first main line company.

After desperate opposition from local landowners the original Liverpool and

LONDON AND NORTH WESTERN RAILWAY

Manchester Railway was opened in 1830. To George Stephenson may be given the credit for its conception as a steam railway, for the "Rocket" proved, at the Rainhill trials of the preceding year, the practicability of steam locomotive traction. Although the capital cost far exceeded the original estimates, the Liverpool and Manchester proved a highly satisfactory financial investment, its estimated traffic receipts being but a fraction of its actual achievements. Briefly, the line, once completed, fulfilled the most optimistic hopes, both as to the service it offered between the two Lancashire towns, and the reduction it effected in transport charges between the Manchester area and the sea. The economic results of its success were even more decisive. They demonstrated to the whole world that a steam railway was a commercial proposition under suitable conditions, and loosened the purse strings of capital. Actually, a "Liverpool party" was active on most of the

early railway boards. Half the capital of the London and Southampton Railway in 1835, for example, is reliably reported as having been supplied from Manchester and Liverpool, and the latter city may claim to have played the lead in obtaining capital for the construction of the British railway system as a whole. Incidentally, it is significant that the profits of the Liverpool and Manchester Railway were, in early years, derived mainly from passenger traffic.

In modern days, when the centralisation in London of so large a part of the direction of Britain's economic and commercial affairs has provided a national problem of great magnitude, it is sometimes forgotten that, when the British railway system first began to take shape, its main arteries stretched out towards London from the north, rather than radiated from the metropolis. One might legitimately claim that the earliest important railway junction, and the original nodal point of Britain's first large railway system, was at Warrington, in Lancashire. From that town, southwards, was constructed the Grand Junction Railway, opened to Birmingham, *via* Stafford, in July, 1837. Economically built, at a cost of well under £20,000 per mile, the Grand Junction Railway in the early 'forties paid a regular dividend of 10 per cent., and as early as 1837 its shares (£90 paid up) were standing at £186. In the period from 1840 to 1845 it absorbed local lines in Cheshire and Lancashire, and by 1845 the Grand Junction Railway had become comparable in importance with the London and Birmingham Railway, with which it connected at the latter city.

Formation of the L.N.W.

The London and Birmingham Railway, whose Act received the Royal Assent in May, 1833, was not opened throughout, between Euston Grove and Birmingham, until September, 1838. On its completion, however, a passenger could travel by rail the whole way from London to Liverpool or Manchester, or even, in the following month, to Preston. The London and Birmingham was the world's first double track main line of over a hundred miles' length. Like its northern neighbour, it paid an average dividend of 10 per cent. from 1840 to 1845, inclusive. There were many expensive works on this railway —notably the Kilsby Tunnel—and the original estimates of £2,500,000 were far exceeded. The company's Act of Incorporation alone involved total payments of nearly £73,000. A little known provision in it was the power to prevent "the smoking of tobacco" in the company's carriages. Of Hardwick's Doric Arch at Euston much has been written. The works throughout were on the grand scale, typified by the station entrance at Curzon Street, Birmingham, where a board of directors sat, in addition to the London board.

The amalgamation of the London and Birmingham, the Grand Junction and the Manchester and Birmingham (a line opened in 1842, with a capital of £2,800,000), brought about the birth of the London and North Western Railway in 1846. The capital of the L.N.W., on its formation, amounted to the prodigious figure, for that time, of almost £23 millions. The length of this giant of the early Victorian era was 420 miles. Its earliest dividend was at the rate of 10 per cent., but the continued demand for new capital for extensions, acquisitions and improvements had reduced the dividend to 5¼ per cent. by 1850.

Amalgamations and Extensions

The L.N.W. was formed at a period when railway strategy was based, as a matter of course, on the theory that attack was the best form of defence. To preserve its territory from the encroachment of competing lines, the company was virtually compelled to adopt a continuous programme of extension and absorption. The Chester and Holyhead line, opened in 1850, included a number of unique engineering works, notably the Menai Tubular Bridge designed by Robert Stephenson (one of the largest engineering structures of its time), and the somewhat smaller tubular bridge at Conway. Politically, this link was of major importance, since it brought Ireland nearer by several hours to London. The Holyhead and Kingstown steamer service was actually operated by the Chester and Holyhead Railway from 1848 onwards, though it was not until 1858 that the line was finally absorbed by the London and North Western.

By the 'fifties of last century, Huddersfield, Leeds and Dewsbury in the north, and Northampton, Peterborough, Aylesbury, Oxford and Leamington in the south, had all been brought within the London and North Western's ambit. The Trent Valley line provided the company with a speedier route to the north, avoiding Birmingham. It also relieved a good deal of congestion; for before the opening of King's Cross Station the railway traveller from London to York entrained at Euston. Meanwhile, the metals were steadily reducing the gap which separated the London and North Western Railway from the Scottish lines centred on Glasgow. By 1847, the southernmost section of the Caledonian Railway from Carlisle to Beattock had crossed the border. The first through trains from London to Scotland, *via* Carlisle, began to run in 1848, over the metals of the Lancaster and Carlisle Railway, which was leased by the London and North Western in 1859 but not definitely absorbed until 1879.

Thus the project of a West Coast route to Scotland was brought to fruition. Its length of five hundred miles was originally owned by six different railways, and not until 1923 was it to pass under a single ownership, when the London Midland and Scottish Railway took over the whole system, from London to Aberdeen. The four hundred miles north of Birmingham, however, were all constructed to the designs of two engineers acting jointly. One of the early through passengers was Queen Victoria, whose journey was arranged at a few hours' notice at a time when telegraphs were not available. Although the speed on the royal run in no place exceeded 50 miles per hour, its average was as much as 35 miles per hour—a distinctly creditable achievement for a railway, ninety years ago.

The Era of Competition

Table I, on page 14, shows that, on the London and North Western system, the 'sixties and 'seventies were a period of steady growth. In the second half of 1859, the half-year's receipts first passed the £2,000,000 mark. In 1860, goods receipts overtook passenger traffic. During this period, however, expenses were rising somewhat disproportionately to receipts, owing to the inability of the company to digest all its recent absorptions. By the later 'sixties the position had improved. The competitive activities of the Great Western had been kept in check, largely owing to that company's difficulties arising from its mixed gauges. On the east, the Manchester, Sheffield and Lincolnshire (later the Great Central Railway) and the Great Northern had not succeeded in penetrating far into the London and North Western's preserves. The most formidable competition came rather from the rapidly growing Midland system, whose story is told on succeeding pages of this Survey.

Railway politics in mid-Victorian England have a significantly close resemblance to the power politics of Continental Europe to-day, but their outcome was usually one which modern Europe might profitably copy. For these competitive exertions were usually ended by agreement on joint ownership of disputed lines, or by granting running powers to one company over the lines of another. The London and North Western Railway had its full share of these arrangements. It reached Central and South Wales by means of mileage centred on Shrewsbury and Hereford, which was owned jointly with the Great Western Railway. By similar means it reached Birkenhead. Around Preston, Blackpool and Manchester it worked in close relationship with the Lancashire and Yorkshire. In the Lake District, its services were closely linked with the Furness Railway, whose headquarters were at Barrow.

The era of rapidly expanding mileage had so far come to an end by the eighteen-seventies that the London and North Western Railway of that period was much the same system as that which amalgamated with the Lancashire and Yorkshire in 1922. In the intervening half-century, however, vast improvements were made in its organisation, technical development and potential capacities. For example, four lines were made available between London and Crewe, if one counts the alternative routes between Roade, Blisworth, Northampton and Rugby (though there remain to-day some small sections of double or treble track in the Lichfield-Tamworth area). Widenings were also extensive north of Crewe, and in the Liverpool, Manchester, Preston and Chester districts.

The year 1870 was one of considerable prosperity for the company, whose operating ratio was still as low as 47 per cent. As will be seen by a reference to Table I, however, the results for 1880 were even more satisfactory. By that time, however, the operating ratio had started to rise; until in 1921 it was as high as 83 per cent. As a guide to financial prosperity, however, the operating ratio must be related to the volume of traffic.

Abortive Schemes

Certain events during the last thirty years of the nineteenth century require special mention. The London and North Western arranged a close working agreement with the Lancashire and Yorkshire in 1862, and complete amalgamation was the object of a bill of 1872. The opposition of other railways, however, proved too strong, and the project was abandoned. Public opinion, indeed, was not yet ripe for the achievement of a policy which was only brought to fruition after the Great War, when the attitude of Parliament and the nation towards competition on the railways had been entirely transformed. It is, perhaps, not wholly unprofitable to speculate on the value of the savings which the projected amalgamation would have brought to the railways, and the whole country, in the period from 1914 to 1920, and the extent to which the financial position of the London, Midland and Scottish Railway would have been improved during the last ten crucial years if standardisation of rolling stock of these two lines had dated back to the 'seventies instead of to 1922. In all probability, again, certain duplicate routes would never have been constructed at all. An even earlier attempt was made, in 1851, to fuse the London and North Western with the Midland. Had it succeeded, British railway history would have been very different; for St. Pancras Station would never have existed and, in all likelihood, the difficult main line from Settle to Carlisle would not have been constructed.

The London and North Western Railway before 1923 proudly styled itself the "Premier Line." In many respects the claim was justified. Its coaching stock of chocolate and white (or "plum and spilled milk") was probably the finest advertising medium any British railway ever had. Its locomotives were black, but they were kept scrupulously clean. They may not, perhaps, have been wholly as efficient as those of some of its rivals—at any rate, if efficiency be measured by fuel economy. Their varied nomenclature, however, undeniably added to their attraction for the railway enthusiast and the younger generation. At the special request of King George V, the Royal Train still carries the London and North Western colours.

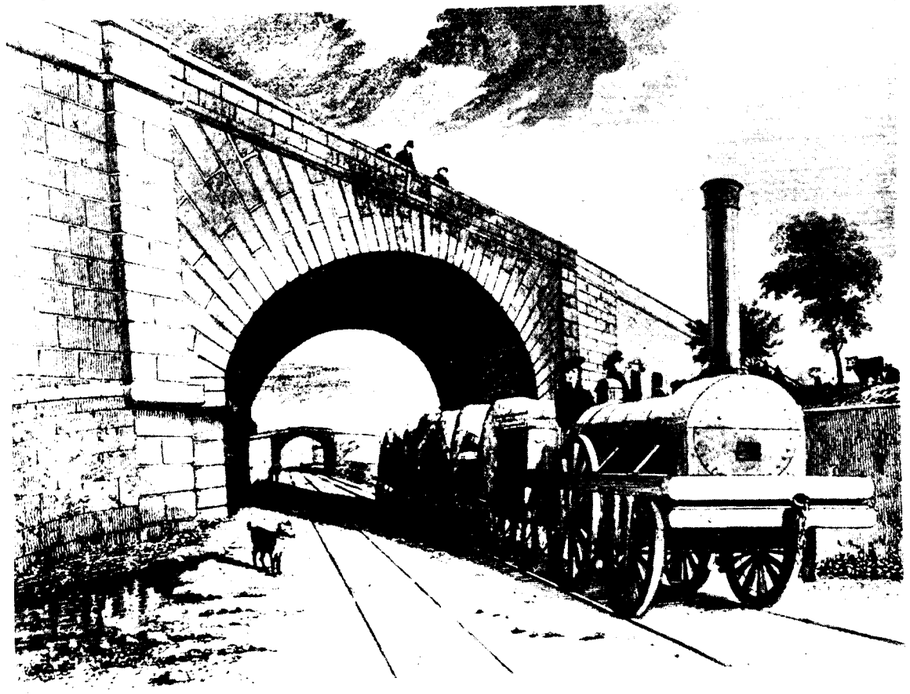
Technical Achievements

While the comfort of its rolling stock, the punctuality of its services and the excellence of its dining cars and sleeping cars did much to enhance the reputation of the London and North Western, in the more technical spheres the company did not lag behind its neighbours. It was early in developing eight-wheeled coaches in 1882, steam-heating and electric lighting in 1895, and the use of metal underframes and all-metal bogies from 1892. It was a pioneer, also, in the design of the corridor coach, and its 2 p.m. express to Scotland, for many years after 1893, was known as "The Corridor." As early as 1905, the company built special vans for motor car traffic. Its constituent, the Liverpool and Manchester Railway, had actually used containers in the eighteen-thirties.

Nor did the company neglect the development of freight traffic. Its famous marshalling yard at Edge Hill, Liverpool, planned in 1873, still remains one of the railway wonders of the world. The same remark applies also to its avoiding subway lines for freight traffic at Crewe, the nodal point of the L.N.W. and the site of its great locomotive works, in a position chosen by Trevithick in the days of the Grand Junction. Even to-day these works, with their potential output of two new locomotives per week, in addition to general repairs to existing engines, remain one of the largest locomotive works in the world. To the rail rolling mill at Crewe (closed a few years ago) all the British railways owe an important debt. This mill first demonstrated the practicability of the long 60-ft. rail, which has become standard for all the British railways only during the last ten years. The London and North Western, in fact, began to use 60-ft. rails in 1894. To Ramsbottom of the L.N.W., again, was due the inauguration of water pick-up troughs. Another special feature of the London and North Western permanent way was the use of a felt pad underneath the chairs in which the rails are set. Interlocking—an important step in the increasing safety of railway operation—was used by the London and North Western as early as 1859. The first railway travelling post office in the world left Euston in 1838.

All in all, the "Premier Line" with the "best permanent way in the world" will remain more than a memory to railwaymen and railway users of an age to know the pre-war London and North Western Railway, and the pride of its staff in their undertaking. It is time, however, to turn to the second of the great constituent lines of the L.M.S. —the Midland Railway.

RAINHILL BRIDGE



Liverpool and Manchester Railway

MIDLAND RAILWAY

The first section of the Midland Railway to be opened was a line between Leicester and Swannington in 1832. The Midland itself was formed in 1844, by the amalgamation of three railways which, by the standards of the time, were already large. They were the Midland Counties (opened in 1839), the North Midland (opened in 1840), and the Birmingham and Derby Junction Railway (opened in 1839). The first of these lines brought Derby into rail connection with Nottingham and Rugby, where contact was made with the London and Birmingham. The second stretched northwards from Derby to Leeds. It was joined at Normanton by the Manchester and Leeds—the earliest important section of the Lancashire and Yorkshire Railway—and the York

and North Midland. Thus Derby was the central point of the Midland at its birth; and it remained so until 1923. At Derby were established the locomotive, carriage and wagon shops, which to-day are still among the biggest railway workshops in the world.

The Midland Railway at its formation had a capital of almost £7,000,000. The North Midland line, constructed at heavy cost, accounted for more than half this sum. The merger company's growth was rapid. By 1850 total capital had increased to over £17 millions; for the company served the Midland counties, where the pace of industrial growth in the mid-nineteenth century was fast indeed. The aim of those who guided Midland Railway policy seemed to have no limits except the sea. In one case even that proved no barrier, when the Midland reached out to Londonderry. For the company's forward policy, at this period, George Hudson, the "railway king," was largely responsible.

Battle of the Gauges

Among early absorptions was that of the Birmingham and Gloucester, which had been opened in 1840. As that company was a standard gauge, and not a broad gauge, line, it was welcomed by the London and Birmingham, which allowed the Birmingham and Gloucester to use its station at Birmingham, the forerunner of the present New Street. At Gloucester were staged some of the bitterest scenes in the "battle of the gauges." The Great Western, with its 7-ft. gauge, was outmanœuvred by the Midland when the latter obtained control of the broad-gauge Bristol and Gloucester Railway—a daring move, since the Midland could not operate through trains into Bristol until the broad gauge had been changed to standard, in 1854. Beyond Bristol, however, further Midland progress towards Devon and Cornwall was effectively blocked by the 7-ft. gauge Bristol and Exeter, South Devon and Cornwall Railways, which were all within the Great Western's sphere of influence. The Midland, by constructing a line to Bath, was able at a later date to reach the English Channel at Poole, through joint ownership with the London and South Western Railway of the Somerset and Dorset line. That connection played no unimportant part in building up Bournemouth as a favourite holiday resort for the industrial towns in the Midland Counties, Lancashire and Yorkshire.

Space forbids detailed description of the network of lines gradually built up by the Midland in the South Yorkshire coalfield and the West Riding. The company reached Skipton in 1846, and, by absorbing a local line, touched the Irish Sea at Morecambe in 1852.

The Midland Reaches London

The year 1858 was an eventful one for the Midland. By constructing a line from Leicester to Hitchin, passing through Bedford, the company was enabled to use the King's Cross terminus of the Great Northern Railway. For the first time, it could successfully tap the London traffic. Such an arrangement, however, could not long remain satisfactory. Congestion and endless delays occurred in the bottleneck between Hitchin and King's Cross which passed over the Welwyn Viaduct and through numerous tunnels—a route still regarded as too expensive to widen. Consequently, after strong opposition, the Midland obtained an Act in 1863, authorising it to construct its own line into London, with a separate terminus. The resulting station of St. Pancras—a Gothic edifice with an adjoining hotel now used as the London Midland and Scottish engineer's offices—was regarded somewhat as an architectural masterpiece; but tastes have changed since 1868.

The building of the London extension in no way delayed the Midland's further penetration in other parts of the country. The preceding year had seen the company's arrival in Cottonopolis, and, soon afterwards, the company reached Liverpool, by taking a third share with the Great Northern and Great Central Railways in the Cheshire Lines Committee.

The natural tendency among the travelling public to think of railway competition in the terms of passenger traffic alone, and to regard a longer and more devious route as wholly disadvantageous, is not, strictly speaking, sound. A moderate differential in mileage means little in terms of heavy freight, and the Midland was primarily a freight line, with an extensive coal traffic. Competition between the various coalfields in Leicestershire, Derbyshire and Nottinghamshire had, indeed, been the genesis of its construction, and to this day the Midland Division of the London Midland and Scottish carries southwards an outstanding proportion of London's coal supplies. The Midland's chief disadvantage, in comparison with its rivals, lay less in its circuitous routes than in its heavy gradients. These were particularly in evidence on its Derby-Manchester line, on the extension from Settle to Carlisle, over Aisgill summit (completed in 1876), and on the difficult single-line section from Bath to Evercreech Junction on the Bournemouth line. Even the London extension line had a summit to surmount at Sharnbrook, near Bedford.

A Ubiquitous System

The Midland was nothing if not ubiquitous. By its incursion into South Wales over the Hereford, Hay and Brecon line, it tapped the valuable traffic of Swansea, with its anthracite coal, tinplate and other industries. The Carlisle extension linked the Midland with two of the Scottish railways. Through services were run from London and other English cities to Glasgow, over the Glasgow and South Western Company's metals, and to Edinburgh over the North British Company's Waverley route through Hawick and Galashiels. These routes were longer than the competitive West and East Coast routes, but they drew to themselves a faithful clientele. In particular, a traffic of no mean order was carried between the midland cities—Sheffield, Leeds and Bradford—and the two great Scottish centres of population.

Reference to Table II, on page 14, will show that in the last thirty years of Queen Victoria's reign the Midland Railway made steady progress, marked by a satisfactory dividend record. Although its operating ratio rose steadily (like those of all the other major British lines), from 48 per cent. in 1870 to 62 per cent. in 1900, the rate of dividend on its ordinary stock only once fell below 4 per cent., and on eleven occasions it was 6 per cent. or over, until in 1897-98, the company indulged in stock-splitting on a large scale. Its decision was largely responsible for an apparent increase of nearly £60 millions in its capital and, despite the able advocacy of Mr H. H. Asquith before the House of Lords, it cost the company over £100,000 in duties and costs.

Throughout the later years of the nineteenth century, the Midland's passenger earning power rose continuously. Midland coaching stock could be seen on all the coasts of Britain—even at Lynn and Yarmouth, which were reached over a line jointly owned with the Great Northern. By this means the company obtained a share in the fish traffic of Yarmouth and the fruit traffic of Wisbech, and developed a market for these products in Leicester, Birmingham and Nottingham. The East Anglian coast also proved a popular destination for holiday-makers.

Tourist traffic, indeed, was a speciality with the Midland from its earliest days. The earliest excursion train of which there is an authentic record was run on July 20, 1840, when the Nottingham Mechanics' Institution visited that year's Leicester Exhibition. Only a year later, one Thomas Cook organised his first excursion between Leicester and Loughborough; and founded the business which brought his name into prominence throughout the civilised world.

Twentieth Century Extensions

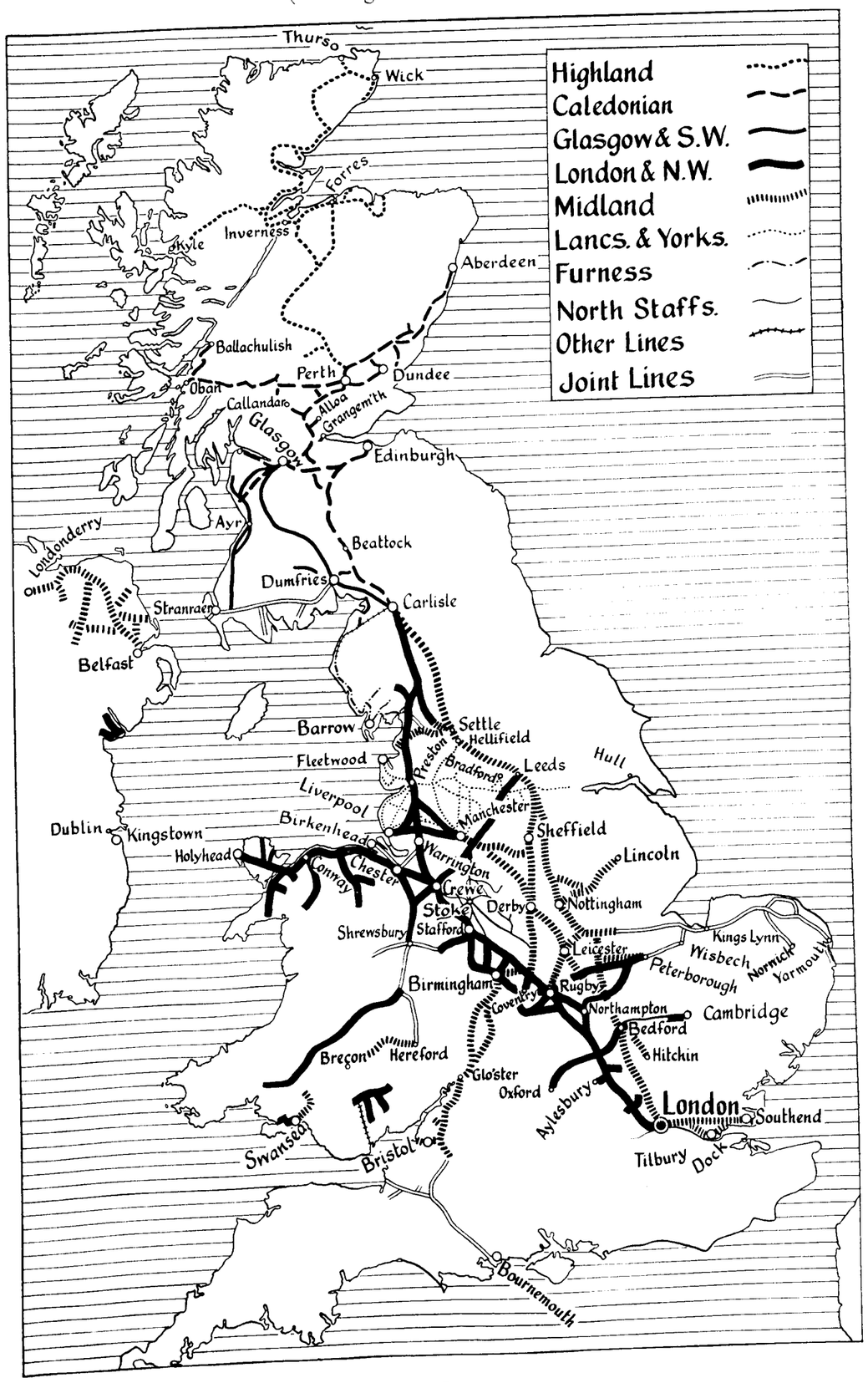
Unlike the London and North Western, the Midland continued its policy of extension, even after the turn of the century. In 1903 it acquired the Belfast and Northern Counties Railway (now known as the London Midland and Scottish Northern Counties Committee) and became a strong competitor with the Lancashire and Yorkshire and the London and North Western for the cross-channel traffic to Northern Ireland. The Midland system now included two gauges, for the Northern Counties lines had been built to the Irish gauge of 5 ft. 3 in. A third gauge was added a couple of years later, when the company, jointly with the Great Northern Railway of Ireland, took over the narrow gauge County Donegal lines. Westwards, the Atlantic Ocean now barred further progress, so the Midland turned eastwards yet again. Its last major acquisition was the London, Tilbury and Southend, an unusual line, with a history as long as its mileage was short. The Tilbury and Southend had two totally divergent interests: first, its suburban and holiday traffic to Southend, which provided all the problems of peak travel; and, secondly, its growing freight traffic as the sole railway serving Tilbury Docks.

Problems and Achievements

Such was the development of a railway whose policy frequently affected the whole British railway system. Its bold bid for popularity by abolishing the second class in 1875, was bitterly opposed by its competitors, who, nevertheless, were obliged, one by one, to follow suit. Many passengers to-day still remember the comfort and roominess of the pre-war Midland coaching

MAP OF THE SYSTEM

(Showing Constituent Lines)



stock, with its almost ornate upholstery, its clerestory roofs, and its rich, crimson exterior painting, lined out in gold and black. Yet, in certain technical respects, Midland stock was tending to fall behind that of some other lines before the war. Gas-lighted coaches were still being built at Derby almost up to the time of the amalgamation of 1923, and wooden underframes remained a feature of Midland design long after they had ceased to be used by other large companies.

On the locomotive side, also, the Midland, in its later years, with its heavy gradients, had special problems. The use of two locomotives to a train was a normal feature of Midland operating work, partly owing to the inadequate axle-loading capacity of the bridges on its main lines. Serious delays and congestion ensued, and revolutionary measures had ultimately to be taken to reorganise the carrying capacity of the line. Credit for the entirely successful solution of this problem is due to the genius of the late Sir Cecil Paget, whose familiarity with operating methods in America and France first suggested to his mind an English adaptation of the American dispatching system. It is no exaggeration to say that the resulting Midland control system, more than any other single feature, has revolutionised British railway operating methods. It has been adopted, also, on many Dominion and Colonial railways and French lines.

Up to its amalgamation in 1923, the Midland, which was managed, organised and operated from Derby, provided an example of the most centralised type of British railway organisation. Differences of opinion existed, and will always exist among railway engineers and technicians, on the relative efficiency of the Midland and other pre-amalgamation British lines. One thing, however, is certain: no company has left its mark more indelibly on British railway history.

LANCASHIRE AND YORKSHIRE RAILWAY

The third constituent company of the present L.M.S. system, the Lancashire and Yorkshire Railway, was, after the North Eastern Railway, the most important English line which had no terminus in London. Only those readers with first-hand knowledge of the industrial north of England have an adequate conception of the leading part played by that railway in the commercial progress of Lancashire and Yorkshire.

The "Lanky York," as it was familiarly known, had its origin in the Manchester, Bolton and Bury Canal Navigation and Railway of 1831. Its spinal cord, however, was the Manchester and Leeds Railway, which was opened after great engineering difficulties in 1841. Canal opposition was strong in the case of many early railways, and in this instance it was sufficient to defeat the original bill. The line, nevertheless, reached Leeds by means of running powers over the North Midland. Its capitalisation was high, even for a double-track line, at nearly £30,000 per mile. That the company, however, earned good dividends, ranging from 5½ per cent. to 8 per cent., in the early 'forties, was largely attributable to the difficulties of road transport in this district of the Pennine Range which it served.

An Industrial Line

From its inception, Manchester was the nodal point of the line, and the headquarters of its activities. The title of Lancashire and Yorkshire Railway was taken in 1847, a year after amalgamation with the Manchester and Bolton Company. For some years the line had relied on the Liverpool and Manchester Railway for its Liverpool traffic, but absorption with the Liverpool and Bury in 1846 gave it an outlet of its own to the Mersey. In the east, the acquisition of the West Riding Union line carried Lancashire and Yorkshire metals almost from the Irish Sea to the Humber.

As reference to Table III (on page 14) reveals, capital expenditure per mile continued to be heavy throughout the company's growth. But while its mileage increased slowly, its receipts rose rapidly. The freight receipts per train mile of the Lancashire and Yorkshire, in fact, were far above those of the London and North Western and the Midland Railways during the period from 1870 to 1900. The company, indeed, was carried on the flood of increasing production of the textile industries. Busy and expanding towns like Blackburn, Preston, Burnley, Colne, Accrington and the Rossendale towns were served by railway systems which the Lancashire and Yorkshire steadily absorbed into its parent organisation. Jointly with the London and North Western (with which it so nearly amalgamated) the company developed Fleetwood as a port for a valuable passenger and freight traffic to Belfast, and for the fish traffic on which Fleetwood's facilities are now mainly concentrated. To the north, connection was made with the Midland's route to Scotland at Hellifield, while to the south the company penetrated to Sheffield, Pontefract and Wakefield. It was one of the many lines which tapped the South Yorkshire coalfield, and its access to Goole opened up a coal trade of considerable magnitude through that port, from which a large number of small steamers carried freight traffic across the North Sea to Germany, Holland and Belgium.

Increasing Capitalisation

The dependence of the Lancashire and Yorkshire on an almost wholly industrial area involved anxious times for the management in periods of trade depression. Yet even, in 1885, when the Chairman reported that the first half of the year had given the board considerable anxiety, the ordinary dividend was no lower than 3¼ per cent. Incidentally, the same speech mentioned a new cut off line to Blackpool, "for you all know that Blackpool is becoming the most popular seaside resort for our Lancashire and Yorkshire people and the traffic is enormous." Nevertheless, capital expenditure was increasing. In the succeeding year a shareholder complained that "since 1872 we have increased our capital account by £16 millions, and practically spent it on the same line, whilst I do not see that our net traffic earnings have increased anything at all." The statement was typical of many made at railway meetings at this time. The period of railway mileage expansion was fast coming to an end, and the period of intensive internal development—which still continues—was beginning. The operating ratio of the Lancashire and Yorkshire in 1870 was 46 per cent.; by 1890 it had risen to 56 per cent. and in 1913 it stood at 65 per cent.

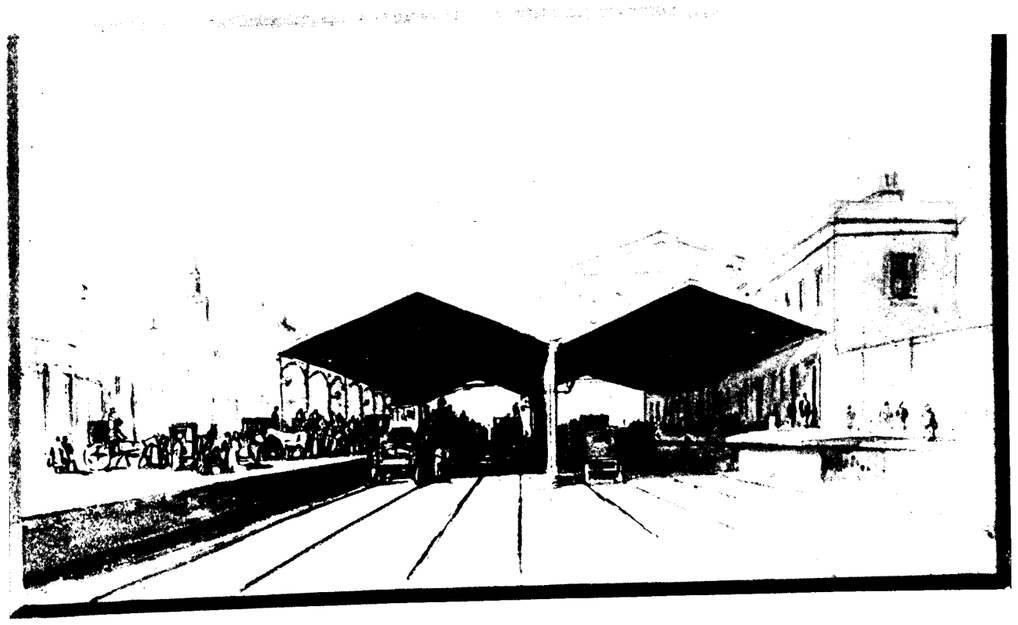
Technically, the Lancashire and Yorkshire was a notable line. Its locomotive shops at Horwich were a famous training ground for railway mechanical engineers. Under the late Sir John Aspinall, a firm believer in electric traction, the company achieved pioneering distinction in the period 1903-04 by electrifying its line from Liverpool to Southport, and, later, to Ormskirk. The Manchester and Bury line, electrified in 1916, was unusual in its adoption of the direct current 1,200 volt third rail system. For the rest, a high degree of exactitude in railway operation was indispensable on a system which had to cope with dense freight traffic, short distances, heavy gradients and through running with many other lines. To ensure adequate and immediate superintendence, a remarkable control system, coupled with complete telephone equipment to all the main points on the railway, was inaugurated at Manchester.

In 1922, the Lancashire and Yorkshire was amalgamated with the London and North Western Railway, before the other constituent lines were grouped in the London Midland and Scottish Railway. The large part subsequently played by its chief officers in L.M.S. policy and management, is a tribute to the merits of the Lancashire and Yorkshire as a training ground for the qualities which make up a responsible, knowledgeable and resourceful railway official. For, on the Lancashire and Yorkshire, the demands of successful operation were too exacting, and the system of control too delicate, to allow any room for serious error.

CALEDONIAN RAILWAY

The Caledonian was generally regarded as the premier Scottish railway. If heredity counts for anything, the claim cannot be disputed, for the Caledonian's ancestors—the Dundee and Newtyle and the Glasgow and Garnkirk—dated back to 1826. The first important main line of what was to be the Caledonian system linked Carlisle to Glasgow and included the formidable Beattock bank, which still presents the London Midland and Scottish with one of its most serious operating problems. When the new line was opened over its whole length, early in 1848, it completed the west coast route to Glasgow. In the same year a branch was opened to Edinburgh. By means of a connection at Castlecary, the Caledonian (incorporated in 1845), made contact with the Scottish Central, which ran to Perth. Amalgamation with this line was consummated in 1865, and a year later the absorption of the Scottish North Eastern carried the Caledonian as far north as Aberdeen—beyond which it never extended. And the Dundee and Perth line, absorbed in 1863, gave it participation in the fortunes of the jute, shipbuilding and marmalade industries of Dundee.

The main outline of the Caledonian Railway, like that of its southern ally, the London and North Western, was complete by 1870. At that time its capital was about £22,700,000. Its dividends were always less than those of the larger English railways now incorporated in the L.M.S. systems, as will be seen by reference to Table IV on page 15. Its influence on Scotland's economic development, however, was



THE FIRST EUSTON STATION

considerable. Centred on Glasgow, it gradually evolved a vast suburban traffic on Clydeside. It largely fostered the iron, steel, shipbuilding, engineering and allied trades in that area, and it catered on a sumptuous scale for the tourist traffic on the Firth of Clyde. With other railways, it shared also in the development of the Stranraer route to Belfast. In the Highlands it pushed north-west to Callendar, Oban and Ballachulish. Its ports of Grangemouth and Alloa provided useful export and import routes for the heavy industrial area of Lanark, Airdrie, Coatbridge, Motherwell and Wishaw.

The "Caley" was a popular line with the Scottish travelling public, with its distinctive white panelled coaches and blue locomotives. The latter, incidentally, were furnished with a particularly effective hooter which was later to become "standard" on the L.M.S., after the American Press had taken good-humoured exception to the "Royal Scot's" shrill whistle.

The Caledonian was never overprosperous, and its operating problems involved a good deal of expense. Nevertheless, its locomotive stock was above the average of many more southerly lines, and its rigid attention to economy enabled it to face years of pre-war trade depression without losing the patronage of the passenger or trader. A lower average density of traffic per mile than that of many of the English lines forced it to keep its operating ratio at a comparatively low figure, but it catered well for the needs of the industries it served.

OTHER CONSTITUENT COMPANIES

Glasgow and South Western

The remaining constituent companies of the London Midland and Scottish Railway may briefly be described. In Scotland, the Glasgow and South Western Railway, with lines radiating from its St. Enoch terminus in Glasgow and stretching down the Clyde coast to Greenock, served the Firth of Clyde ports from Largs to Irvine, Troon, Ayr and Girvan. Its southerly main line passed through Ayr to Dumfries and Carlisle, where it exchanged traffic with the Midland. It also shared in the Stranraer route to Ulster. At the close of 1921 its capital expenditure was rather over £20 millions and its route mileage almost 450. Its locomotive stock numbered about 530, of which few units remain to-day. It played an important part in the development of the Clyde steamer services, the suburban traffic of Glasgow, the Ayrshire coalfield and the through services from England to Glasgow.

Highland Railway

In the far north, the Highland Railway was the trunk line from Perth to Inverness, Kyle, Forres, Thurso and Wick. It was almost wholly a single line in 1921, when its capital expenditure was about £7,500,000, its route mileage 484, and its locomotive stock 173. North of Inverness it had a railway monopoly. Sparse traffic, heavy gradients and snow troubles in winter involved the Highland in a hard struggle for existence. In 1921 it succeeded in paying a 2 per cent. dividend on its ordinary stock; but its track, coaching stock and stations were far below the standard of its southerly neighbour, the Caledonian.

Furness Railway

An important constituent line of the present London Midland and Scottish on the English side of the border was the Furness Railway, which was centred on Barrow and served the attractive Lake District. Its capital expenditure in 1921 approximated closely to that of the Highland, but its route mileage was only 115, and the total of its locomotives 138. A heavy ore and mineral carrier, it expended much energy on its docks at Barrow-in-Furness. A unique feature of its activities was its annual offer of a scholarship to enable one of its staff to enter a university. Physically, the Furness had serious problems in the maintenance of long viaducts over tidal estuaries. In times of trade depression its fortunes were precarious, though it succeeded in attracting holiday travel to the charming country it served. In 1921 it was just able to declare a dividend of 1 per cent.

North Staffordshire Railway

Further south was the North Staffordshire Railway, radiating in all directions of the compass from Stoke. By the end of 1921 this system had cost about £9,250,000 to build. Its route mileage was 206 and it possessed nearly 200 locomotives. Although it remained a local line, it had connections with five main-line railways. It served the local industries efficiently, and the pottery towns took pride in the preservation of its independence for nearly eighty years. Careful management and successful operation were revealed by its ability to declare a 5 per cent. dividend in 1921.

Such were the constituent companies of the present London Midland and Scottish Railway system, in addition to many smaller lines. At the time of the amalgamation, each railway had its own problems, its own *esprit de corps*, its own traditions and its own policies. The welding of them all into one great system was probably the greatest task in industrial organisation ever undertaken by a British company. Its inevitable difficulties were increased by the fact that a railway's staff must necessarily be scattered and cannot receive the detailed supervision applicable to the workers in a factory, or a series of factories. The remainder of our Survey shows how, and with what degree of success, the problem was faced.

A
Standard Revenue

All serious thinkers about transport in this country agree that it must cover its cost and leave a surplus for development. That is to say, transport must be self-supporting. The alternative would be to subsidise transport out of public funds, and that would clearly be undesirable.

The Railways Act of 1921 provided a new form of control of charges by fixation of a standard revenue or profit (before remuneration of debenture capital) which the charges should aim at earning, regard being had to all sources of revenue and not only that from railway charges. The scheme of the Act contemplated annual reviews at which, if the standard revenue were not achieved, the Railway Rates Tribunal would increase charges so as to reach that goal. If the standard were exceeded the Tribunal would reduce charges by an amount equal to 80 per cent. of the excess.

There was no State guarantee or pledge that this standard revenue would be realised, although it may at least be fairly inferred that Parliament in requiring the novel scheme of 1921 did not contemplate provoking or encouraging developments which would make it more difficult of attainment. This standard merely represented the upward limits to profits to be aimed at by the Rates Tribunal in fixing charges; but it did set up the standard which Parliament considered the railway was entitled to earn if it possibly could. Further, in the judgment of the Rates Tribunal on their annual review in 1937 it was stated "that the legislature . . . regarded the realisation by the amalgamated company of its standard revenue to be in the public interest."

The standard revenue of the L M S Railway is fixed at £20.6 million, or a modest overall return of 4.8 per cent. on the capital receipts of the undertaking. The actual net revenue of the Company in 1937 was £14.4 million, or a deficiency compared with the standard of £6.2 million. In fact, the L M S has not yet succeeded in securing its standard because the Rates Tribunal have been unable to adjust the charges to make this possible.

The securing of this modest standard revenue is in the interest of the community as a whole, because it lies at the root of all progress in railway transport (with its comprehensive national service). The only way whereby it can be secured is by expanding traffic by more passengers using the railway and by the business community despatching more freight traffic. The L M S Railway depends upon the public as much as the public depends upon the railway.

Progressive
National Transport

LONDON MIDLAND AND SCOTTISH RAILWAY

The Story since 1923

To discover the manner in which the L.M.S. solved its post-grouping problems is, in fact, to describe the organisation evolved in the last fifteen years. First, however, we may draw together the conclusions suggested by the history of the company's constituent lines, for the sake of the light they throw on the task of creating one body out of many members. The absorbed undertakings had widely differing standards, and some were bound to take more from the pool of amalgamation benefits than they gave. But they included some of the finest systems in Britain or in the world. In their evolution, geography had played some part—by imposing "short haul" conditions, for example. But competition, rather than topography, had given the Midland its heavy gradients. And the nineteenth century development of Britain's specialised and localised industries had played the most important part of all.

The L.M.S. system penetrated to every part of the country (except the extreme south-west and south-east), but its network of lines was closest in a relatively few areas where industrial density was greatest—the Midlands, Lancashire, Yorkshire, and South-West Scotland. In fact, the map of the constituent lines had been largely drawn by 1870—and the table in the next column shows clearly that subsequent development was intensive and not extensive.

For fifty years before the merger, the major component companies had been improving their existing lines and running more traffic over them, rather than extending them. Even the Midland, which more than doubled its length of line after 1870, already had its own route to London by that year, and apart from its Carlisle extension, its subsequent increase was achieved mainly by taking over lines already in existence. In fact, before the end of the third quarter of the nineteenth century, Britain's railway routes were almost as well established as her national drainage system. Their channels might be widened, but their direction was almost unchangeable. And it had been determined by the characteristic forces of the era of Britain's commercial supremacy, when competition was free, international trade was freer than ever before or since, and when increasing wealth and population were centred mainly in the north.

The L.M.S. came into its inheritance in a period of transition—of economic nationalism and depressed export industries, of increased costs and a higher wage bill. In 1923, the internal combustion engine had raised the highway road from the humble rôle of a feeder to that of a formidable competitor for the cream of railway traffic. Against that background the measures taken to solve the problem of unifications must be viewed.

PROGRESS OF THREE CONSTITUENT LINES
(1870=100)

	Total Capital	Net Revenue	Length of Line	No. of Passengers	Tonnage of Goods
LONDON AND NORTH WESTERN					
1850	54	29	55	NA	NA
1860	66	35	62	42	42
1870	100	100	100	100	100
1913	227	171	137	305	300
MIDLAND					
1850	46	34	NA	NA	*
1860	56	63	NA	NA	*
1870	100	100	100	100	*
1913	543	318	215	624	*
LANCASHIRE AND YORKSHIRE					
1850	50	29	63	NA	NA
1860	79	81	85	NA	NA
1870	100	100	100	100	100
1913	296	181	140	290	297

NA = Not available. * 1850–70 figures not available. Tonnage in 1913 was 242 per cent. of 1850 figure.

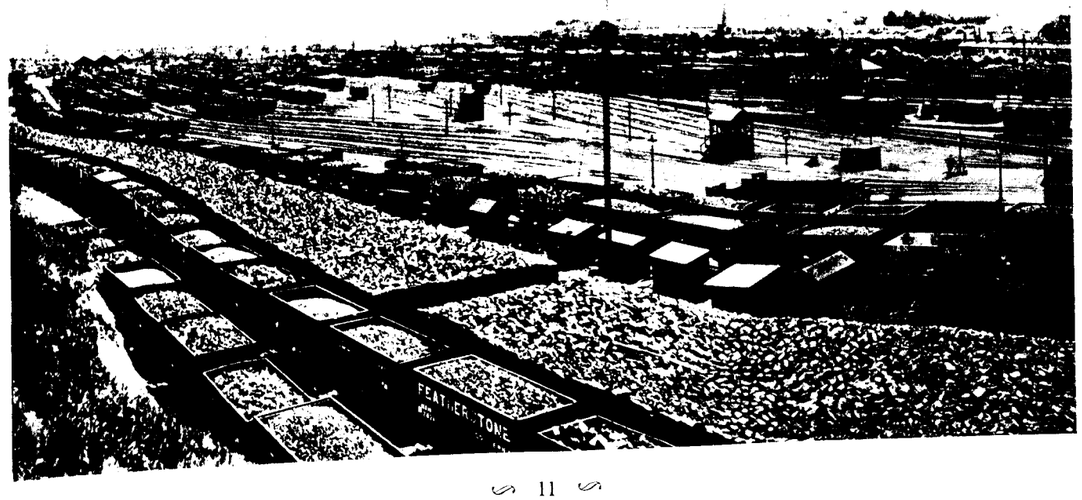
Problems of Organisation

The first problem to be faced was one of organisation—a matter of extreme difficulty in view of the wide variance in the traditions, practices and outlook of the larger constituent companies. In such a problem the interplay of human personality is always a major factor. One by one the chief officers of the constituent railways retired, and the appointment, in 1926, of Sir Josiah Stamp to the London Midland and Scottish (of which he became President and later Chairman) may be regarded as the landmark of the new organisation. Few questioned then, or question now, the desirability of having as the executive head of so vast a concern one who, with his detached viewpoint, could regard any differences of opinion or allegiance in completely unbiased perspective.

The system of organisation designed for the London Midland and Scottish is unique in the history of railways, though at least one American system approximated to it. Its outstanding characteristic was the creation of an executive committee consisting of the President, Vice-Presidents and certain other officers. Another unusual feature (which came later) was the combination of the operating and commercial departments under one Vice-President (who, in fact, had received his training as a mechanical engineer). On the whole, the organisation throughout the system has adhered more to Midland standards than to those of the other constituent lines, and the degree of centralisation is greater than on other British railway.

To-day, the operating work is organised divisionally from Crewe, Derby, Manchester and Glasgow, under the direction of a Chief Operating Manager in London. The Midland system of control has thus been extended to the whole system. Commercial work, which is also controlled from London (by a

MARSHALLING SIDINGS — **TOTON, near Trent**



dynamic Chief Commercial Manager), functions through district goods and passenger managers situated in the larger cities. Another noteworthy Midland feature which has been retained is the placing of locomotive running control under the Operating Manager—an arrangement which leaves the Chief Mechanical Engineer free to concentrate on design and workshop problems. For geographical reasons it was found desirable to appoint a Scotsman of long commercial railway experience as Chief Officer for Scotland.

Economies after Amalgamation

That far-reaching economies have been achieved since amalgamation is beyond dispute. A necessarily brief and cursory examination will serve to show the main directions in which they have been secured. In the matter of power units, the present standard designs of the London Midland and Scottish date from the appointment in 1931 of a Chief Mechanical Engineer trained at Swindon. During the last fifteen years as a whole, a virtual revolution has been effected with the construction of about 3,500 new locomotives. Although many pre-1923 locomotive types (mostly of Midland design) are still regarded as standard, there has been a wholesale slaughter of locomotives of the constituent railways, especially those of the smaller companies. By the close of 1938 it is probable that no locomotives of the North Staffordshire, the Glasgow and South Western or the Furness Railways will still be in active service. A similar fate has all but overcome the whole of the London and Nortn Western and the Lancashire and Yorkshire passenger express engines. Withdrawals of Lancashire and Yorkshire goods engines and of many Highland and Caledonian types have been very heavy, and hundreds of the older Midland locomotives have gone to the scrap heap. At the time of amalgamation there were no fewer than 393 London Midland and Scottish locomotive types; by 1938 this number had been drastically reduced to about 220, and this is now in course of being reduced further to 136.

Standardisation increases the efficiency of construction and repair shops, for it enables the time necessary for repairs to be reduced from weeks to days. Since 1923, the London Midland and Scottish locomotive stock has fallen by over 2,500 units. The number of units under or awaiting repair at the end of 1937 was but one-fifth the number in 1923, but the train mileage was considerably greater, and the average speed of passenger trains had increased; while coal consumption between 1923 and 1937 had fallen by several pounds per locomotive mile, and lubricating oil consumption had been progressively reduced. Expenditure per train mile had fallen, the average wagon load had increased and the number of engine miles per day had risen from well under 100 in 1923 to nearly 120 in 1937.

Limitations of Managerial Control

It is a routine task of railway management to watch the trend of operating statistics and to allocate capital and revenue expenditure so as to assist them. But certain factors are largely outside managerial control. For instance, if the proportionate tonnage of coal, minerals and other heavy traffics decreases, the average wagon load will fall, even though the actual loading per wagon may be improved. The loss of short distance traffic will increase the average haul, but with a tapering rate structure the average receipt per ton mile will fall, other things being equal. Abstraction of the higher valued traffics by road competition will bring about a lower receipt per ton mile. In all these cases, a railway can do little except pursue an energetic commercial policy and endeavour to obtain reasonably competitive conditions—a fair field and no favour. Usually, any improvement in service, such as the increased frequency or higher speed of trains, creates added expense. In passenger traffic it may mean more empty seats, the costly easing of curves and heavier fuel consumption. In freight traffic it may require a lighter train and the fitting of air brakes to a large number of wagons. Nevertheless, within the limits of operating control, the L.M.S. has achieved much. Expenditure on signalling has proved a fruitful source of financial saving. Few railways have given equally detailed attention to the scientific layout of locomotive running depots. It has now only twenty-nine motive power depots, the remainder being merely garages and dormy sheds (to use the terminology of road transport). Heavy repairs are to-day concentrated on the workshops. Goods station working has proved another fertile field for scientific analysis.

Efforts to reduce the dead weight load of rolling stock have been carried far by the London Midland and Scottish. In this connection, light alloys and the use of welding have played a useful part. The company's research staff have found productive fields of activity in water softening (to lengthen the life of locomotive boilers), in quick-drying paints (to cut down workshop time), and in anti-corrosion compounds. The development of the container system—the company has now 8,000 containers—owed much to London Midland and Scottish energy. At Derby, valuable pioneering work for the railway world was done in developing the progressive system of rolling stock construction and repairs, which has spread in major or minor degree to all the world's more important railways. Amongst the latest developments are the design of a shock-absorbing wagon and the decision, in co-operation with the London and North Eastern Railway, to set up a locomotive testing station at Rugby.

In the sphere of staff matters, the inauguration of a Staff College at Derby has been a unique event in British railway history. "Quota" and "On Time" Leagues, based on the football league tables, have stimulated the staff to obtain new traffic and punctuality records. A railway, above all things, is a human machine. However excellent its technical equipment, omission to consider the implications of this fact will entail loss and wastage.

Financial Results

The financial experience of the L.M.S. since the war, in common with all other British railways, has been a matter of pull-devil-pull-baker, with road competition and export trade depression in the Mephistophelean rôle, and the economics of amalgamation *plus* good management in the opposite part. The main outlines of the story, for certain key years, are given in Table V (on page 15), and the following figures will serve as an epitome.

1924 = 100

	1929	1932	1937
Total receipts	95	75	87
Total expenditure	95	80	88
Net revenue	98	57	82
No. of passengers	86	76	85
Passenger receipts	87	73	82
Tonnage of goods	94	74	88
Goods receipts	97	75	88

For some years after amalgamation, drafts were made, in aid of ordinary dividends, on sums received from the Government in respect of the war-time period of control, but for the last decade payments to stockholders have been strictly proportionate to net earnings. The L.M.S. ordinary dividend, which was as high as 7 per cent. in 1924, was no more than 4½ per cent. in the "good" year 1929. During the succeeding depression it fell to *nil*, and full dividends were not earned and paid even on the company's junior preference stock. In 1937, another peak year for British industry in general, the ordinary dividend was only 1½ per cent. Equity stockholders, it is clear, have fared worse than railway users and railway workers since the war.

Post-War Developments

Attention may be drawn to certain significant features of the last few years. It will be seen, by reference to Table V, that although large capital sums have been spent annually, total capital has remained comparatively stable. In fact, new capital expenditure has been to a large extent offset by the writing off of unremunerative assets and the sale of facilities no longer required, or has been saved by greater efficiency. As examples, one might quote the reduction effected in locomotive stock, the reduction in the number of steamers required to maintain services on the Irish Sea, the closing of workshops, etc. The industrial troubles of 1926, the year of the coal stoppage and the General Strike, left a mark on British railway finance which will never be wholly eradicated. The reliance of the railways on British coal, at that period, proved a serious weakness, seeing that their road competitors used imported oil. Much of the traffic lost to the roads in 1926 has never been recaptured. Meanwhile, the London Midland and Scottish has felt the full brunt of unemployment in several of its areas—Lancashire, Barrow and West Cumberland, Clydeside, Belfast and South Wales.

The interlocking of railway receipts between the four railways by pooling schemes, etc., increases the difficulty of comparing the incidence of unemployment in different areas on the fortunes of individual lines, but its results, from the railway point of view, have been beneficial. The same comment applies to the policy of large-scale railway investment in road transport enterprises, typified by the London Midland and Scottish holdings in the Birmingham and Midland, Crosville, Eastern National, North Western, Ribble, Trent, West Yorkshire and several other bus-operating companies in England, and in the Scottish Motor Traction and Alexander concerns north of the Border. On the cartage side, the London Midland and Scottish has over £500,000 invested in Carter Paterson and the Hay's Wharf Company, while its own road transport fleet numbers more than 3,000 motor vehicles.

The L.M.S. has given a good deal of attention to the development of its ancillary enterprises in recent years. Few steamship fleets have been more completely renewed since the war period, and very considerable savings have accrued as a consequence. Net receipts, which were only £20,000 in 1923, totalled £300,000 in 1937.

The working of the London Midland and Scottish docks, which showed serious deficits for many years (even in 1929), showed a profit of £35,000 in 1937. On the other hand, the company's hotels, restaurant cars, etc., in 1937 achieved only a net profit of £353,000, which was far below the results obtained in the first year of amalgamation, and that despite heavy expenditure on improvements, including complete reconstruction of the company's hotel at Leeds, which is now among the leading establishments of its kind in the country. Finally, the London Midland and Scottish has taken a prominent part in the organisation of railway air services, but the financial results have been dismal. The net loss during the last two years has been £60,000. Whether this stake in the future of civil aviation will prove really remunerative the future alone will show.

Famous Men

BEFORE concluding this survey of times past and present by a brief glance at the immediate future, we may pause, for a moment, to praise famous men. First among the builders of the L.M.S., as it exists to-day, was George Stephenson, the father of railways, to whose energy were due the construction of the Liverpool and Manchester Railway and the decision to use steam traction on it. His victory over Chat Moss, his powerful advocacy of railway schemes before Parliamentary Committees, his realisation of the need for a standard gauge, his foresight in perceiving the railway's potential role in Britain's social and commercial development — all these bring honour to his name among railwaymen of all generations. The work of his son was hardly less important. Many memorials still remind the present generation of Robert Stephenson, notably the Menai Straits Tubular Bridge. The son was largely responsible for the locomotive power of the early lines, while the father concentrated upon new railway schemes. To Captain Huish, one of the greatest of railway diplomats, the early London and North Western Railway owed much; and also to George Carr Glynn, its first chairman. Glynn was a member of the banking firm, which even to-day is closely linked with the London Midland and Scottish, and to him the origin of the Railway Clearing House, based on the bankers' clearing scheme, is popularly ascribed. Sir Richard Moon, chairman in the Jubilee year, was another outstanding London and North Western figure. Sir George Findlay, Chief Goods Manager at thirty-five, and for long General Manager (the author, incidentally, of the best text-book of the time on railway management), steered the London and North Western through many difficult years in the 'eighties and 'nineties. Other North Western names of repute include Locke, Trevithick, Cawkwell, Webb, the somewhat eccentric mechanical engineer, and Turnbull.

Midland Personalities

George Hudson, the railway king, set the Midland squarely on its expansive way; but the mainspring of its energies for many critical years was Sir James Allport, who joined the company in 1839, and, after a brief interval, returned as General Manager in 1853. To him the third-class passenger owes much. On his death in 1892 the Midland had attained maturity, and was largely the same system as in 1922. The name of Paget is reverenced by Midland men. Sir Ernest Paget was chairman from 1891 for over twenty years. The late Sir Cecil Paget, originator of the Midland control system, was a romantic figure in the twentieth-century railway world. To few men is it given to be an expert linguist, a great war-time administrator, a perfect chef, and a locomotive engineer of originality, with a flair for the solution of railway operating problems.

The L.M.S. is still fortunate in being able to draw on the advice, as a member of its board, of Sir Guy Granet, successively General Manager and Chairman of the Midland and Chairman of the L.M.S. His accumulated experience served the amalgamated organisation in good stead during its early years. During the last decade its path has been guided, with consummate ability, by a foremost British statistician and economist of his day—Sir Josiah Stamp, whose elevation to the peerage has recently been announced. The progress made by the L.M.S., in its multitudinous spheres of activity, refutes the argument that railway management should be separated from other activities of national life. The company and its constituents have been well served by many men who have played a distinguished part on the broader national stage, in the hundred years since *The Times* first announced that mails were to be despatched by the London and Birmingham Railway for Holyhead, Manchester, Liverpool and Carlisle.

INSIDE A MODERN SIGNAL BOX

Crewe North Junction



A Statistical Summary

The following tables, compiled from records treasured at Euston, afford a picture of the development of the complex and ramified railway system which, since 1923, has been known as the London Midland and Scottish. Tables I to IV show the growth of capital, revenue, mileage and traffic of the four largest constituent concerns at decennial intervals since 1850, when the amalgamations, characteristic of the 'thirties and 'forties, had already created the names which were to be familiar to railway travellers for another seventy years. The figures show that between 1850 and 1870 the great companies were rapidly extending their territory and scope, but that after 1870 their new capital outlay was devoted, with some few exceptions, mainly to increasing the traffic and earning power of their existing lines. Table V summarises the experience of the L.M.S. itself, under the same headings, in certain specially significant years since amalgamation. The remaining tables set out the rates of ordinary dividend paid on each line for every calendar year since the 'forties.

TABLE I: LONDON AND NORTH-WESTERN RAILWAY COMPANY

	1850	1860	1870	1880	1890	1900	1910	1913	1921
Total Capital (incl. debs. & loans) £	29,616,316	36,408,434	54,981,397	92,456,537	104,038,347	119,233,485	125,041,616	124,886,466	127,885,309
Net Revenue £	1,084,294	1,285,976	3,711,016	4,866,831	5,362,415	5,321,287	6,002,035	6,334,595	6,771,823
Ordinary Dividend %	5¼	5⅛	6⅝	7⅝	7⅛	6¼	6⅜	7	7½
Total Expenditure £	1,312,594	3,135,134	3,293,878	4,960,188	6,228,939	8,576,216	9,960,335	11,322,164	32,837,186
Total Receipts £	2,396,888	4,421,110	7,004,894	9,827,022	11,591,354	13,897,503	15,962,370	17,656,759	39,609,010
Proportion of Expendr. to Receipts %	*55*	*71*	*47*	*50*	*54*	*62*	*62*	*64*	*83*
Length of Line ..... Miles	832	929	1,506	1,736	1,877	1,937	1,966	2,063	2,066
No. of Passengers conveyed †	...	12,743,112	30,353,037	48,299,213	60,544,631	82,069,743	75,731,329	92,540,230	83,458,800*
Total Receipts from Passenger Train Traffic £	1,403,767	2,077,150	2,942,285	3,733,652	4,718,179	6,001,971	6,605,892	7,213,998	...
Goods Train Traffic ..... Tons	...	8,091,396	19,270,640	32,966,526	37,358,724	44,465,277	53,894,503	57,656,257	22,922,509*
Receipts from Goods Train Traffic £	913,702	2,145,134	3,973,194	5,945,041	6,666,845	7,637,272	8,843,174	8,864,578	...
No. of Loaded Train Miles: Passenger	...	7,208,942	12,447,546	16,838,085	21,611,499	26,624,498	30,225,210	30,090,275	23,264,716
Goods	...	7,216,349	12,590,031	18,266,724	20,287,911	22,598,619	17,237,324	18,098,313	12,727,874
Total	...	14,425,291	25,037,577	35,104,809	41,899,410	49,223,117	47,462,534	48,188,588	35,992,590
Receipts per Train Mile: Passenger ..... d.	...	69·15	56·73	53·22	52·40	54·10	52·45	57·54	...
Goods ..... d.	...	71·34	75·74	78·11	78·87	81·11	123·13	117·55	...
Passr. & Goods d.	...	70·25	66·29	66·17	65·21	66·50	78·12	80·08	...

* Originating. † Excluding season tickets.

TABLE II: MIDLAND RAILWAY COMPANY

	1850	1860	1870	1880	1890	1900	1910	1913	1922
Total Capital (incl. debs. & loans) £	17,303,569	21,109,259	37,575,667	67,807,681	90,534,132	173,965,072	193,213,263	203,857,713	204,140,713
Net Revenue £	679,401	1,199,324	2,005,064	3,343,147	4,015,250	4,351,095	5,009,041	6,362,738	6,894,160
Ordinary Dividend %	£2 1s.	6¾	6½	6½	6¼	2¾ on defd.	3½ on defd.	4¼ on defd.	6 on defd.
Total Expenditure £	522,106	934,116	1,828,674	3,428,237	4,711,423	6,977,823	8,433,249	10,174,037	23,114,278
Total Receipts £	1,201,507	2,133,440	3,833,738	6,771,384	8,726,673	11,328,918	13,442,290	16,536,775	30,008,439
Proportion of Expendr. to Receipts %	*43*	*44*	*48*	*51*	*54*	*62*	*63*	*61*	*77*
Length of Line ..... Miles	...	...	958	1,365	1,382	1,437	1,531	2,063	2,169
No. of Passengers conveyed †	...	..	16,355,580	28,222,266	38,473,619	51,932,911	50,850,368	101,985,643	92,052,317
Total Receipts from Passenger Train Traffic £	620,140	756,317	1,269,956	2,077,602	2,653,824	3,498,452	4,078,973	4,900,200	9,164,073
Goods Train Traffic ..... Tons	...	...	...	22,810,899	30,095,429	40,937,111	50,479,499	55,068,865	48,845,011
Receipts from Goods Train Traffic £	540,856	1,340,721	2,495,766	4,626,467	5,988,693	7,600,352	8,419,031	9,107,365	16,177,575
No. of Loaded Train Miles: Passenger	...	3,388,730	7,246,567	11,582,045	15,404,090	19,392,064	22,585,001	23,563,627	20,478,209
Goods	...	5,173,831	10 192,347	17,976,413	23,659,746	28,626,043	26,305,595	21,926,672	18,634,339
Total	...	8,562,561	17,438,914	29,558,458	39,063,836	48,018,107	48,890,596	45,490,299	39,112,548
Receipts per Train Mile: Passenger ..... d.	...	53·56	42·06	43·05	41·35	43·30	43·35	49·91	107·40
Goods ..... d.	...	62·19	58·77	61·77	60·75	63·72	76·81	99·69	208·36
Passr. & Goods d.	...	58·78	51·83	54·43	53·10	55·47	61·35	73·90	155·50

† Excluding season tickets.

TABLE III: LANCASHIRE AND YORKSHIRE RAILWAY COMPANY

	1850	1860	1870	1880	1890	1900	1910	1913	1921
Total Capital (incl. debs. & loans) £	11,926,494	18,831,230	23,807,892	34,405,588	46,722,036	63,033,111	70,348,806	70,473,137	72,231,930
Net Revenue £	413,014	1,162,107	1,435,069	1,630,875	1,918,280	2,168,031	2,465,407	2,602,111	2,630,263
Ordinary Dividend %	Capital divided.	5¾	7⅝	5⅝	4¼	4⅝	4⅝	4½	4½
Total Expenditure £	328,498	791,807	1,222,797	1,944,957	2,450,187	3,276,578	4,078,358	4,804,757	13,989,130
Total Receipts £	741,512	1,953,914	2,657,866	3,575,832	4,368,467	5,444,609	6,543,765	7,406,868	16,619,393
Proportion of Expendr. to Receipts %	*44*	*40*	*46*	*54*	*56*	*60*	*62*	*65*	*84*
Length of Line ..... Miles	268	362	428	485	522	556	585	590	601
No. of Passengers conveyed †	...	...	23,828,046	37,157,142	45,558,864	64,665,969	58,224,379	69,170,122	71,783,186*
Total Receipts from Passenger Train Traffic £	313,708	744,657	1,008,372	1,356,820	1,741,308	2,299,381	2,543,037	2,877,576	...
Goods Train Traffic	...	...	8,993,503	13,722,137	17,655,250	21,795,887	25,959,484	26,724,850	9,516,012*
Receipts from Goods Train Traffic £	388,043	1,149,934	1,528,607	2,171,925	2,518,190	2,983,616	3,374,070	3,610,222	...
No. of Loaded Train Miles: Passenger	1,400,739	...	5,233,347	6,534,050	9,808,055	12,322,450	12,820,047	12,433,978	11,056,913
Goods	1,616,173	...	4,371,092	5,287,303	6,412,816	6,548,641	5,129,238	5,155,407	3,999,914
Total	3,016,912	...	9,604,439	11,821,353	16,220,901	18,871,091	17,949,285	17,589,385	15,056,827
Receipts per Train Mile: Passenger ..... d.	53·75	...	46·24	49·84	42·61	44·78	47·61	55·54	...
Goods ..... d.	57·62	...	83·93	98·59	94·24	109·35	157·87	168·07	...
Passr. & Goods d.	55·83	...	63·40	71·64	63·02	67·19	79·12	88·52	...

* Originating. † Excluding season tickets.

TABLE IV: CALEDONIAN RAILWAY COMPANY

	1850	1860	1870	1880	1890	1900	1910	1913	1922
Total Capital (incl. deb. & loans) £		7,119,278	22,695,821	35,454,486	41,332,385	61,458,877	70,393,311	70,910,471	72,322,102
Net Revenue £		427,400	1,049,360	1,381,669	1,585,685	1,946,215	2,183,216	2,316,514	2,479,623
Ordinary Dividend %		4⅝	3¹³⁄₂₀	3⅜	5	4½	3⅛	3½	5⅝
Total Expenditure £		362,894	995,462	1,421,708	1,706,286	2,540,506	2,812,315	3,293,123	7,384,737
Total Receipts £		790,294	2,044,822	2,803,377	3,291,971	4,486,721	4,995,531	5,609,638	9,864,360
Proportion of Expendr. to Receipts %		*45*	*49*	*51*	*52*	*57*	*56*	*59*	*75*
Length of Line ..... Miles		229	662	878	875	939	1,074	1,117	1,220
No. of Passengers conveyed †	No Accounts	2,479,242	9,321,111	15,791,140	24,297,552	45,059,545	32,420,627	47,505,472	32,457,703
Total Receipts from Passenger Train Traffic £		257,027	675,454	949,757	1,227,092	1,732,582	1,895,788	2,094,440	3,733,283
Goods Train Traffic ..... Tons		...	...	13,603,190	16,305,336	27,401,157	27,051,965	28,303,062	21,698,798
Receipts from Goods Train Traffic £		508,390	2,044,822	1,720,663	1,910,538	2,527,908	2,653,585	2,975,466	5,172,000
No. of Loaded Train Miles: Passenger		...	4,078,735	5,047,529	6,926,813	9,436,678	9,790,946	10,185,622	9,170,275
Goods		...	5,472,408	6,042,822	6,532,531	7,755,726	6,562,714	6,219,499	5,611,160
Total		...	9,551,143	11,090,351	13,459,347	17,192,404	16,353,660	16,405,121	14,781,435
Receipts per Train Mile: Passenger ..... d.		...	39·74	45·16	42·52	44·06	46·47	49·35	97·70
Goods ..... d.		...	89·68	68·34	70·19	78·23	97·04	114·82	221·22
Passr. & Goods d.		...	68·35	57·79	55·95	59·47	66·76	74·17	144·59

† Excluding season tickets.

TABLE V: LONDON MIDLAND AND SCOTTISH RAILWAY COMPANY

	1924	1929	1932	1934	1936	1937
Total Capital (incl. deb. & loans) ... £	398,929,175	412,278,857	413,778,857	413,778,857	413,778,857	413,778,857
Net Revenue £	17,456,329	17,175,283	9,904,823	11,921,236	14,048,176	14,356,276
Ordinary Dividend %	7	4½	Nil	Nil	1¼	1½
Total Expenditure £	70,711,974	66,906,662	56,318,696	56,924,563	59,159,138	61,989,608
Total Receipts £	88,168,303	84,081,945	66,223,519	68,845,798	73,207,314	76,345,884
Proportion of Expendr. to Receipts %	*80*	*80*	*85*	*83*	*81*	*81*
Length of Line ..... Miles	6,962	6,957	6,946	6,923	6,895	6,870
No. of Passengers conveyed *	538,441,862	461,283,058	407,500,929	432,700,923	450,530,770	459,546,703
Total Receipts from Passenger Train Traffic £	33,005,217	28,722,807	24,199,980	24,739,965	25,963,191	26,994,311
Goods Train Traffic ..... Tons	158,468,649	149,332,591	116,854,163	124,408,581	132,423,807	139,098,041
Receipts from Goods Train Traffic £	45,144,923	43,816,074	33,733,242	35,235,596	37,850,108	39,573,155
No. of Loaded Train Miles: Passenger	85,364,473	89,305,844	87,801,738	93,531,035	97,611,069	99,212,920
Goods	53,894,804	53,125,253	46,118,060	48,374,927	50,873,631	52,041,900
Total	139,259,277	142,431,097	133,919,798	141,905,962	148,484,700	151,254,820
Receipts per Train Mile: Passenger ..... d.	92·79	77·19	66·15	63·48	63·84	65·30
Goods ..... d.	201·04	197·94	175·55	174·81	178·56	182·50
Passr. & Goods d.	134·68	122·23	103·82	101·43	103·14	105·62

* Including season tickets.

TABLE VI. DIVIDENDS ON ORDINARY CAPITAL

Year	London and North Western	Midland	Lancashire and Yorkshire	Caledonian
	%	%	%	%
1845	...	6¹³⁄₂₀	...	...
1846	10	7	7	...
1847	8½	5½	5½	1½
1848	7	2¾	3½	Nil
1849	6¼	2¹⁄₂₀	2	
1850	5¼			Nil
1851	5¾	2⅝	2½	1¹⁄₂₀
1852	5¼	3⅛	3	2¼
1853	5	3¼	3⅝	3
1854	5	3⅝	4⅛	3
1855	5½	4⅜	4⅛	1½
1856	5	4⅝	4⅝	3½
1857	4	4⅞	3⅞	4¼
1858	4¾	5⅜	4¾	3⅞
1859	5⅛	6¾	5¾	4⅜
1860				
1861	4¼	6⅝	5¼	5¼
1862	4⅜	6	3⅞	5⅜
1863	5⅛	6⅝	4½	6⅜
1864	6⅜	7⅜	5⅞	8
1865	6⅝	6¾	6¾	7⅜
1866	6⅜	6¼	6½	5⅞
1867	6	5½	6¾	2
1868	6	5⅜	6¾	3⅝
1869	6¼	6⅛	7⅜	3¹³⁄₂₀
1870	6⅝	6½		4½
1871	7¾	7	7⅞	5⅜
1872	7¾	7¼	8⅝	3½
1873	7½	6½	7⅛	3⅛
1874	6⅞	6	6¼	5⅞
1875	6¾	6	5⅞	6¾
1876	6⅝	5⅜	6⅛	6⅝
1877	6⅝	5⅜	5⅜	5¼
1878	6½	5⅝	4⅝	3⅜
1879	6½	5⅝	5⅜	3⅜
1880	7⅜	6⅛	5⅞	4½
1881	7¼	5⅞	5	3
1882	7½	5⅞	4⅞	4⅞²⁰
1883	7½	5⅞	4⅝	4½

Year	London and North Western	Midland	Lancashire and Yorkshire	Caledonian
	%	%	%	%
1884	6¾	5⅜	[redacted]	4½
1885	6½	5⅛	3¼	4⅜
1886	6¼	4⅝	3½	3⅜
1887	6½	4¾	4¼	3⅜
1888	6¾	5¼	4⅛	4⅛
1889	7⅜	6	4½	5⅛
1890	7¼	6¼	4¼	5
1891	7	6⅜	3⅞	3⅞
1892	6½	6	3⅝	4¼
1893	5⅜	3⅞	3⅛	4⅛
1894	6¼	5¼	4	4⅜
1895	6⅜	5⅛	4½	3⅞
1896	7⅛	6	5⅜	5¼
1897	7⅛	5⅞	5⅛	5⅛
1898	7⅛	3⅜*	5¼	5
1899	7⅛	3⅜	5¼	4⅞
1900	6¼	2¾	4⅜	4½
1901	5½	2⅛	3¾	3⅝
1902	6	2¾	4	4⅛
1903	5¾	2¾	3⅜	4
1904	6⅛	2½	3⅜	3⅞
1905	6⅜	2⅝	3¾	4
1906	6⅜	2¾	4⅜	4
1907	6⅜	2⅞	4⅜	3½
1908	5¾	2¼	3⅜	3
1909	5⅞	2⅜	3⅞	3
1910	6⅜	3½	4⅜	3⅛
1911	6⅞	3⅞	4⅜	3⅜
1912	6½	3⅝	4⅛	3¾
1913	7	4¼	4½	3½
1914	6	4	4½	3⅜
1915	6	4	4½	3⅜
1916	6	4	4½	3½
1917	6	4	4½	3¾
1918	7	4¼	4½	3¾
1919	7½	4¾	4½	3⅝
1920	7½	4¾	4½	
1921	7½	4¾	4½	3½
1922	8½	6	†	5⅜

* From 1898, onwards, figures refer to deferred stock, after capital splitting.

† Amalgamated with London and North Western.

Present and Future Problems

IT is well that the servants of the L.M.S., high and low, lose nothing to-day by comparison with their most famous predecessors; for many major problems still face the company. The next few years should see the completion of a large programme of works financed under the Railways (Agreement) Act of 1935, at a gilt-edged rate of interest. These works include the complete reconstruction of the Euston terminus, and extensive improvements at Blackpool, Carnforth, Coventry and other towns. A steady flow of new capital expenditure will be required by other developments, notably the modernisation of engine sheds and signalling equipment and the probable installation of automatic train control over the higher speed main lines. Bottle-necks still remain on some of the busiest sections—for example, between Shilton and Attleborough and between Winsford and Hartford. And bridge reconstruction is far from being complete.

On the other hand, heavy capital expenditure is unlikely, after 1938, on rolling stock, workshops, steamers, hotels and docks. Much has already been accomplished in these directions; and ordinary maintenance and replacements will continue to be financed from current revenue, with the judicious use of renewal funds with which the London Midland and Scottish is adequately supplied. Throughout the years of depression the company carried out its annual quota of renewals, and, incidentally, benefited from the low ruling level of costs. If anything, the L.M.S. is ahead of its renewal programmes for way and works and rolling stock. For example, it is already taking electrically lit rolling stock out of service—a position which no other railway has yet attained. Even so, at the end of 1937 its renewal funds were only about £3,000,000 lower than the £12,000,000 of the pre-depression year 1929, and its general reserve and contingency funds, together, have been almost unchanged. On balance, an annual capital expenditure of about £1[illegible],000 may be looked for after 1938 (exclusive of the 1935 programme); but to some extent this will be offset by credits on sales and assets replaced. Nevertheless, the latest annual accounts show a total capital expenditure, in excess of capital receipts, of nearly £27,000,000; and sooner or later the question of "funding" some of this large amount will doubtless demand consideration.

Revenue Prospects

So much for the capital position. On the receipts side, in no year has the London Midland and Scottish, so far, attained the standard revenue contemplated under the Act of 1921, and in most years it has hardly approached that figure. Last year, when British industry as a whole was more active than ever before, gross receipts on the London Midland and Scottish Railway were 9 per cent. lower than in 1929, though the management had succeeded in reducing railway expenditure, in the meantime, by approximately 8 per cent. Prospects for 1938 have grown gloomier since March, owing to European political unsettlement and British trade recession. As a partial set-off, however, the company may benefit from expansion of Anglo-Irish trade and the speeding up of national re-armament.

To state that the prosperity of a railway is bound up with the prosperity of the area it serves is platitudinous and less than the truth. Irrespective of all pooling arrangements, the financial position of the London Midland and Scottish is a reflection of the state of trade throughout the country. The Middlesbrough blast-furnace worker is not served by the L.M.S., but is partial to a day's outing to Blackpool to see "t'illuminations." Barrow, Birkenhead and Clydeside build ships, and shipbuilding orders depend largely on the level of freights. L.M.S. hotels receive useful revenue from American and other visitors whose holiday plans depend on economic conditions in their own countries. And the immediate outlook is less favourable than it appeared a few months ago. Even if this year's receipts, with the help of the increased charges inaugurated last October, equal the 1937 total, costs of materials are likely to be higher than those of the preceding year, and any rise, irrespective of any [illegible] arising, will unquestionably be higher owing to the [illegible] reached in 1937 and [illegible] full twelve months of the year.

[illegible]e Possibilities

[illegible] further savings remain to be obtained after fifteen years of ceaseless endeavour? One must admit that the fruitful spring must soon be running dry. The ratio of railway expenditure to receipts varied only infinitesimally between 1936 and 1937, such movement as there was being adverse. Present prospects seem to envisage a rise in the ratio from 79.7 per cent. to over 80 per cent. this year. The annual railway expenditure of the L.M.S. has fallen by £10,500,000 since amalgamation, and by £4,500,000 since 1929. The fact that it has risen, however, by £4,400,000 since 1932 suggests that amalgamation economies have lately been of minor importance. Actually, it has never been practicable to distinguish amalgamation economies from those due to technical progress. For example, more adequate lubricating apparatus and improved locomotive design produce fuel economy and a longer annual engine mileage; and such economies will continue, year after year. Developments like the installation of automatic signals, a modern hotel, mechanical carriage cleaning, spray painting, all-electric signal cabins, a new steamer, a reconstructed station—like that obtained by the combination of Leeds (Wellington) and Leeds (New) into Leeds City—all these reduce the demand for labour, and labour reputedly accounts for over 60 per cent. of railway working costs.

This aspect is the more important since labour costs, in theory variable, have since the war been relatively rigid. All the British railways have complex agreements with their staffs for a guaranteed week and a guaranteed day. Their inability to lay-off permanent staff temporarily has been a social advantage, but a stockholder's disability. Against a fall of 12 per cent. in receipts in nine years, the maximum reduction in staff wages and salaries rates was 5 per cent. During the same period, the number of L.M.S. workers was reduced by 49,000, mainly as a result of [illegible] gamation, but by 1937 it had [illegible] by 15,000 above the minimum [illegible] 1933.

For the [illegible] road competition [illegible] more acute. The [illegible] the number of [illegible] is falling off. Legislation [illegible] begun to stabilise competition [illegible] from the public haulier; and pending measures may help to usher in a fairer degree of competition.

The conclusion must be that finality in the problems of the L.M.S. has not been reached, and probably never will be. But the day, it may be hoped, is far distant when the Empire's largest commercial undertaking will need to rely on Government aid or endeavour—a position to which a large number of the world's railways outside Great Britain have already descended. The management of nearly a quarter of a million of staff, scattered on land from Thurso to Swansea and Tilbury, can never be a sinecure. And immediate dividend prospects turn on factors beyond administrative control. But the foundations of future earnings—*esprit de corps*, facilities and motive power—have been soundly reconstructed since 1923. The rest depends on the future of British industry, trade and finance—on all that national well-being means in a powerful, wealthy and highly organised community.

TABLE VII. DIVIDENDS ON ORDINARY CAPITAL
(London Midland and Scottish Railway)

Year	Rate	Year	Rate	Year	Rate	Year	Rate
	%		%		%		%
1923	7	1927	4½	1931	¼	1935	Nil
1924	7	1928	3½	1932	Nil	1936	1¼
1925	6	1929	4½	1933	Nil	1937	1½
1926	3	1930	2	1934	Nil		

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INSURANCE IN 1937

A Review of Progress and Prospects

Vol. CXXXII SATURDAY, JULY 16, 1938 No. 4951

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I.—INSURANCE AND THE PUBLIC

The Cost of Rose *v.* Ford

SINCE the House of Lords gave judgment in *Rose* v. *Ford*, the case has been studied with such minute care as very few judgments receive. And the more thoroughly it is examined, the more anomalous the position appears. The Law Reform Act of 1934 laid down that, after a man's death, "all causes of action subsisting against or vested in him shall survive against or for the benefit of his estate." Their Lordships held in *Rose* v. *Ford* that these words gave to the legal representative of a person negligently killed the right to claim on behalf of the deceased estate for the cutting short of the dead man's life. Before death the man had a certain expectation of life. That expectation was an asset. The asset had been negligently destroyed. His estate might recover the asset's value.

Common sense suggests the extreme difficulty of putting a cash value on a man's expectation of life, and the conclusion has been reinforced by every judgment delivered since *Rose* v. *Ford* and every award of damages given. The ordinary man is still puzzled by the initial problem of how the words of the Act can be made to mean what they now by law do mean. How can a cause of action which arises only after a man is dead be said to survive his death? Survival in common usage postulates (*a*) the concurrent existence of two things and (*b*) the continuance of one of the two things after the destruction of the other. Can a twentieth-century Englishman be said to survive Napoleon Buonaparte?

But, the House of Lords having spoken, the law is fixed, and insurance companies must put up with the consequences. They have had to face the fact that their third-party liabilities have been increased by an Act of Parliament which was not intended to increase them, because the Act turns out to mean something that the legislators never meant it to mean, or dreamt that it could possibly mean. The law is there and the insurance companies must foot the bill.

How much in the aggregate does the bill come to? How much extra are insurance companies and underwriters paying every year as a result of this legislation and the ensuing judgment? Exact figures, of course, are not to be had, but by putting two and two together it is possible to arrive at an estimate which (though it cannot be accurate) may be of some value as an indication of the revolutionary change which has been brought about. Let us start with the number of road deaths, which is an exact figure. In the year 1937 there were 6,633 people killed on the road. Not all of them were the subject of third-party payments; for some were killed in accidents to their own cars without any other vehicle being involved, and others were killed through their own negligence without any third-party liability falling on a motorist. But it is probably safe to assume that for more than half the deaths insurers would either be found liable or would prefer to settle out of court rather than fight the case. Let us take what is probably a conservative figure of 4,500 as the number on which a claim for negligence would be settled.

Now, it must be remembered that in *Rose* v. *Ford* cases there is no need to prove the interest of dependants. It is not necessary to show that the dead man left behind him a widow or orphans or an aged parent whom he had been

supporting. The damages for survival are not given because the dead man was a breadwinner, but because he was a living creature; and no matter what responsibilities he had been carrying or not carrying during his life, his estate can claim simply because he is dead. Thus there is a survival claim for every man, woman or child who is negligently killed. It will be reasonable, therefore, to assume that damages arise from many more road deaths under this Act of 1934 than under the old law, which previously had governed the right to claim damages and the amount of them.

If, then, 4,500 be taken as a likely figure for the survival claims in a period of twelve months, what is the aggregate amount for the whole country? That, obviously, is a matter for calculation, based on the average recovered per death, and here we touch the cardinal difficulty and absurdity of the whole business, since no one can say what is the cash value to any human being of his expectation of continued life. Some juries think one thing and some another, and His Majesty's judges appear to be quite as much at sea on this point as the laymen in the jury box. But towards the end of last year it was thought that survival was costing insurance companies about £300 a death. In a recent case which came before the Court of Appeal it was held that £90 was so ridiculously inadequate that a retrial was ordered with a view to the damages being increased. On the other hand, juries have been awarding damages of £1,000 and over. One judge has raised an arbitrator's award from £150 to £400. Another judge, in another case, has declared £150 to be the right figure. It is all very confusing, but if we take £300 or £400 as the average payment we shall probably not be exaggerating the current scale of damages.

On 4,500 deaths an average payment of £300 would give us a total for the year of £1,350,000. An average payment of £400 would give us £1,800,000. And it is difficult to see (in face of the judgments delivered and the opinions expressed by the bench) how the survival claims can on the average work out at less than one or other of these sums. Let us guess the total at £1,500,000.

If the total premiums paid for motor-car insurance in Great Britain were known, it would be possible to say what percentage of the insurers' income was being absorbed on this figure of £1,500,000 by the survival claims. But the home motor premiums are not separately recorded, and even the Departmental Committee on Compulsory Insurance could not find out what they amounted to in a year. It is probable, however, that the net premium income for home motor insurance, i.e. the amount received by the insurers after payment of commission, is not more than £18,000,000. It may well be less. But, taking the net income as £18,000,000 and the survival claims at £1,500,000, we have the remarkable result that 8⅓ per cent. of the premiums received for the insurance of cars in this country—insurance against accidental damage as well as third party—goes to settle survival claims which, until the Act of 1934 and the judgment in *Rose* v. *Ford*, had never been heard of, thought of, or dreamt of. By an ill-considered piece of legislation and by what must be regarded (from the insurers' standpoint, at least) as an unfortunate interpretation of a single clause in a single Act, British insurers have been forced to pay out this very considerable percentage of a premium income which, ever before the Act, left them at best with only a tiny margin of profit. Is it too much to hope that the mistake of 1934 will be put right in 1939?

Suicide and Public Policy

(By a Correspondent)

CLAIMS on life insurance policies seldom result in litigation because the policy is simpler, and the issue on which a claim turns is more clear-cut than in any other kind of isurance. Here lies Fred. He was alive and is dead. There's no more to be said.

When, therefore, a life policy comes before the courts on a disputed claim it is likely to attract a great deal of notice, and when the question on which the case is fought affects a large number of people who take life policies as security and the still larger number who put all their savings into life insurance, then the case becomes front-page news. The action of *Beresford* v. *Royal Insurance* was of such a kind. From the first court to the House of Lords it was followed with a very keen public interest which has (it must be admitted) developed into some public misgiving. If suicide while of sound mind invalidates a policy on the ground of public interest, how can anyone, whether he be the life assured or another party interested in the insurance, feel that the policy is what he has hitherto taken it to be—an unassailable security? That life policies should be unassailable is a matter of cardinal importance, and any reasonable method of avoiding this legal difficulty should be welcomed.

The change which common sense suggests is that suicide should by law be struck out of the category of crimes. Many devout folk regard suicide as a grave sin, and many others consider it as an act of cowardice. But other acts which are sinful and cowardly are not crimes, and there seems to be no reason why this particular deed should be distinguished and elevated to the criminal status.

If that simple reform were introduced the insurance difficulty would disappear; but it is not likely to be introduced, although on a plebiscite the present law would almost certainly be condemned. What alternatives are there? For those who lend on the security of policies there is always the possibility of assignment, and Lord Atkin in his judgment in *Beresford* v. *Royal Insurance* indicated in an *obiter dictum* that where a policy is assigned for valid consideration the objection of public policy would not interfere with a settlement, even though death resulted from the crime of the insured life. That is a specially valuable dictum, which makes the assignee's position a good deal more comfortable.

But lenders are not the only persons interested in this problem. The breadwinner who invests his life savings in life insurance is not less clearly concerned. What the middle-class man wants in his life insurance is complete security—the certainty that, however death comes to him the capital sum will be paid to his widow. He wants to know that payment will not depend on the opinion of his sanity taken by a jury, thirty years hence. It is, of course, possible for him to arrange his policy in such a way that the beneficial interest in it is his wife's, but that is not satisfactory, because the wife may die before him (in which case the policy goes as she has willed it), or he and she may part company before either of them dies, in which case the sum assured belongs to her. Handing the beneficial interest in a life policy to another is not a satisfactory device for a salaried member of the middle class.

Before coming to another possible method, let us try to state the position of a life office in this matter. First, and most emphatically, a life office does not want to resist claims merely because a court of law would be prevented on grounds of public policy from giving judgment in favour of the claimant. The offices are as anxious as the public that death claims should be easily and promptly settled. But there are circumstances in which an office might well say that the claim is not one that it should reasonably be asked to pay. A fire department does not feel bound to pay a claim due to deliberate arson committed by the insured. Why should a life office pay for a claim brought about by suicide perpetrated for the deliberate purpose of turning a life policy into cash? The problem may be stated thus: An office might wish to pay for suicide while of sound mind so long as the impulse to suicide did not spring solely from a desire to defraud the office.

Now, the law of public policy, if we understand it aright, does not make it illegal for an insurer to pay for suicide. It makes it impossible for a court of law, if the policy is sued on, to give judgment for the plaintiff. The dilemma of the insurance offices is simply that they could not in court fight the issue of fraud without winning on the issue of public policy. The defence they might feel justified in taking would be swamped by a defence they would prefer not to take.

As a way out of this dilemma, would it be practicable to put an arbitration clause into life policies—a clause which would enable the office to take the decision of an arbitrator on one point and one point only? The point at issue would be whether, when the insured life committed suicide, the dominant motive behind the crime was a desire to produce a claim on the policy. Was there a fraudulent desire to make a claim? The advantage of this method would be that the case would be kept out of the courts and so the issue of public policy would be avoided. It does not appear that an arbitrator who was called upon to decide the question of motive and nothing else would need to deal with public policy at all. He would investigate the facts and determine one point and one point only. If his award were against the office, the office would have to be content and refrain from appealing, and the arbitration clause would have to be worded in such a way that no appeal to the courts would be permissible. If the award went against the claimant there could be no appeal in any case, because the claimant would be bound to lose on public policy in court. The award would be final.

The number of cases taken to arbitration would be very small, but the life offices would, in the very exceptional case where they wish to resist a fraudulent claim, be able to resist without the unpleasant certainty of winning on an antiquated fragment of the common law.

Germany and the World's Insurance

(By a Correspondent)

IN view of the tendency of insurance to become a highly protected industry in many countries, it is remarkable that in Germany it ranks among the industries which are least controlled. German insurance is as international as that of almost any other country in the world. Many foreign offices do business in the Reich and many German offices do business outside German frontiers. In an environment of almost ferociously strict control they move with a noticeable freedom.

The strength of German houses and foreign insurers in Germany dates, of course, from many years ago. Until the war, the two groups grew in strength side by side. But it was the foreigners who, paradoxically, suffered least in the chaos which followed. The explanation is simple. During the inflation German citizens were anxious to do their saving and their insurance by means of policies which did not depreciate almost to zero within a few months of being taken out. Naturally, they chose policies in foreign currencies, chiefly sterling or dollars, and until German offices began to offer these facilities they went to the foreign companies for them. After the stabilisation of the Reichsmark, this class of policy was prohibited, and special measures were taken to encourage the conversion of existing policies in foreign currency to a mark basis.

Some figures from the latest available returns will give an indication of the strength of foreign insurance in the Reich to-day. At the end of 1935, some 61 foreign companies, including those in the Saar, were at work under the State administrative control imposed by a law of 1901 and amplified periodically since that date. Many other offices, concerned chiefly with marine insurance, escaped supervision. Of the 61 companies, 38 transacted fire business principally, 13 transacted life, six accident and liability, and four transacted other classes of business. Of the two groups together, 42 concerns had their head offices in London, 17 in Switzerland, six each in the U.S.A., Holland and Austria, and 21 elsewhere. The aggregate German assets of these companies at the same date was Rm. 295 millions, the German premium reserves Rm. 219 millions and the loss reserves Rm. 14 millions. Their capital investments in Germany, in order of magnitude, were: Rm. 109 millions on mortgages, Rm. 68 millions in securities, Rm. 38 millions in public loans and Rm. 24 millions in real estate. Policy loans in Germany amounted to Rm. 20 millions, and interest on German investments by foreign insurers, in 1935, to Rm. 15 millions.

On the other side of the medal, 101 German insurance offices were licensed abroad. Of these, 95 transacted business in Danzig, 48 in Memel, 34 in Holland, 18 in Belgium and France, 14 in Austria and Poland, 12 in Denmark, and so on, with Great Britain low in the list, with two offices. Outside Europe, Egypt and the Netherlands East Indies head the list with 10 offices, followed by Mexico and Turkey with eight, and numerous countries have smaller numbers. Numerically, there are more German offices working abroad than foreign companies in the Reich.

On a comparison of premium incomes, however, Germany is easily an importer of insurance. In 1935, foreign insurers under Government supervision received a premium income of Rm. 89.41 millions, while the foreign business of German offices only amounted to Rm. 33.36 millions. Foreign companies paid claims of Rm. 39.97 millions in Germany, and German companies paid out Rm. 20.35 millions abroad. The foreign companies' premium income was divided as follows: Rm. 43 millions on life assurance, Rm. 18 millions in fire insurance, Rm. 9 millions in motor insurance, Rm. 6 millions from liability insurance and Rm. 5 millions for accident insurance. The premium income of insurers outside the supervision regulations totalled Rm. 2.4 millions.

The table on the next page compares the life business of German and foreign offices in Germany.

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LIFE ASSURANCE POLICIES IN FORCE IN 1935

Branch	German Offices		Foreign Offices	
	Number	Sum Assured	Number	Sum Assured
		Million Rm.		Million Rm.
Ordinary Life	2,610,000	10,360	74,618	668
Industrial Life	16,100,000	5,050	57,211	56
Term Group	1,719	1,050	104	60
Ordinary Group	12,321	1,460	108	66

In the preceding table, and throughout this article, Austria is counted as a foreign State. Foreign life business in Germany has been done exclusively by Austrian, Swiss and Italian companies. The collapse of the Vienna Phœnix Life Assurance Company and the transfer of its German business to a new German company, put Switzerland in the leading place.

The future of German insurance as an article of export and import lies with the world's legislators. In one respect at least its prospects are favourable. From the very beginning of currency control, insurance has escaped the severest restrictions. Though the liability on policies whose premiums are paid in blocked marks is met in the same species of currency, German offices receiving premiums in foreign currency or free reichsmarks are at liberty to fulfil their obligations in reichsmarks—apart from the effect of legislation dealing with the life assurances of emigrants. Given Germany's need for foreign exchange, this condition may conceivably continue in the future.

The future of German insurance abroad depends on the development of legislation in other countries. Present tendencies in this respect are not wholly encouraging. Exchange restrictions also play a restrictive part. Some of the most inconvenient regulations, however, may be, and very often are, surmounted by the creation of subsidiaries in the foreign country. It is well known that the Assicurazioni Generali of Trieste, the Swiss Reinsurance Company of Zurich and the Svea of Goteborg are all subject to German control through a large majority of the ownership of their shares. And restrictions on the transfer of funds weaken insurance offices only indirectly; for their losses and expenses are normally divided between the different markets more or less in the proportions of their premium incomes, and only exceptional experience in some particular market puts them in a difficult position.

Marine Insurance Experience

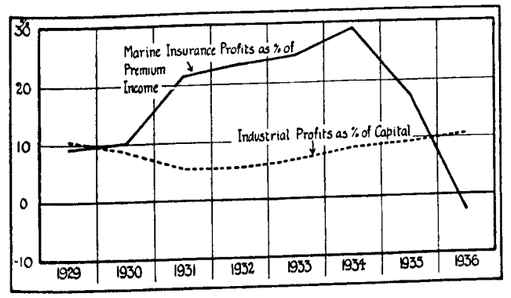
No other kind of insurance moves, as regularly as marine moves, in cycles of good and bad business. Other departments of a great office have their good times and their bad, but the marine underwriter is unique in that he seems always to be carrying about with him the seeds of the next depression or the next revival. At the present moment he is approaching, so he hopes, the end of a bad time and looking forward (though without certainty) to an upward movement of his chart of profit and loss.

In telling the marine insurer's story, a clear distinction has to be made between voyage accounts and time accounts. In the last six years the results of well-managed voyage accounts have, on the whole, been remarkably steady. The great slump in commodity prices which preceded and followed the economic blizzard of 1931 might and (on *a priori* reasoning) should have led to a deterioration of the moral hazard and a great rush of those claims which usually accompany a falling market. In the post-war slump of 1921 underwriters suffered badly from cargo which arrived on a falling market, consigned to an insolvent merchant, and there is a true story of a firm in some distant corner of the world who wrote to their London agents saying that they could not pay their account but were glad to be able to forward a large batch of insurance claims which would put London in funds. For some reason the slump of 1931 did not have the same result, and although their premium income fell year by year, underwriters with a good voyage show had consistently good percentages of profits throughout the depression. Four years ago, it is true, the figures began to reveal signs of falling off. But in the Abyssinian trouble war rates were reintroduced on cargo, and for three years the Rating Committee has been able to maintain a scale of rates which the market has always respected. Whether the policy of writing war risks at these low rates of premium is prudent may be doubted; but on a short view at least they are a welcome addition to the voyage premiums even though they may be helping to camouflage a real underwriting loss and so to depreciate the true marine rate below the paying level.

So far, however, underwriters have had no reason to be dissatisfied with the results of voyage accounts. In the time market the story is very different. Here there is no consistent record, but a tale of wide fluctuations from year to year—variations from very good years to very bad. The worst result of all awaits the names in their profit and loss accounts for 1936, which they will receive in 1939. It is unlikely that any time account will show a profit for 1936.

It seems to be one of the laws of the marine cycle that time underwriting is likely to be worse when general trade is good and better when general trade is bad. For this anomaly there are several explanations—the laying up of inferior steamers, greater care on the part of captains, greater willingness on the part of underwriters to combine and observe agreements, and—above all—cheaper repairs. When times are slack, when steel is cheap, when repair yards are short of work and ready to cut prices, then the underwriter's bill is enormously lightened. In the following graph we have attempted to show the relation between time underwriting and the state of trade, basing our chart of underwriting results on actual figures of carefully managed underwriting accounts and our chart of the state of trade on *The Economist* figures of industrial profits, which show year by year the results of company reports in every branch of industry except the railways, finance and insurance. The time figures for 1936 are estimated on the settlements made to the present moment:—

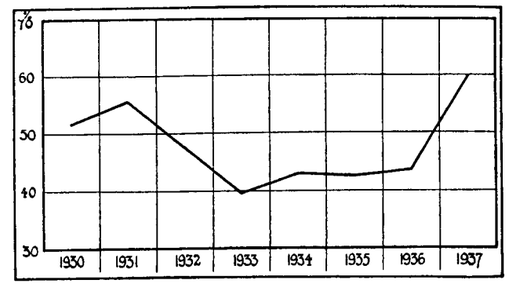
MARINE INSURANCE PROFITS



The relation in this graph between time underwriting profits and general industrial profits is remarkably interesting. At the beginning of 1930 industrial profits had begun to move down and time profits to move up. In 1931 industrial profits fell sharply and time profits have a quick upward curve. In 1932 and 1933 industrial profits drag along on a low level, while time move slightly upwards, and then in 1934 both curves, exceptionally, rise together. Henceforward time profits react quickly and industrial profits continue their upward movement under the stimulus of rising prices and increasing business activity. In the next graph we plot some second-year settlements (the heaviest year of a time account) made in the years 1931-37. Here the effect of repair costs is unmistakable—the sharp drop in 1932 and 1933 and the large rise in 1937.

At this moment the time underwriter is still paying for repair costs on a very high scale, and it is a question whether in the near future they are likely to rise still higher under the pressure of re-armament or decline because of the setback in general trade. Much will depend on what happens in that respect, but the market has now one great advantage. It is working under an agreement which is being faithfully observed by all time underwriters. It was decided last year that on all vessels of over £10,000 value an increase of 15 per cent. should be quoted on

SECOND-YEAR SETTLEMENTS



renewal, and if over the last four years a fleet did not show a profit of at least 40 per cent. the increase should be still higher. This year that agreement has been stiffened up, and it is beyond dispute that the rise in repair costs fully justifies the change. It is still too early to say whether the agreements will bring back a reasonable prosperity to the market, but on the whole the outlook for time underwriting may be said to be better than it has been since the reaction set in in 1935, though further increases in rates may be necessary before the economic level is once more attained.

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General Results of British Offices

THE departmental results in 1937 were, on the whole, satisfactory and seem to have been rather better than in 1936. Heavier taxation and allocations to reserves had the effect, however, of reducing the net profits shown in the following table. In the life branch the net rate of interest fell by a further small amount, which is mainly accounted for by the increase in the rate of income tax in 1937. There was a substantial increase in new life business, but definite contraction in consideration moneys for annuities. In the fire and accident branches both premiums and underwriting profit increased, and to this result the United States experience largely contributed. Marine premiums also increased very substantially, but the underwriting results showed considerable deterioration.

In the annexed table, which gives the results in respect of all branches of insurance of twenty-two of the most important companies, the figures have been calculated on a uniform basis for all the offices. The reserve for unexpired risk, except in the marine branch, has been taken at 40 per cent. of the premium income of the year, which is the basis used by the majority of offices. It is not possible to use a uniform method of calculating underwriting profits in the case of the marine accounts, and the method of the company concerned has been followed. Special attention is drawn to the headings of each column; the calculations may differ from the published results of individual companies, as is only to be expected when various data are reduced to a comparable basis, and this fact should constantly be borne in mind. In arriving at the trading surplus shown in Column 2 all allocations to investment and other special reserves have been deducted, as well as amounts actually written off investments, which last year were in some cases substantial. Undoubtedly this method will operate somewhat unfairly in certain cases, but it is impossible from the accounts to distinguish between what may be regarded as an addition to free reserves and what is required by ordinary business prudence. Column 4 indicates the amount of the contribution to the net trading surplus derived from the operations of the life department. Such profits emerge from actuarial valuations, and in the majority of cases these valuations take place only at quinquennial intervals. It may be mentioned that some companies set aside the shareholders' proportion of surplus revealed at a quinquennial valuation, and, in each year of the new quinquennium, credit one-fifth of that surplus to profit and loss. This practice, however, is not universal. Hence the absence of any figure in this column for some companies which transact life business merely means that no valuation was due to be made. The Prudential is in a special position, since the life profits belong entirely to the "A" shareholders. The table is concerned only with the "B" shareholders, whose interest is confined to the remaining departments and who have no rights to any share in the surplus of the life and annuity department.

Of the twenty-two companies dealt with seventeen show specific allocations to meet the cost of N.D.C., presumably in respect of a period of nine months, and the total of these allocations amounts to £568,000, compared with a corresponding premium income of approximately £90 millions. Regarding 1937 as a year of normal underwriting experience, it seems probable that the demands of N.D.C. will require at least three-quarters of 1 per cent. of the premium income (excluding life assurance premiums). Column 2 of the table shows a reduction of £610,000 from last year, which is certainly more than accounted for by the cost to all the companies of N.D.C. Almost without exception the chairmen's speeches contained a strong protest against the fact that insurance companies were to be taxed for N.D.C. not only on their underwriting profits, which would be a justifiable assessment, but also on interest income on reserves, and this was considered very unfair compared with the treatment given to other trading concerns.

This protest has borne fruit, as a Government amendment was made on the third reading of the Finance Bill, limiting the amount of investment income assessable to

UNDERWRITING PROFIT

Company	Total Premium Income (excluding Life, Annuity and Sinking Fund)	Underwriting Profits: Net Trading Surplus (excluding Life, Annuity and Sinking Fund)	Underwriting Profits: *Ratio of Net Trading Surplus to Premiums*	Underwriting Profits: Contribution to Net Trading Surplus from Life, Annuity and Sinking Fund	Underwriting Profits: Total Net Trading Surplus	Dividend Position: Net Interest Earnings after deducting Debenture Interest and Preference Dividends	Dividend Position: Cost of Dividend on Ordinary Shares	Dividend Position: *Proportion of Dividend met by Interest Earnings*
	(1) £	(2) £	(3) %	(4) £	(5) £	(6) £	(7) £	(8) %
Alliance	4,014,875	190,844	*4·8*	51,481	242,325	356,170	473,820	*75*
Atlas	2,591,640	33,205	*1·3*	30,198	63,403	127,743	176,000	*73*
Caledonian	1,308,676	13,870	*1·1*	12,871	26,741	78,242	88,641	*88*
Commercial Union	14,327,450	326,973	*2·3*	92,912	419,885	698,978	1,085,600	*64*
Eagle Star	3,516,918	33,102	*·9*	...	33,102	266,076	240,023	*111*
Employers' Liability	7,144,280	80,473	*1·1*	...	80,473	245,635	205,092	*120*
General Accident	9,703,534	138,788	*1·4*	...	138,788	284,954	264,267	*108*
Guardian	2,699,032	129,803	*4·8*	18,545	148,348	149,529	183,889	*81*
Liverpool and London and Globe	9,154,455	168,866	*1·8*	26,000	194,866	401,023	533,207	*75*
London Assurance	4,191,016	93,970	*2·2*	22,500	116,470	194,347	225,333	*86*
London and Lancashire	6,732,221	275,715	*4·1*	18,138	293,853	485,110	564,093	*86*
North British and Mercantile	5,566,836	355,720	*6·4*	67,460	423,180	526,230	519,922	*101*
Northern	4,611,690	138,529	*3·0*	50,529	189,058	191,509	228,442	*84*
Norwich Union	3,456,342	20,927	*·6*	...	20,927	146,764	196,779	*75*
Pearl	1,672,251	— 51,163	*— 3·1*	870,000	818,837	61,798	630,000	*10*
Phœnix	7,493,085	150,978	*2·0*	40,000	190,978	370,233	452,250	*82*
Prudential	2,506,146	— 52,563	*— 2·1*	23,201	29,362	119,411	133,333	*90*
Royal	12,410,698	639,175	*5·2*	50,000	689,175	1,238,730	1,355,504	*91*
Royal Exchange	3,521,782	82,313	*2·3*	42,908	125,221	219,176	213,830	*103*
Scottish Union	1,702,618	—129,429	*— 7·6*	170,660	41,231	142,390	147,875	*96*
Sun	4,677,909	7,038	*·2*	...	7,038	271,275	249,518	*109*
Yorkshire	2,790,404	25,078	*·9*	13,570	38,648	103,149	139,415	*74*
	115,793,858	2,672,212	*2·3*	1,600,973	4,331,909	6,678,472	8,306,833	*80*

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Year	Total Premium Income (Excl. Life, Annuity and Sinking Fund)	Underwriting Profits: Net Trading Surplus (Excl. Life, Annuity and Sinking Fund) Amount	Underwriting Profits: *Percentage of Premium Income*	Dividend Position: Total Net Interest Earnings	Dividend Position: Cost of Ordinary Share Dividend	Dividend Position: *Proportion of Dividend Met out of Interest Earnings*
	£	£	%	£	£	%
1932	106,901,260	1,291,704	*1·2*	6,834,987	8,086,479	*85*
1933	102,240,852	2,339,247	*2·3*	6,507,391	8,153,563	*80*
1934	105,427,999	2,799,348	*2·7*	6,524,064	8,317,337	*78*
1935	106,964,457	3,546,715	*3·3*	6,525,324	8,396,674	*78*
1936	109,214,845	3,282,245	*3·0*	6,549,563	8,338,960	*79*
1937	115,793,858	2,672,212	*2·3*	6,678,472	8,306,833	*80*

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UNITED
FRIENDLY
INSURANCE COMPANY, LTD.

Are offering SPECIAL TERMS to men of proved ability.

LIFE, FIRE, BURGLARY, SICKNESS, PLATE GLASS, DRIVERS' RISKS, HOUSE PURCHASE, ENDOWMENTS, Etc., Etc.

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Managing Director.

42 Southwark Bridge Road, London, S.E.

The
NATIONAL MUTUAL
LIFE ASSOCIATION
OF AUSTRALASIA, LTD
— Established 1869 —

FUNDS *£42,000,000* ANNUAL INCOME *£5,500,000*

NEW TABLES

FLEXIBLE POLICY
A Whole Life Assurance guaranteeing conversion to Endowment Assurance at **the lowest obtainable rates of premium.**

THE UNIQUE POLICY
An entirely new and ideal policy for the single man giving the right to increased Life Assurance cover on marriage, without increase of premium or further evidence of health.

REVISED RATES
New and competitive rates of premium for all Without Profit Assurances, also for Deferred and Immediate Annuities.

Descriptive Leaflets will be forwarded on application

HEAD OFFICE for GREAT BRITAIN and IRELAND
5 CHEAPSIDE, LONDON, E.C.2
Manager - J. T. Campbell, F.F.A.

N.D.C. to 150 per cent. of the year's premium income (excluding life assurance, sinking fund and annuity business). Though this amendment does not go as far as was hoped, it is a welcome relief.

DIVIDEND POSITION

As will be seen from the table on page 8, 80 per cent. of the dividends were met out of interest earnings, which, it is very satisfactory to note, are more than maintained, in spite of an increase in the rate of income tax in 1937; excluding the Pearl, whose activities are mainly confined to life assurance, the figure is 86 per cent. It should be added that while the net interest earnings shown will not give effect to the recent increase of 6d. in income tax, tax at the present rate will have been deducted in a number of cases in arriving at the cost of dividends. By a policy of meeting the cost of a very substantial part of the shareholders' dividends from interest earnings, a considerable portion of the underwriting profits is available to augment the special reserves. In consequence the offices are in a very strong financial position.

A summary of the results of the same group of twenty-two companies is given at the foot of the preceding page.

II.—LIFE ASSURANCE

Life Assurance Results

THE latest returns made by the British Life Offices to the Board of Trade in respect of their 1936 accounts show that exclusive of industrial insurance policies there were 5,835,000 policies in force at the end of that year, representing sums assured plus existing bonuses of £2,061 millions. The total interest income in 1936 was £37,414,000 and the premium income £84,181,000; while the accumulated funds totalled £942,553,000. The adjoining table is compiled from the same official source.

NEW BUSINESS

(a) *Life Assurance.*—The table on page 11 shows the new sums assured, excluding industrial assurances, effected in each of the past two years by a number of representative offices. The Dominion offices are omitted, as the figures of their new business in this country are not made public.

While all four groups show further expansion, the greater relative increase amongst composite offices is chiefly due to the phenomenal advance shown by the Eagle Star, which was largely due to the great volume of group insurance business obtained.

(b) *Annuity Business.*—The immense increase in annuity business a few years ago was mainly due to the fall in income suffered by many people from the time that interest on War Loan was reduced. Latterly there has been evidence of some recession, and last year, as will be seen from the table below, there was a distinct falling off in the amount of business obtained. The Equity and Law has been very prominent in seeking annuity business, and in spite of a considerable reduction in its figures last year this office again heads the list. In view of the bold policy pursued in this branch by the Equity and Law it is gratifying to read that the directors are still well satisfied with the accruing results; they have consistently held the view that in recent years the basis of annuity business has broadened, and that on the average financial necessity was likely to counteract the well-known self selection of annuitants. Interest earned by annuity funds is virtually on a gross basis, and where mortality does not operate unfavourably, annuity business, under the terms at present offered, should prove definitely remunerative to the companies.

Year	Aggregate Net Sums Assured under New Policies	Increase or Decrease per cent. compared with preceding Year
	Mill. £	
1922	106	− 2·8
1923	112	+ 5·7
1924	124	+10·7
1925	130	+ 4·8
1926	129	− 0·8
1927	148	+14·7
1928	160	+ 8·1
1929	162	+ 1·2
1930	166	+ 2·5
1931	161	− 3·0
1932	164	+ 1·9
1933	183	+11·6
1934	208	+13·7
1935	224	+ 7·7
1936	243	+ 8·5

NET NEW BUSINESS

Company	1936 No. of Policies	1936 Sums Assured	1937 No. of Policies	1937 Sums Assured
		£		£
Mutual Offices :—				
Equitable	3,633	1,707,808	6,001	1,934,984
Friends' Provident and Century	2,796	2,502,110	2,835	2,680,312
London Life	2,011	2,701,930	2,079	2,709,416
Marine and General	774	462,325	917	525,342
National Mutual	1,111	903,227	1,301	1,037,771
National Provident	3,036	1,881,916	3,416	2,126,164
Norwich Union	18,062	11,090,783	17,966	11,530,120
Provident Mutual	23,920	2,661,632	29,058	3,127,161
Scottish Amicable	2,201	2,073,022	2,257	2,122,290
Scottish Equitable	1,989	1,595,132	2,928	1,922,947
Scottish Provident	4,114	3,165,899	4,543	3,313,004
Scottish Temperance	2,139	1,524,441	2,370	1,603,987
Scottish Widows	7,249	4,849,287	7,489	5,047,615
Standard	7,553	4,576,076	8,006	5,129,974
United Kingdom	6,508	4,621,190	6,614	5,022,969
	87,096	46,316,778	97,780	49,834,056
Proprietary Offices :—				
Clerical, Medical and General	3,250	2,842,794	3,146	3,239,348
Equity and Law	1,947	4,658,910	2,260	4,667,681
Scottish Life	2,264	2,389,375	2,087	2,214,068
Sun Life	30,998	20,720,166	33,491	22,009,595
	38,459	30,611,245	40,984	32,130,692
Industrial-cum-Ordinary Offices :—				
Britannic	20,222	3,865,341	17,617	3,593,768
Co-operative	21,153	3,459,297	21,043	3,461,388
Pearl	52,815	8,801,640	52,571	8,664,444
Provident Association	1,437	580,450	1,453	581,000
Prudential	106,494	30,760,699	99,337	32,457,832
Refuge	57,196	8,766,071	55,782	8,684,649
Wesleyan and General	8,801	1,714,229	8,156	1,649,933
	268,118	57,947,727	255,959	59,093,014
Composite Offices :—				
Alliance	5,211	3,525,540	6,234	3,836,336
Atlas	5,872	4,315,147	3,849	4,536,416
Beacon	3,948	1,152,749	1,366	1,232,325
British Equitable	1,266	829,354	1,723	834,743
British General	1,538	871,089	3,041	897,434
Caledonian	2,874	2,039,320	9,205	2,166,349
Commercial Union	8,238	5,533,211	2,792	6,076,523
Eagle Star	2,690	5,733,647	...	10,464,781
General Accident	...	2,854,496	2,388	2,843,642
Guardian	2,199	1,759,725	3,842	1,815,725
Law Union and Rock	4,092	2,745,927	21,082	2,606,269
Legal and General	21,926	16,897,581	6,201	18,549,226
Liverpool and London and Globe	6,815	3,211,028	2,715	2,886,475
London and Scottish	3,132	1,942,938	3,635	1,892,266
London Assurance	3,156	2,823,869	11,044	2,956,153
North British and Mercantile	11,649	5,634,712	2,911	5,619,779
Northern	2,921	1,812,540	5,644	1,710,736
Phœnix	5,501	4,858,712	8,184	4,921,474
Royal	7,707	4,924,175	7,065	5,158,467
Royal Exchange	7,673	4,322,527	5,464	4,654,737
Scottish Union and National	4,745	3,761,131	3,459	3,849,394
Yorkshire	3,577	2,779,772	...	2,855,127
	...	84,329,190	...	92,364,377
Total	...	219,204,940	..	233,422,139

CONSIDERATION MONEY FOR PURCHASE OF ANNUITIES

Company	1936	1937
	£	£
Mutual Offices :—		
Equitable	233,451	203,394
Friends' Provident and Century	1,291,188	1,217,023
London Life	125,729	111,471
Marine and General	4,920	6,848
National Mutual	41,970	22,955
National Provident	96,609	108,935
Norwich Union	279,926	301,408
Provident Mutual	100,657	38,112
Scottish Amicable	27,272	13,004
Scottish Equitable	36,773	31,661
Scottish Provident	248,737	98,876
Scottish Temperance	14,073	5,453
Scottish Widows	197,623	116,958
Standard	219,331	260,618
United Kingdom Provident	48,154	28,934
	2,966,413	2,565,650

ENDOWMENT POLICIES
WITH HOUSE PURCHASE PRIVILEGES

SOME ADVANTAGES OF ENDOWMENT POLICIES

1 If you take up a policy at once, you can obtain it at a cheaper rate than you will have to pay in the future. "DO IT NOW."
2 You may be insurable now, but not insurable in the future, when an advance for House Purchase would prove of great service to you.
3 The Life Assurance comes into force immediately the first premium is paid; the policy is a sound investment even if the privilege of obtaining an advance is never exercised.
4 You can take out your policy now and defer the selection of the house until a suitable property is available.
5 The premiums paid under these policies enable you to obtain statutory rebate of income tax.
6 The policy entitles the assured to all the benefits of an ordinary Endowment Assurance Policy with the additional advantage of being available for House Purchase.

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Apply for particulars

CHIEF OFFICES :
STEELHOUSE LANE, BIRMINGHAM
A. L. HUNT, F.S.S., F.C.I.I.
Managing Director

STABILITY



ANNUAL INCOME NEARLY £20,000,000

TOTAL FUNDS EXCEED £100,000,000

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ASSURANCE COMPANY LTD.

President and Chairman :
SIR GEORGE TILLEY, F.C.I.I.

Life. Fire. Loss of Profits through Fire. Motor. Personal Accident. Driving Accidents. Workmen's Compensation. Public Liability. Fidelity Guarantee. Engineering. Boiler. Burglary and Theft. Plate Glass. Comprehensive Household. House Purchase. Pension Assurance.

Family provision scheme

A scheme to secure a Capital Sum payable at death and a regular income over a period of years for dependants in the event of early death, at a cost which is little more than that of ordinary life assurance.

Example of Benefits provided by the Scheme

£1,000 payable immediately upon proof of Death, *and, in addition,* if death occur before age 60, *an income of*

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ANNUAL PREMIUMS (CEASING at AGE 60)

Age not exceeding 25...£27.4.8 Age not exceeding 35...£34.14.10
" " " 30...£30.3.6 " " " 40...£41. 9. 4

The Scheme is readily adaptable, and rates will be quoted on application for policies to suit the needs of each individual.

Write for particulars to the Manager

EQUITY & LAW
LIFE ASSURANCE SOCIETY
20 Lincoln's Inn Fields, W.C.2
ESTABLISHED 1844 Funds Exceed £28,000,000

ATLAS
ASSURANCE CO. LTD.
ESTABLISHED 1808
HEAD OFFICE: 92, CHEAPSIDE, LONDON, E.C.2



"Let Atlas carry the burden"

INSURANCE BUSINESS OF EVERY KIND TRANSACTED

THE COMPANY ALSO ACTS AS EXECUTOR & TRUSTEE

Company	1936	1937
Proprietary Offices :—	£	£
Clerical, Medical and General	376,455	268,884
Equity and Law	2,510,226	1,997,639
Scottish Life	68,954	72,353
Sun Life	175,127	195,325
	3,130,762	2,534,201
Industrial-cum-Ordinary Offices :—		
Britannic	15,784	11,552
Co-operative	51,491	38,923
Pearl	184,341	158,477
Provident Association	539,072	511,863
Prudential	1,386,807	876,940
Refuge	81,833	58,999
Wesleyan and General	53,745	36,828
	2,313,073	1,693,582
Composite Offices :—		
Alliance	314,155	252,465
Atlas	419,082	454,493
Beacon	8,744	10,895
British Equitable	4,490	2,255
British General	5,695	4,597
Caledonian	139,538	113,664
Commercial Union	461,407	379,768
Eagle Star	183,333	91,791
General Accident	59,723	63,014
Guardian	87,416	85,634
Law Union and Rock	74,133	38,842
Legal and General	1,577,317	1,647,917
Liverpool and London and Globe	38,134	39,825
London and Scottish	6,233	3,456
London Assurance	186,077	122,229
North British and Mercantile	658,872	645,051
Northern	117,237	81,373
Phœnix	89,005	80,466
Royal	190,226	124,721
Royal Exchange	195,325	184,487
Scottish Union and National	63,590	67,153
Yorkshire	154,891	123,166
	5,034,623	4,617,262
Grand Total	13,444,871	11,410,695

MORTALITY

So far as can be gathered from the Annual Reports and Chairman's Speeches, the mortality experience in 1937 did not differ very materially from that in the previous year. The obsolete O^M table is being steadily replaced by the $A^{1924-29}$ table as and when actuarial valuations fall due, and the ratio of actual to expected claims when published is assuming a more realistic appearance.

INTEREST

Following on a decrease in 1936 of 1s. 5d. per cent. in the average rate of interest, there was a further small fall of 1s. per cent. last year. These figures are not large, and it should be remembered that in both years there was an increase of 3d. in the rate of income tax. This result is distinctly encouraging from the point of view of bonus maintenance, and more favourable than would have been forecast by most people a few years ago. The actual average net rate earned, namely £4 1s. 5d. per cent., gives a very considerable margin over the rates of interest commonly used in assessing the liabilities; the margin is really greater, as actuarially the rate of interest should more properly be calculated, not on the life assurance and annuity funds, but on actuarial reserves, which are smaller. The increase of 6d. in the rate of tax for the current fiscal year will, by itself, operate to reduce the earned rates of interest; but there now seems less reason to anticipate a general and marked fall in bonus rates, in the earning of which the interest element is the most important factor under modern conditions. In considering the following table, it should be borne in mind that the net rates shown for any two offices are not necessarily strictly comparable owing to differences in bookeeping. Among other things, a good deal depends on the method of valuing the assets.

THE
MERCANTILE & GENERAL
INSURANCE COMPANY, LIMITED

Reinsurance only—
Home and Foreign

FIRE LIFE
ACCIDENT MARINE

Net Premium Income for 1937
£962,126

Investments and Cash at Bankers exceed
£1,300,000

25 to 31, MOORGATE,
LONDON, E.C.2.

Accident Manager: CARLTON HALL
Secretary: H. P. HEWITT Actuary: W. H. CLOUGH, F.I.A.
General Manager: FREDK. G. POOK

ESTABLISHED 1782
OVER
A CENTURY-AND-A-HALF OF PUBLIC SERVICE
PHŒNIX
ASSURANCE COMPANY, LIMITED
FOR
ALL CLASSES OF INSURANCE

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Deputy Chairman:
Sir THOMAS ROYDEN, Bt., C.H.
Managing Director:
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W. L. Stephenson, Esq.
John Tryon, Esq.
Granville Tyser, Esq.
Brig.-Gen. J. T. Wigan, C.B., C.M.G., D.S.O.

Manager:
E. B. FERGUSON, F.C.I.I.
Head Office:
PHŒNIX HOUSE, KING WILLIAM STREET, LONDON, E.C.4.

Net Rate of Interest

Life and Annuity Funds (including Reversions)

Company	1936	1937
Mutual Offices :—	£ s. d.	£ s. d.
Equitable	4 4 4	4 4 5
Friends' Provident and Century	4 1 11	3 19 10
London Life	3 17 8	3 16 0
Marine and General	4 5 7	4 5 10
*National Mutual	4 6 1	4 2 1
National Provident	4 5 3	4 3 0
Norwich Union	4 7 10	4 6 6
Provident Mutual	4 9 6	4 9 2
Scottish Amicable	4 2 7	4 2 10
Scottish Equitable	4 2 7	4 2 5
Scottish Provident	3 18 11	3 17 5
Scottish Temperance	4 2 4	4 1 5
Scottish Widows	4 6 1	4 4 10
Standard	4 15 2	4 15 0
United Kingdom Provident	4 3 6	4 5 7
	4 4 8	4 3 9
Proprietary Offices :—		
Clerical, Medical and General	4 2 3	3 19 6
*Equity and Law	4 8 6	4 9 0
Scottish Life	4 4 2	4 4 6
Sun Life	4 3 1	4 0 7
	4 4 6	4 3 5
Industrial-cum-Ordinary Offices :—		
Britannic	4 8 1	4 6 8
Co-operative	3 19 7	3 19 10
Pearl	4 6 6	4 5 8
Provident Association	3 18 0	3 15 2
Prudential	4 9 4	4 8 3
Refuge	4 3 11	4 2 6
Wesleyan and General	4 2 4	3 19 3
	4 4 0	4 2 6

* Excluding Reversions

Company	1936	1937
Composite Offices :—	£ s. d.	£ s. d.
Alliance	3 15 6	3 13 10
Atlas	4 8 6	4 7 10
Beacon	4 1 2	4 0 1
British Equitable	4 2 10	4 1 10
British General	3 16 9	3 12 4
Caledonian	4 0 2	3 18 11
Commercial Union	3 19 3	3 16 4
Eagle Star	4 3 0	4 4 2
General Accident	3 19 3	4 2 6
Guardian	3 17 5	3 16 8
Law Union and Rock	3 15 11	3 13 6
*Legal and General	4 0 9	4 6 7
Liverpool and London and Globe	3 17 9	3 17 2
London and Scottish	4 2 7	4 0 10
London Assurance	3 17 8	3 16 8
North British and Mercantile	3 12 10	3 11 9
Northern	4 2 6	4 1 5
Phœnix	4 1 0	4 0 3
Royal	3 17 11	3 17 3
Royal Exchange	4 2 9	3 19 1
Scottish Union and National	3 19 4	3 19 0
Yorkshire	4 4 0	4 3 8
	3 19 11	3 19 2
Average of British Offices	4 2 5	4 1 5

* Excluding Reversions.

LIFE OFFICE INVESTMENTS

The table at the foot of page 14 shows the distribution of the assets of the principal British companies, the average of the percentages held in each group of assets by all companies, and also the average percentage holdings in each of four groups, viz. mutual, proprietary, industrial-cum-ordinary and composite offices.

The tendencies noticed last year were repeated in 1937

EAGLE STAR
INSURANCE COMPANY LIMITED

The Independent and Progressive Office for All Classes of Insurance.

FIRE—LIFE—MARINE
ACCIDENT—MOTOR
INDEMNITY — ENGINEERING

RISKS RATED ON THEIR MERITS

Head Office:
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ASSETS EXCEED £25,000,000

Founded 1861
ROYAL LONDON
MUTUAL INSURANCE SOCIETY LIMITED

LIFE & ENDOWMENT
(Ordinary and Industrial)
HOUSE PURCHASE, FIRE
ACCIDENT, MOTOR &
GENERAL INSURANCE

ASSETS EXCEED **£41,000,000**
ANNUAL INCOME EXCEEDS **£8,000,000**
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City Office: Queen's Buildings, 52 Queen Victoria Street, E.C.4
Branch Offices throughout the Kingdom
Applications for Agencies Invited

in an increase in the proportion of assets invested in mortgages and an increase also in debentures, preference and ordinary stocks at the expense of gilt-edged. The majority of companies showed a well marked increase in their proportions of ordinary stock investments, but the proportion held by the National Mutual shows a sharp fall in the year from 20.0 per cent. to 14.3 per cent. This fall no doubt reflects in part the large depreciation experienced last year, since that Society uses market values at December 31st for balance sheet purposes. The amount of depreciation or appreciation in stock exchange security holdings is not generally mentioned by the companies, but on the average last year probably saw a drop in the region of 10 per cent. of book values. The following table gives the average distribution of all the companies in each of the last five years:—

PERCENTAGE DISTRIBUTION OF INSURANCE ASSETS, 1933-1937

Class of Assets	Year 1933	1934	1935	1936	1937
	%	%	%	%	%
Mortgages, including loans on policies	24·2	22·8	22·0	22·3	23·0
British Government securities	22·0	21·3	19·5	18·1	17·5
Indian Colonial and Foreign Government securities	9·7	9·2	8·8	8·2	7·5
British municipal and county stocks	2·9	2·9	2·9	2·9	2·8
Indian Colonial and Foreign Municipal securities	2·8	2·9	2·7	2·5	2·3
Debenture stocks	16·4	17·7	18·4	18·6	18·7
Preference and guaranteed stocks	6·8	7·6	8·7	9·2	9·5
Ordinary stocks	5·6	6·4	7·5	8·6	9·2
Reversionary interests, properties and other assets	9·6	9·2	9·5	9·6	9·5

PERCENTAGE DISTRIBUTION OF ASSETS OF 38 PRINCIPAL OFFICES

Office	Mortgages, including Loans on Policies	British Government Securities	Indian, Colonial and Foreign Government Securities	British Municipal and County Stocks	Indian, Colonial and Foreign Municipal Securities	Debenture Stocks	Preference and Guaranteed Stocks	Ordinary Stocks	Reversionary Interests, Properties, and Other Assets
	%	%	%	%	%	%	%	%	%
Mutual Offices									
Equitable	28·6	2·8	8·2	3·2	3·8	22·7	4·4	4·7	21·6
Friends' Provident	20·9	8·0	2·9	0·9	0·7	28·4	6·9	22·4	8·9
London Life	29·0	14·8	7·6	2·0	1·8	11·9	9·3	10·9	12·7
Marine and General	14·2	14·1	9·7	4·7	5·3	28·6	14·6	7·7	1·1
National Mutual	11·5	14·3	2·2	0·1	0·1	23·5	19·4	14·3	14·6
National Provident	25·2	13·5	7·4	1·1	2·9	25·2	6·6	6·4	11·7
Norwich Union	34·1	7·4	8·8	0·2	2·1	19·4	7·1	13·3	7·6
Provident Mutual	8·5	19·5	6·5	0·7	0·8	16·1	21·9	17·9	8·1
Scottish Amicable	15·8	22·9	5·9	1·8	0·8	21·6	18·4	8·4	4·4
Scottish Equitable	27·1	12·0	7·2	1·4	1·8	27·2	8·3	9·7	5·3
Scottish Provident	7·0	35·5	5·9	1·6	2·4	13·6	11·4	13·7	8·9
Scottish Temperance	23·1	6·9	4·4	1·3	3·7	20·2	19·4	8·0	13·0
Scottish Widows	14·3	21·2	6·5	3·2	0·3	21·4	16·0	12·5	4·6
Standard	11·4	22·3	7·3	0·4	3·2	27·9	8·7	15·7	3·1
United Kingdom	26·1	11·6	8·3	0·3	2·3	8·4	8·5	13·2	21·3
Average	19·8	15·1	6·6	1·5	2·1	21·1	12·1	11·9	9·8
Proprietary Offices									
Clerical, Medical and General	40·3	4·2	8·9	1·0	1·7	13·0	0·6	6·8	23·5
Equity and Law	35·8	7·7	4·3	0·4	1·2	12·0	7·7	18·2	12·7
Scottish Life	17·2	14·0	6·0	...	1·9	25·8	20·4	11·2	3·5
Sun	27·2	24·3	11·8	2·5	3·3	23·7	1·1	1·7	4·4
Average	30·1	12·6	7·8	1·0	2·0	18·6	7·4	9·5	11·0
Industrial-cum-Ordinary Offices									
Britannic	15·9	21·8	12·1	4·7	3·3	9·5	8·6	16·8	7·3
Pearl	6·1	33·3	12·2	5·6	3·4	13·6	6·9	12·2	6·7
Provident Association	53·8	4·3	20·8	8·0	6·1	4·2	0·1	0·2	2·5
Prudential	13·7	28·5	5·2	1·7	1·7	16·8	9·2	12·1	11·1
Refuge	15·4	36·5	7·5	2·3	1·2	20·4	11·4	0·7	4·6
Wesleyan & General	33·9	21·0	7·0	9·3	3·2	11·5	6·0	...	8·1
Average	23·1	24·2	10·8	5·3	3·2	12·7	7·0	7·0	6·7
Composite Offices									
Alliance	28·9	17·5	6·5	4·0	1·2	22·2	7·4	4·2	8·1
Atlas	28·7	5·5	13·6	0·9	3·2	20·1	6·0	8·9	13·1
British Equitable	21·4	14·7	7·4	5·6	6·4	17·2	8·6	5·9	12·8
Caledonian	18·1	23·2	5·2	1·1	0·8	18·9	10·2	13·2	9·3
Commercial Union	26·8	29·1	4·7	9·3	1·5	15·8	6·6	4·6	1·6
Eagle Star	19·4	24·0	1·5	1·7	1·0	15·1	13·2	10·3	13·8
Guardian	33·7	5·4	5·3	3·4	0·4	20·5	10·8	11·6	8·9
Law Union & Rock	27·8	27·3	8·5	1·2	2·0	9·7	11·6	2·6	9·3
Legal and General	34·9	13·7	4·1	5·5	1·1	7·6	4·6	10·2	18·3
London Assurance	20·0	16·5	4·6	2·7	1·2	31·3	8·9	7·3	7·5
North British and Mercantile	21·8	28·2	10·3	6·8	2·4	17·1	4·5	3·6	5·3
Phœnix	18·8	20·3	11·3	4·0	4·7	24·4	8·2	2·1	5·2
Royal Exchange	18·4	15·4	9·3	2·1	2·2	23·8	5·3	5·6	17·9
Average	24·5	18·5	7·1	3·7	2·2	18·8	8·2	6·9	10·1
Average of all Co.'s	23·0	17·5	7·5	2·8	2·3	18·7	9·5	9·2	9·5

Life Office Valuations

THE Assurance Companies Act, 1909, provides that every office "shall cause an investigation to be made into its financial position, including a valuation of its liabilities" at least once in every five years. These investigations mark the occasion for the distribution of bonuses to policyholders.

The table on page 16 analyses the results of the valuations made at the end of last year, together with the corresponding data for the preceding valuation. In all cases where no allocation to shareholders is shown this simply means that the office is a mutual society and has no shareholders.

As will be seen from the notes which follow, there was, with two exceptions, practically no change in the rates of bonus declared in the ordinary branches of the companies. This result, which has been attained in spite of falling rates of interest and of a general strengthening in valuation bases, demonstrates remarkable resilience in bonus earning power. The distribution of the Commercial Union was on a slightly less favourable scale, but the Provident Mutual, whose previous distribution was made as at the close of 1932, and in view of the then economic crisis was frankly conservative, increased its rates of bonus. In the industrial branches of the offices doing this class of business bonus distributions were in general on the same scale as in 1936, with the exception of the Refuge, whose allocation to industrial policyholders was approximately twice that made in the previous year. While it might be unduly optimistic to regard present bonus levels as static, the outlook seems to suggest that the offices may find it possible to maintain bonuses at rates not greatly differing from their latest declarations, provided there is no major European conflagration.

A.M.P

THE LARGEST BRITISH MUTUAL LIFE OFFICE

Assets Exceed £112,000,000

Figures from 1938 Annual Report
(Ordinary and Industrial Departments)

New Business (1937) - - £31,727,699
Business in Force - - - £337,300,233
Claims (1937) - - - £5,532,601
Cash Surplus Distributed (for one year) - - - £3,272,767
Reversionary Bonuses (for one year) - - - £5,511,000
Added to Sums Assured

BONUSES DECLARED ANNUALLY

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Annual Valuations

Britannic.—Ordinary branch bonus 38s. per cent. calculated on the sum assured (same); as usual, the cost of the bonus, including shareholders' proportion, is well within earnings. In the industrial branch bonus additions will be made to premium-paying policies becoming claims by death or maturity before March 31, 1939. Such bonus additions will vary from 5 per cent. on the sum assured for a policy ten years in force to 20 per cent. for policies twenty-five years in force or longer.

Co-operative.—Ordinary branch bonus 36s. per cent. calculated on the sum assured (same), and in the industrial branch the satisfactory declarations of 1936 were repeated.

London Life.—Bonus reserve method used, assuming future compound bonus of 30s. per cent. (same) and future reduction of premium at 2 per cent., against 1¾ per cent. in 1936. The rate of bonus declared was again 35s. per cent. calculated on the sum assured and existing bonuses. In the reduction of premium class the rate of reduction for the third successive year is 3 per cent., but it is stated that this declaration must not necessarily be regarded as a regular rate of increase. The rate of reduction for many years prior to 1935 was 2 per cent.

London and Manchester.—The rate of bonus in the ordinary branch is 40s. per cent. calculated on the sum assured (same). The basis of allocation to policyholders in the industrial branch is unaltered.

Pearl.—The rate of bonus declared in the ordinary branch is 40s. per cent. calculated on the sum assured (same). In the industrial branch the rates are 16s. for each weekly premium of 1s. in the whole life class and 12s. in the endowment assurance class (same); the policies participating are those effected prior to January, 1931.

Prudential.—In the ordinary branch the rate is 46s. per cent. for whole life assurances and 40s. per cent. for endowment assurances; in the industrial branch the rate is 32s. per cent., calculated on the sum assured in each case (same). While the ordinary branch bonus rates are good, they are not outstanding; the industrial branch bonus rate of 32s. per cent. is, however, a remarkable achievement. The bases of valuation in the ordinary branch are unchanged. In the industrial branch the English Life Tables No. 10 replace the corresponding No. 8 Tables, and interest has been taken at 2¾ per cent. instead of 3 per cent. The cost of this change was in part met by sums of £1,200,000 and £800,000 set aside in 1935 and 1936 as additional reserves, but the total cost may be assumed to have been considerably in excess of this £2,000,000.

Refuge.—Ordinary branch bonus is 36s. per cent. on the sum assured (same). In the industrial branch the allocation to policyholders is approximately twice that made in the previous year, in spite of the undisclosed cost of setting up the more stringent reserves. For many years, however, the company has continuously strengthened its basis of valuation, and the much greater amount available to policyholders this year may be due to the fact that in 1937 a smaller added strain was incurred by the changes made than by those in previous years. If this is the correct interpretation, it would appear probable that future allocations to policyholders will be on a much higher scale than in the past and be related rather to the level of 1937.

Standard Life.—The rate of bonus was 42s. per cent. calculated on the sum assured and existing bonuses (same). Although this rate (which has been maintained for eleven successive years) definitely places the company among the "high bonus" offices, it is very well within earning capacity. To the pre-eminent services of the retiring manager and actuary, Mr Steuart Macnaghten, is generally attributed the enviable financial position and prestige of this office.

Wesleyan and General.—The bonus declared in the ordinary branch is at the rate of 38s. per cent. calculated on the sum assured (same). In the industrial branch the amount allocated to policyholders takes the form of an

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1809

Security and Service

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addition to the sum assured, equal to 2½ per cent. of the sum assured for policies of ten years' duration increasing by ½ per cent. for each additional year up to a maximum of 10 per cent. for policies of forty years' duration and over.

Triennial Valuations

Atlas.—The rate of bonus declared is 42s. per cent. calculated on the sum assured and bonuses (same).

Equity and Law.—Under the society's system of distribution the rate of bonus declared on any policy depends to a large extent on the rate of premium charged. The minimum rates are 45s. per cent. per annum on the sum assured for whole life policies and 42s. per cent. per annum for endowment assurances, with as much as 80s. per cent. per annum in some cases (same). This is the first triennial valuation of liabilities, the previous basis being quinquennial. For assurances the $A^{1924/29}$ table with interest at 3 per cent. has been used, and for annuities the $a^{(m)}$ and $a^{(f)}$ at 3½ per cent. In both cases the basis is the same as three years ago, but on this occasion it is stated that 3¼ per cent. has been used for endowment assurances under the society's house purchase scheme.

Quinquennial Valuations

Commercial Union.—Annuities were valued on the same basis as in 1932, but the basis of valuation of the assurance contracts has been altered from O^M 3 per cent. to $A^{1924/29}$ 2½ per cent. The cost of this change in basis is hidden in the trading surplus. Bonuses are declared on what is known as the contribution method and so vary with the plan, age at entry and the time a policy has been in force. In the first instance the cash amount to be allocated to each policy is calculated and the corresponding reversionary bonus found on the basis of the mortality and interest used in the valuation. The minimum cash allotted in any case is as at the last distribution 35 per cent. of the ordinary whole term premiums paid in the quinquennium. The reversionary rates of bonus, although slightly smaller than on the last occasion, are particularly good for endowment assurances.

Provident Mutual.—In the valuation for the quinquennium 1933 to 1937 the Provident Mutual abandoned the use of the familiar O^M 3 per cent. net premium method in favour of a bonus reserve valuation. For mortality the $A^{1924/29}$ table has been used with interest at 4 per cent. for with profits policies and "adequate provision" for future expenses. The future rates of bonus assumed in the valuation were those declared at the last distribution of profits as at December 31, 1932, namely, 40s. per cent. per annum for whole life assurances (increased to 45s. per cent. for attained ages not less than 65) and 35s. per cent. per annum for endowment assurances; these various rates are calculated on the sum assured. The effect of the change in method is to strengthen the reserves, as compared with the O^M 3 per cent. value, by £280,000. The rates of bonus declared are 5s. per cent. per annum in excess of the above rates reserved for in the valuation, and are as follows: 45s. per cent. per annum for whole life assurances (increased to 50s. per cent. for attained ages not less than 65) and 40s. per cent. for endowment assurances, these rates being calculated on the sum assured. This extra 5s. per cent. per annum is referred to as a special additional bonus, and it is stated to have been given in consideration of the fact that the average yield on the life assurance fund has been considerably in excess of the 4 per cent. assumed in the valuation. It is particularly pointed out in the Actuary's report that the basic rates of bonus assumed "may be expected to fluctuate on one side or other of the basic rate according as the experience of the association has, during the period under review, been more or less favourable."

Scottish Equitable.—In 1936 the close of the financial year, which was formerly March 1st, was altered to December 31st, and the results shown below for the past valuation period are in respect of four years and ten months. The former basis of valuation took account of mortality according to the $O^{M(5)}$ table, using O^M net premiums and taking interest at 3 per cent. On this occasion the new $A^{1924/29}$ mortality has been used with interest at 2¾ per cent. The change has entailed a certain cost which, being undisclosed, has operated to reduce the amount of trading profit shown in the table. The basis of bonus declared is at the satisfactory rate of 2 per cent. per annum calculated on the sum assured and declared bonuses (same).

Scottish Temperance.—The life assurance policies were valued by the $A^{1924/29}$ table, assuming interest at 2¾ per cent. compared with the O^M table, using 3 per cent. interest, five years ago. The cost of strengthening the reserves operates to reduce trading profits. For annuity contracts the bases of valuation were the same as on the last occasion, namely $a^{(m)}$ and $a^{(f)}$ tables with 3 per cent. interest. The carry-forward of £107,768 includes £35,166, being the necessary provision for bonus to policyholders under the deferred and accumulating bonus schemes whose policies are not yet entitled to share in profits. The rate of bonus declared is 2 per cent. per annum, calculated on the sum assured for endowment assurances and on the sum assured and existing bonuses for whole life policies (same).

Scottish Union and National.—The basis of valuation of the annuity contracts was unaltered, but in valuing the life assurance contracts the basis has been altered from O^M 3 per cent. to $A^{1924/29}$ 2½ per cent. The cost of the change is not given, but some indication of its amount is no doubt evidenced in the large reduction in the carry-forward and in the apparent disparity between the trading surplus shown in the table and the allocations to policyholders and shareholders. The rate of bonus is 43s. per cent. calculated on the sum assured (same).

VALUATION RESULTS (in £000's)

Name of Company	Year of Valuation	Source of Surplus: Profit Brought Forward	Source of Surplus: Trading Profit	Source of Surplus: Investment Profit Brought into Account	Total Surplus	Allocation of Surplus: Policyholders	Allocation of Surplus: Shareholders	Allocation of Surplus: Investment and other Reserves	Allocation of Surplus: Profit Carried Forward
ANNUAL VALUATIONS:—									
Britannic:—									
(a) Ordinary Branch	1936	124	397	...	521	275	35	50	161
	1937	161	413	...	574	286	39	70	179
(b) Industrial Branch	1936	140	675	...	815	242	285	150	138
	1937	158	698	...	856	268	240	155	193
Co-operative:—									
(a) Ordinary Branch	1936	65	261	...	326	254	...	...	72
	1937	72	263	15	350	280	...	...	70
(b) Industrial Branch	1936	99	299	...	398	286	...	...	112
	1937	112	277	23	412	258	...	...	154
London Life	1936	148	514	...	662	455	...	50	157
	1937	157	540	...	697	456	...	128	113
London and Manchester:—									
(a) Ordinary Branch	1936	263	421	...	684	320	25	10	329
	1937	329	404	...	733	339	25	10	359
(b) Industrial Branch	1936	131	295	...	426	110	99	85	132
	1937	132	277	...	409	109	98	65	137
Pearl:—									
(a) Ordinary Branch	1936	249	1,098	...	1,347	845	209	40	253
	1937	253	1,171	...	1,424	886	215	43	280
(b) Industrial Branch	1936	639	1,371	...	2,010	759	480	110	661
	1937	661	1,611	...	2,272	786	650	146	690
Prudential:—									
(a) Ordinary Branch	1936	558	2,874	85	3,517	2,629	277	15	596
	1937	596	3,046	30	3,672	2,730	288	15	639
(b) Industrial Branch	1936	578	6,680	...	7,258	4,027	878	1,764	589
	1937	589	5,995	...	6,584	4,044	894	1,004	642
Refuge:—									
(a) Ordinary Branch	1936	640	1,070	...	1,710	913	101	...	696
	1937	696	1,060	...	1,756	941	105	...	710
(b) Industrial Branch	1936	132	220	...	352	133	49	50	120
	1937	120	353	...	473	256	45	50	122
Standard	1936	31	497	...	528	397	...	100	31
	1937	31	528	...	559	428	...	100	
Wesleyan and General:—									
(a) Ordinary Branch	1936	55	140	7	202	142	...	14	46
	1937	46	156	5	207	151	...	13	43
(b) Industrial Branch	1936	102	182	3	287	56	...	193	38
	1937	38	198	3	239	60	...	143	36
TRIENNIAL VALUATIONS:—									
Atlas	1932–34	Exact results are not available.							
	1935–37	18	958	43	1,019	595	86	290	48
Equity and Law	...	Valuations prior to the period 1935–37 were quinquennial.							
	1935–37	313	1,174	−144	1,343	890	99	22	332
QUINQUENNIAL VALUATIONS:—									
Commercial Union	1928–32	241	2,236	...	2,477	1,595	177	283	422
	1933–37	422	2,255	...	2,677	2,123	236	...	318
Provident Mutual	1928–32	171	1,396	...	1,567	942	...	415	210
	1933–37	210	1,440	450	2,100	1,101	...	780	219
Scottish Equitable	1929–33	125	1,294	...	1,419	1,038	...	250	131
	1933–37*	131	1,106	...	1,237	1,064	...	...	173
Scottish Temperance and General	1928–32	183	884	−250	817	693	...	...	124
	1933–37	124	715	...	839	731	...	...	108
Scottish Union and National	1928–32	422	1,281	...	1,703	1,083	194	...	426
	1933–37	426	943	...	1,369	1,113	164	...	92
TOTALS:—									
Annual Valuations:—									
(a) Ordinary Branch	1936	2,133	7,272	92	9,497	6,230	647	279	2,341
	1937	2,341	7,581	50	9,972	6,497	672	379	2,424
(b) Industrial Branch	1936	1,821	9,722	3	11,546	5,613	1,771	2,352	1,810
	1937	1,810	9,409	26	11,245	5,781	1,927	1,563	1,974
Triennial Valuations	1935–37	331	2,132	−101	2,362	1,485	185	312	380
Quinquennial Valuations	1928–32	1,142	7,091	−250	7,983	5,351	371	948	1,313
	1933–37	1,313	6,459	450	8,222	6,132	400	780	910

* Period of four years and ten months owing to change of valuation date.

III.—OTHER INSURANCE

Fire Insurance

FIRE insurance results last year were very satisfactory, and most companies obtained increased premium income, in spite of the absence or curtailment of business in Spain and the Far East, while underwriting results were even better than in 1936. The results of the last few years have been exceptionally favourable, but so long as trade recession here and in the U.S.A. continues, it is unlikely that the same level of success will be maintained. So far, fire losses this year are larger than in 1937, and it is reasonable to expect some reduction in the premium income. The following

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British Industrial Developments

The following reports on British industry cover, in most cases, the period to the middle of June. In the remainder they relate to the month of May.

COAL

The output of coal has so far been fairly well maintained. Thus, the quantity of coal raised last month was 19.1 million tons, compared with 17.8 millions in April and 18.7 millions in May, 1937. Moreover, exports, after falling below the level of the corresponding month a year earlier in April, were higher last month than in May, 1937. The outlook, however, is less encouraging, for domestic demand for industrial purposes and export business have tended to decline. The recent reduction in sales for domestic purposes is seasonal. Prices have so far been fairly well maintained, though there are indications of slight reductions in certain grades.

IRON AND STEEL

The output of pig iron declined from 661,000 tons in April to 633,900 tons in May, the lowest level since February, 1937. Production of steel ingots and castings in May, at 957,000 tons, was 18,400 tons higher than in April, but, with the exception of that month, was the lowest output recorded since August, 1936. Imports of iron and steel showed a further decline last month, but exports remained almost unchanged. As a result of the contraction of domestic output and imports, *The Economist's* index of apparent iron and steel consumption (1935 = 100), adjusted for seasonal variations, fell from 123½ in April to 104½ in May; a year ago the index stood at 130. This index, however, does not take into account changes in stocks. Despite the recent reduction, the output of the industry remains substantial. As stocks of certain materials are still substantial, there has been no incentive for consumers to cover their requirements for longer periods ahead. The prolongation of the International Steel Cartel, announced last week, and the expectation of the conclusion at an early date of an effective agreement with the American steel exporting companies has strengthened the price structure in this country.

GENERAL ENGINEERING

The gradual recession in the engineering industry continues. Activity is slowly declining, and as the trend of new business is also downwards a further contraction of activity is probable. The negotiations between the A.E.U. and the employers are still hanging fire; but even if the volume of Government contracts increases, this is not expected to offset fully the shrinkage in commercial business. While the trend of activity is slightly downwards the industry still remains very busy, for the proportion of insured persons unemployed in general engineering in May, though 0.3 per cent. and 2.0 per cent. higher than the preceding month and in May, 1937, respectively, was still only 7.1 per cent. The gradual decline in the demand for machinery is reflected in the fall of imports from 12,605 tons in May, 1937, to 10,132 tons in the past month. Owing to the large volume of export business placed last year, exports in May, at 37,238 tons, were still 2,644 tons higher than a year ago. Exports are expected to continue at a fairly satisfactory level during the next three or four months. Among individual sections, marine engineers and manufacturers of prime movers and engines remain very active, but activity in the textile and agricultural machinery departments has slowed down.

ELECTRICAL EQUIPMENT

The electrical equipment industry remains active, though, like general engineering, the industry is experiencing a gradual recession. The proportion of insured workers unemployed last month was 5.3 per cent. in engineering and 9.0 per cent. in the electrical cable, apparatus, and lamp section; compared with a year ago, the unemployment percentages showed increases of 2.3 per cent. and 3.9 per cent. respectively. Exports of electrical machinery increased from 1,063 tons (valued at £192,083) in May, 1937, to 1,960 tons (valued at £330,997) in the past month. Shipments of electrical goods and apparatus last month also continued above last year's level, and, at £1,098,113, showed an increase of £25,880 over the figure for May, 1937.

AUTOMOBILES

Sales of new vehicles on the home market during April show a decrease of 5,472 compared with April, 1937, though some of the decrease must be ascribed to the fewer working days in April this year than in April, 1937. The total new sales for the seven months ended in April show a decrease of 10 per cent. compared with 1937, and output of private cars and taxis for April and for the seven months ended in April were 11 per cent. and 10 per cent. respectively lower than in the corresponding period of last season. The production of commercial vehicles fell by 8 per cent. in the first seven months of the season and by 6 per cent. in April compared with the corresponding periods of last season. The five months' (January-May) total of all motor vehicles exported shows that the numbers have increased from 40,000 in 1937 to 42,000 in 1938, whilst the value shows an increase of over £600,000.

BUILDING

Activity in the building and contracting industries remains at a very high level. The proportion of insured persons unemployed in building last month, at 12.2 per cent., was only 1.2 per cent. higher than a year ago, while in public works contracting the unemployment percentage was actually 0.5 per cent. smaller than in May, 1937. While the industry has no doubt benefited from the increase in defence expenditure, which involves construction of factories, aerodromes, etc., it is doubtful whether Government contracts would have been sufficient to make up for any marked curtailment in private construction. The returns of the value of building plans passed by a large number of local authorities have recently shown substantial decreases compared with the corresponding month a year ago. On the other hand, the figures for May, relating to 142 local authorities, show a decline of only 0.5 per cent. from the figure for the corresponding month last year. Plans passed for dwelling-houses and public buildings showed an increase, but those for factories and commercial premises were appreciably lower. There are still no indications of a marked recession in building and contracting in the near future.

CHEMICALS

Owing to the international situation, conditions in most sections of the chemical industry have been subdued during the past month. Business in industrial chemicals was quiet, although a little more activity was reported towards the close. Sales of weed killers and fertilisers have been below normal owing to the prolonged drought. Refined coal tar has been the only coal tar product for which any demand has been shown. Trade in pharmaceutical and other fine chemicals has been dull throughout the month. The value of exports of chemicals, drugs, dyes and colours during May was £243,139 less than in May, 1937, ammonium sulphate and painters' colours and materials showing particularly large decreases. Imports were £112,400 lower in value than in May, 1937.

POTTERY

Trade generally is quiet; unemployment fell slightly during May, and 16.8 per cent. of insured persons were unemployed on May 16th, compared with 18.4 per cent. in April. Exports for May were a little higher than in May, 1937; for the first five months exports of earthenware amounted to 208,000 cwt. and of sanitary-ware to 184,000 cwt., compared with 195,000 cwt. and 207,000 cwt., respectively, in the corresponding period of last year.

FOOTWEAR

Employment continues fairly good, and the proportion unemployed among insured persons, at 11.9 per cent., showed little change between May and April; a considerable amount of short time, however, is being worked in Bristol, Northampton, Stafford and Leicester. Exports for May were again considerably larger than last year, and for the first five months of the current year amounted to 168,357 dozen pairs, against 154,018 dozen pairs in the corresponding period of 1937.

COTTON

General conditions throughout the industry remain very unsatisfactory and numerous firms extended the usual Whitsuntide holidays; since the beginning of June, however, some spinners and manufacturers have secured a few more orders. Export trade in piece-goods has continued to be restricted, and shipments are now smaller than for the last 85 years. India buyers have given moderate support in bleaching styles and fancies. The higher duties have continued to affect adversely the trade with Egypt, and stocks in West Africa are moving off very slowly. Rather more active dealings have taken place for South America, the Dominions and the home trade. According to latest statistics, the number of unemployed in the cotton industry is now 126,549, against 107,887 a month ago and 53,850 at the same time last year. Spinning production is now 50 per cent. of capacity, against 55 per cent. a month ago and 92 per cent. at the end of May, 1937. Exports of cloth for the five months ended May amount to 639,791,000 linear yards, and during the same period shipments of yarn have been 52,507,900 lb., a decrease for each class, compared with a year ago, of 25 per cent.

JUTE

Unemployment continued to increase during May, when the proportion unemployed among insured persons rose to 37.2 per cent., compared with 36.3 per cent. in April and 21.1 per cent. in May of last year. Exports of piece-goods in May and in the five months ended in May were less than half of those in the corresponding periods of last year; exports of sacks and bags were also lower, though the fall was not so pronounced. The Government is helping the trade by a large order for 275 million bags, at the rate of delivery of 2 million bags a week. The problem of working hours in the Indian mills has not yet been settled, though the owners of only a very small percentage of looms are standing out.

LINEN

Flax prices have been maintained, but business for the home trade is very limited. Further bulk sales have been made to Germany by the Baltic Monopolies. There is more inquiry for yarns, but the difference between production costs and buyers' limits remains unbridged in both the yarn and cloth markets.

RAYON

Rayon business has continued in a depressed state during the past month. There is no evidence of cutting of viscose yarn prices below the agreement rates, but concessions have been given in grades wherever possible. The outlook amongst Lancashire and Yorkshire consumers is in some directions a little brighter than it was. The hosiery trade has been rather disappointing.

WOOL

Trade is very slow in all departments. The proportion unemployed among insured workpeople aged 16-64 increased slightly in May to 21.8 per cent., compared with 21.2 per cent. in April and 9.4 per cent. in May, 1937; a considerable amount of short time is being worked. Exports of tops, yarns and tissues were all heavily down in May compared with May of last year. Exports of woollen tissues fell from 5.4 million sq. yards to 3.5 millions, and those of worsted tissues from 2.9 millions to less than 2 million sq. yards. Markets for raw wool have been firm, but this confidence is not reflected in the later stages of the industry.

AGRIQULTURE AND FISHERIES

The break in the drought has brought on the corn crops, which are generally in good condition, though in some districts germination was uneven. The sowing of sugar beet and roots was delayed until the rain, but is now practically completed. There has been little growth on the pastures, and hay fields are expected to give a light yield; the acreage laid up for hay is also smaller than usual, owing to the shortage of keep. The additional 4d. per gallon in the wholesale price of milk for July will be welcomed by dairy farmers; fat lamb prices remain at low levels. The soft fruit harvest is generally very small, owing to the long drought and the late frosts. The British catch of wet fish amounted to 1.6 million cwt. in May, against 1.7 million cwt. in May, 1937; the value, however, increased from £1,003,000 to £1,145,000.

SHIPPING

The Economist's index of freight rates for May, at 113.9 (base 1898-1913), showed a slight rise from the April level; declines on some routes were more than offset by increases on others. The Plate market remains depressed, but there has been some recovery in rates to and from India. In view of the steadily declining volume of world trade, the prospects for an early revival in the level of freights or business are not hopeful.

UNITED KINGDOM—*THE ECONOMIST* INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1935 = 100

Period	Employment	Consumption of Power: Coal	Consumption of Power: Electricity	Transport: Merchandise on Railways	Transport: Commercial Motors in Use	Postal Receipts	Building Activity	Consumption of: Iron and Steel	Consumption of: Cotton	Foreign Trade: Imports of Raw Materials	Foreign Trade: Exports of British Manufactures	Foreign Trade: Shipping Movements	Bank Clearings: Metropolitan, Country, Provincial	Bank Clearings: Town	Complete Index: Monthly	Complete Index: Twelve-Months' Moving Average
Number of Weights.....	10	4	2	4	2	3	2	2	1	2	3	2	4	1	42	
1929 (Daily Average)	† 98½	103	68	127	† 76	95	† 60	97	111	98½	137½	108½	91	109	98½	...
1930	94½	98½	68½	115½	80½	96½	65½	84½	82	88	108	107	89	112	93	...
1931	91	92	69	98½	83½	85½	62	73	86	82½	80½	97½	86½	96	87½	...
1932	90	90	71½	86	86	94½	57	59½	94	84	82	94½	86½	86½	84	...
1933	93½	90	78	89½	89½	96½	73½	70	101	92½	85	96	91	88	89	...
1934	97½	97½	88½	100	95	97½	88	93½	98½	100	92½	98	95½	96	96	...
1935	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	...
1936	105	104½	112½	106½	105½	104½	107	125	109½	110½	101½	102	104	103½	106	...
1937	111	109½	126½	113	111	106½	98½	142	116	121	112	109	105	101½	112	...
1935—May	99½	102½	99	100½	99	98	100	93½	96	100½	97	100½	99	100	99	98½
June	100	99½	97	99½	99½	96½	98½	98	99	97½	105½	100½	102½	106½	100	99½
July	101	94	96½	98	100	98½	99½	93½	112	108	96	100½	104	99½	99½	99½
August	101	92½	99	100½	99	99	100½	104½	100	106½	97	100	100½	98	99½	100½
September	101	100½	99½	98	100½	101	102½	105½	96½	104½	103	101½	102	95½	101	100½
October	101	105	101½	101½	101	99½	102½	102	96	102½	102½	98	99½	96½	101	101½
November	101½	104	102	103	101½	100½	105½	102½	107	106	99	101	99	96½	102	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	102	107	112½	101½	99½	99½	99	100½	94	102½	103½
March	103	98	111	105½	104½	102	106½	126	110	107½	98½	98½	101	97	105	104½
April	103½	103	107½	105½	105	102	107½	116	112½	108	99	100	103	96½	104½	105½
May	104½	102½	107	104½	105½	101½	109	121	119	117½	98	102½	104	104	106	105½
June	106½	106½	107½	106	105½	103½	109½	123	120	117	103½	101½	104	97	107	106½
July	106½	104½	109½	109½	106	103½	109½	139	120	117½	101	107½	105½	103	108½	106½
August	107	104	111½	109½	106	106½	108½	132	107	123½	105	100½	106	113½	108½	107½
September	107	102½	112	106½	107½	104½	107	127½	102½	117	107½	103	106	114	108	108
October	107	104	113½	107	107½	107	105	125	100½	119½	100	106	109½	111	108	108½
November	107½	104	117½	106	108	108	103½	134½	109	108½	108½	103½	107	122	109½	109½
December	107	107½	117½	113	108½	108	103½	134½	109	108½	108½	103½	107	122	109½	109½
1937—January	109	97½	116	110½	109	107½	102	124	111½	103½	104½	101	106½	105	107½	109½
February	109½	108½	116	107	109½	110	102½	118	110	102½	111	107½	108	115	109½	110
March	109	110	125	106	110	107½	99½	118½	123	119	120	114	108½	107½	111	110½
April	110	112	122	115	110½	110	102½	117	116½	103½	108½	102½	102½	103½	109½	110½
May	110	115½	123½	113	111	106½	100½	130½	143	116	117½	114	107	98½	112½	111½
June	•111½	115	122½	113½	111½	107	99	133½	111	125	122½	104½	106	106	113	111½
July	112	106½	123	114½	111	105	96½	140	131½	122½	113½	109	102½	100½	111½	111½
August	112½	107	125½	119½	111½	108½	95½	160	115½	130½	111	113	106	99	113½	111½
September	112½	110½	124½	117	111½	108½	95½	157½	106	133	113½	106	106	99	113½	111½
October	112	105½	124½	112	112½	108½	95	167	106½	145	104	109½	104½	100	112½	110½
November	111½	107½	128½	110½	111	108	96½	158½	107½	146½	112½	110½	104½	99½	111	...
December	109½	105½	131½	114	113	111½	96½	173½	97	110½	108½	108	101½	99	111	...
1938—January	110½	108r	128	116	114	110	96½	169½	107	110½	104½	105½	105½	99½	111½	...
February	110	108½p	128	112	114	110	93½	155	101½	117½	101	106½	103	93	110p	...
March	109½	102rp	120	109½	114½p	110	92½	143	102	109r	99	102	99½	88	107rp	...
April	109	101p	123	101½r	115p	107½	90	123½	82½	107p	98p	105	100p	88½p	104½rp	...
May	109	108p	131	100p	115p	108	90p	104½	81	97p	91½p	103	99½p	95½p	103p	...

* 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.

Business Developments Overseas

BRITISH EMPIRE

AUSTRALIA.—Rain still is needed in Victoria and New South Wales, but conditions in the other States are reported to be satisfactory. The next wool clip is expected to be light and the carry-over, at 100,000 bales, will probably be absorbed. Industrial construction and general business activity continue at a high level, but the anticipated reduction in the wool clip and the lower prices for wheat suggest that the value of exports in the latter half of 1937 may tend to decline. The Government loan of £10,250,000 was fully subscribed.

SOUTH AFRICA.—Although some expansion in orders occurred after the general election, business generally remains subdued. Wool prices have remained firm, and although there is little export business in hides, the local demand is good. The value of exports in April was £2.1 millions below the level of April, 1937, while imports fell by £0.5 million.

CANADA.—In contrast to the decline in the earlier months of the year, the index of the volume of business (base 1926) rose from 106.1 in February to 108.8 in March, and a further rise was recorded in the first weeks of April. The index of general employment for the whole of April, however, showed a small decline, and there was a fall in activity in the textile and newsprint industries. Over most of the prairie country the young wheat crop is making good growth, but rain is reported to be badly needed in Alberta.

INDIA.—Widespread rains during May were welcomed in all districts and standing crops are reported to be good. The latest estimate of the wheat harvest raised the total yield from 10.18 million tons to 10.50 million tons. The Indian Government issued during May a 3 per cent. Rupee Loan 1963/5 at 98 for 15 crores, which has been oversubscribed. Both imports and exports were lower in April than in March and in April, 1937, and amounted to 13,43 lakhs and 12,66 lakhs respectively.

EUROPE

FRANCE.—Despite the improvement in confidence resulting from the measure of political stability achieved by M. Daladier's Government, there has been, as yet, no decisive upturn in business activity. The official index of industrial production for April (1913 = 100) is 93, against 95 in March and 105 in April, 1937. During May the number of persons in receipt of unemployment benefit declined from 393,054 to 380,826. This was a seasonal decline, however, and was much less marked than during the corresponding month a year ago, when the number fell from 371,413 to 345,503. The value of imports in May was 3,878 million francs, against 3,877 million francs in April and 3,070 million francs in May, 1937. Exports last month were valued at 2,324 million francs, compared with 2,364 million francs in the preceding month and 1,761 million francs a year ago. There are no indications of an early and sustained revival in the capital goods industries. Activity in the building and iron and steel industries remains well below the level of a year ago. Wholesale prices, as revealed by the official indices, showed an increase during the past month. A rise in the value of Stock Exchange securities in the first half of May was cancelled by a decline in the second half.

GERMANY.—Despite some decline in export business, industrial activity in Germany continues well above the level of a year ago. The absence of any setback is due largely to the intensification of re-armament activity. The number of unemployed persons (excluding Austria) fell by 84,000 to 338,000 during May. The number of persons recorded as employed reached 19,850,000 in May, an increase of 450,000 on the month, due largely to the number of children leaving school, but in part also to the re-entry into gainful occupation of married women, pensioners, and workers formerly independent. Despite a decline of 65,000 during the past month, the number of registered unemployed in Austria was still 351,000 early in June. Coal production (excluding Austria) was 14.5 million tons in April, compared with 15.7 millions a year ago. Crude steel production, however, rose from 1,645,000 tons to 1,766,000 tons during this period. Imports of Great Germany last month were Rm. 516 millions, an increase of 8.2 per cent. over the figure for the previous month. Exports in May, at Rm. 465½ millions, were 3 per cent. higher than in April. There are no indications of an early setback in industrial activity.

BELGIUM.—Business activity continues at a low level; the general index for April (base 1929) at 67.1, was nearly one point lower than in March, and compares unfavourably with the figure of 90.9 in April, 1937. Imports in April amounted to Frs. 1,900 millions, against Frs. 2,446 millions in April of last year, while exports fell by Frs. 574 millions to Frs. 1,723 millions. Wholesale prices showed a further decline from the peak reached in January, 1938.

SWITZERLAND.—The fall in the number of unemployed from 66,000 at the end of March to 60,000 at the end of April was partly stimulated by the Government expenditure on construction work. Business activity generally continues at a high level, but the outlook is unsettled; the tourist trade shows a slight decline from last year and imports fell from Frs. 173 millions in April, 1937, to Frs. 124 millions in April of the present year. Exports continue to be well maintained. The exceptional dryness has delayed the crop growth and the sharp frosts in May seriously damaged the fruit trees and vines.

GREECE.—Favourable climatic conditions during May have improved the prospects of a satisfactory crop, especially for cereals. Industrial activity continues satisfactory, while inland trade was better than a month ago. Both exports and imports in April showed a slight recession compared with April last year. Demand for the principal articles of export—especially tobacco and currants—was not brisk in May, and wholesale prices generally tended to fall. Foreign exchange reserves declined somewhat, while conditions on the Stock Exchange remained satisfactory. Public revenue continues to increase.

POLAND.—Business activity remained at a high level during the first three months of the year; in April, however, the general index of production fell by nearly 2 points to 92.7 (1929=100), due largely to a sudden decline in the textile trades. Unemployment showed a seasonal decline in April and was lower than in April, 1937; the level of wholesale prices and the cost of living have been very stable for the last 18 months. The value of imports and exports continues to be well maintained.

UNITED STATES OF AMERICA

The downward trend in industrial activity persisted in May, but the rate of decline has slowed down. According to the Monthly Bulletin of the National City Bank, business men are not now expecting much change for the better until seasonal influences again become favourable in the early autumn. As a result of the drastic curtailment of output, stocks of semi-finished and finished goods were steadily reduced; nevertheless, they still appear to be substantial in many industries. Activity in the heavy industrials remains at a very low level, and the volume of new business is small. Machine tool orders in April were less than one-third of the figure for the corresponding month last year. Building contract awards were disappointing in April, but have shown some improvement in the past month. Residential contracts showed an encouraging contraseasonal increase during the first three weeks of May. Exports are still running above last year's level, the figure for April being $271.5 millions, against $264.6 millions in the corresponding month last year. During the same period, however, imports fell from $280.9 millions to $155.5 millions.

LATIN AMERICA

ARGENTINA.—The sharp recession in export trade has now resulted in the inevitable decline in imports; retail trade is poor in practically all lines. Wholesale prices continue to fall. The financial year closed with a surplus of 10.8 million pesos, but, in view of the recession in world trade, efforts are being made to reduce Government expenditure. Exports of linseed are expected to reach 645,000 tons in the coming season, compared with 539,900 tons exported last year; the cereal crops, however, yielded only a poor harvest.

CHILE.—The shortage of dollar and sterling exchanges has become more acute, due mainly to the serious decline in the value of exports, but the requisition of exchange for official purposes also lessens the supply available for merchandise imports. The value of mineral exports in the first quarter of the year was one-third lower than in the corresponding period of 1937.

ECUADOR.—The acute exchange stringency during the early part of May, caused in part by the surfeit of 2½ million German *Aski* marks, led to a decree establishing a complete control over imports, by means of permits. The Central Bank has suspended all dealings in foreign exchange, but it is rumoured that it intends to hold the sucre at the existing rate of 13.8 to the U.S. dollar. The cocoa crop is expected to be nearly one-fifth smaller than that of last year, and this, combined with the low prices of cocoa on the world market, gives rise to some anxiety.

THE FAR EAST

Japanese exports in April, at 217 million yen, were 9 million yen lower than in March and 46 million yen lower than in April of last year. Under the influence of control measures, imports fell to 265 million yen, compared with 337 million yen in April, 1937; the import surplus for the first four months of 1938 was 280 million yen less than in the corresponding period of 1937. The output of heavy industrial products has expanded, but business in other directions has been dull. Wholesale prices changed little in March and April, but retail prices continue to rise. The value of China's imports for the first quarter of 1938 amounted to 232 million standard dollars, against 318 million in 1937; the value of merchandise exports fell from 240 million standard dollars in January-March, 1937, to 134 millions in the same months of the current year.

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 1929	1930	1931	1932	1933	1934	1935	1936	1937	1937 Apr.	May	Dec.	1938 Jan.	Feb.	Mar.	Apr.	May
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	124·6	133·1			136·6			132·7		
2. Coal, G. B.	Mill. tons	21·4	20·3	18·3	17·4	17·2	18·4	18·6	19·0	20·1	21·7	18·7	21·1	20·8	20·1	22·0	17·8	19·1
3. Electcy., public supply, G.B.	Mill. kw.-hrs.	858	910	951	1,020	1,130	1,288	1,464	1,685	1,908	1,832	1,621	2,500	2,382	2,144	2,111	1,849	1,854
4. Pig iron	Thous. tons	632	516	314	298	345	497	535	641	708	681	696	784	761	693	715	661	634
5. Steel ingots and castings	"	843	610	434	439	585	738	822	975	1,080	1,080	1,047	1,104	1,081	1,058	1,116	939	957
6. Buildg. plans passed ∫ Dwellgs.	Thous. £'s	3,688	3,897	3,374	3,907	5,192	5,799	6,536	6,255	5,637	7,036	5,788	7,037	5,482	4,840	5,295	5,337	6,104
7. 146 towns, G.B. ..... { Other...	"	2,403	2,320	1,877	1,614	1,781	2,164	2,990	3,497	3,579	3,941	3,406	3,075	3,279	3,103	3,194	3,022	2,942
New Orders, heavy gen. plant																		
8. Home	1929 = 100	100	125	77	112	67	160	148	250	232(i)	232	233	...	...	...	...	...	...
9. Foreign	"	100	67	50	31	44	60	62	96	109(i)	118	116	...	...	...	...	...	...
10. Total	"	100	93	58	59	56	107	104	167	168(i)	174	173	...	...	...	...	...	...
11. Shipbuilding: commenced (*f*)	Thous. gross tons	137	79	17	6	20	43	57	91	88	123	123	72·5	58	58	58	...	...
12. " launched (*f*).....	"	127	123	42	16	11	38	42	71	76	84	84	74·5	60	60	60	...	...
13. " on hand, end yr.	"	1,560	909	401	225	332	597	743	964	1,125			1123·4			1,089		
14. Automobiles: priv. cars (*b*)....	Number	15,196	14,139	13,250	14,270	19,232	21,406	25,962	29,487	32,469	36,040	33,489	31,552	31,409	24,481	42,138	32,053	...
15. " Com. vehicles(*b*)	"	4,705	5,572	5,809	5,123	5,459	7,136	7,681	8,967	9,843	10,069	10,029	8,170	10,637	8,802	11,765	8,414	...
16. Cotton delivered to mills, G.B.	Mill. lbs. daily av.	5·27	3·92	4·04	4·47	4·72	4·31	4·72	5·17	5·43	5·90	6·93	5·06	5·42	4·91	4·87	4·18	3·93
17. Rayon: Output	Thous. lbs.	4,742	4,064	4,548	6,043	7,007	7,758	10,314	12,110	12,901	13,670	12,180	11,830	12,510	12,190	13,270	10,570	...
18. " Quantity excised ...	"	4,710	3,992	4,591	5,955	7,086	7,715	9,987	11,785	13,082	14,317	12,806	11,367	12,032	11,363	12,301	...	...
19. Beer production	Thous. st. barrels	1,620	1,568	1,365	1,102	1,193	1,293	1,355	1,395	1,488	1,534	1,511	1,596	1,177	1,231	1,361	1,533	...
20. Distilling: Drink (*f*)	Thou. proof galls.	914	840	786	721	733	719	720	760	785	711	711	1,100	573	573	573	...	...
21. " Industrial alcohol(*f*)	"	1,205	1,393	1,438	1,834	2,484	2,816	3,172	3,595	4,369	4,414	4,414	4,663	4,389	4,359	4,359	...	...
22. " Stocks, end year...	Mill. proof galls.	151·6	153·4	148·5	141·5	134·9	135·4	136·1	137·4	144·5	141·7	142·2	144·5	145·7	147·1	148·7	150·1	...
TRADE AND TRANSPORT																		
Domestic Trade																		
23. Rly. traf.: Merch. & lvstk. G.B.	Thous. tons	9,780	8,890	7,602	6,605	6,875	7,660	7,661	8,188	8,690	8,558	8,717	8,728	8,156	8,502	...	...	...
24. " Coal and coke, G. B.	"	15,933	14,868	13,360	12,861	12,727	13,384	13,447	13,539	14,384	14,378	14,379	15,687	14,566	15,397	...	...	...
25. Automob.: prv. crs in use, G.B.	Thousands	893·8	967·7	979·7	1018·4	1084·9	1184·5	1347·5	1498·8	1648·2	1663·9	1671·2	1702·7	1597·1	1604·2	1637·9	1797·3	1809·5
26. " Comcl. vehicles in use, G.B.	"	314·7	333·6	346·0	356·2	370·0	393·5	413·2	437·0	459·8	458·0	458·1	472·0	464·3	466·1	471·3	476·0	477·5
27. Postal traffic receipts, daily ...	Thous. £'s	133	135	134	133	135	137	140	147	154	152	145	207	151	146	150·3	149·5	147·1
28. Retail trade, Gt. Brit.: Food	Avg. daily sales	...	...	...	102	100	103	111	120	131	122	139	157	129	133	135	141	...
29. " Other merchandise	in 1933 = 100	...	...	...	99	100	103	108	113	119	115	130	178	125	95	103	123	...
30. " Total	"	...	...	...	101	100	103	109	117	125	119	134	189	127	115	120	132	...
31. Advtg. expndtre. on brand. gds.	1935 = 100	...	...	76·1	79·2	84·6	90·4	100	104·6	108·6	126·2	115·9	99·2	84·5	100·1	120·6	112·0	123·5
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	34,099	31,738	33,019	41,797	35,204	32,220	35,949	31,155	33,948
33. " Raw materials ...	"	23,774	17,674	12,277	11,740	12,897	15,153	15,237	17,934	23,203	21,638	21,605	24,906	23,713	19,600	21,162	18,608	17,026
34. " Manufactures ...	"	25,467	23,622	20,367	12,168	11,654	13,395	14,302	16,452	20,878	21,727	20,677	21,711	20,724	17,787	21,721	18,532	16,837
35. " Total	"	92,589	79,782	68,449	54,221	52,161	56,681	58,473	65,710	79,492	75,596	75,738	89,349	80,155	68,211	79,407	68,669	66,217
36. Volume: Food (*a*)(*d*).....	Avg. of 1935	*98·9*	99·6	*106·5*	*102·5*	*100·7*	*101·1*	100	102·8	103·4			120·3			100·3		
37. " Raw materials (*a*)(*d*)	= 100	*101·5*	90·9	*82·9*	*84·6*	*92·7*	*99·6*	100	111·1	120·9			138·5			120·9		
38. " Manufactures (*a*)(*d*)	"	*133·6*	133·9	*123·9*	*79·5*	*81·8*	*95·0*	100	111·6	127·1			134·3			123·5		
39. " Total (*a*)(*d*)	"	*108·9*	106·3	*105·0*	*92·2*	*93·7*	*99·0*	100	107·2	113·9			128·6			111·4		
40. Domestic exports, value: Food	Thous. £'s	4,555	3,944	2,898	2,625	2,314	2,538	2,636	2,966	3,232	3,092	3,100	3,451	3,031	2,780	2,788	2,363	2,827
41. " Raw materials.....	"	6,575	5,313	3,920	3,634	3,832	4,021	4,400	4,278	5,388	5,636	5,472	4,873	4,680	4,241	4,928	4,481	4,931
42. " Manufactures	"	47,899	36,745	24,398	23,031	23,475	25,493	27,411	28 410	33,737	33,362	33,269	33,336	32,595	29,706	33,536	29,346	29,534
43. " Total.....	"	60,779	47,563	32,552	30,419	30,659	33,000	35,493	36,727	43,466	43,027	42,733	43,882	41,183	37,529	42,155	37,266	38,165
44. Volume: Food (*a*)(*d*)	Avg. of 1935	*126·7*	118·7	*97·5*	*90·9*	*81·8*	*93·3*	100	110·6	118·3			130·1			106·9		
45. " Raw materials(*a*)(*d*)	= 100	*130·4*	110·2	*86·9*	*82·0*	*88·5*	*90·3*	100	92·4	125·7			99·0			85·7		
46. " Manufactures(*a*)(*d*)	"	*142·1*	113·8	*80·7*	*83·0*	*85·6*	*92·4*	100	102·1	115·2			112·2			101·9		
47. " Total (*a*)(*d*)	"	*140·3*	115·0	*83·8*	*84·0*	*85·9*	*92·4*	100	101·5	119·5			112·8			99·7		
48. Shipping: Tonnage entered ...	Thous. net tons	5,225	5,810	5,023	4,947	5,036	5,223	5,302	5,616	5,868	5,421	6,003	5,860	5,002	4,853	5,598	5,299	6,035
49. " Tonnage cleared	"	5,723	5,488	4,862	4,620	4,639	4,674	4,777	4,735	5,116	5,143	5,085	4,841	4,530	4,146	4,580	4,649	4,795
50. " Tonnage laid-up (*h*)	"	865	1,593	1,968	1,971	1,240	878	436	212	95			175			339		
51. Freight rates, *Economist* Index	1929 = 100	100	81·7	82·2	77·9	75·1	76·4	76·8	87·3	132·5	133·4	137·5	112·2	111·5	105·4	102·5	101·0	101·1
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	78·9	83·7	78·6	82·5	71·5	73·3	74·7	71·5	65·3
EMPLOYMENT AND WAGES																		
53. Insured pers. employed G.B.	Thousands	10,220	9,797	9,421	9,348	9,681	10,199	10,377	10,812	11,496	11,394	11,473	11,437	11,309	11,324	11,380	11,390	11,375
54. Insured pers. unemployed "	"	1,212	1,915	2,630	2,756	2,498	2,107	1,958	1,684	1,413	1,368	1,390	1,584	1,827	1,810	1,749	1,748	1,779
55. Per cent. unemployed "	"	10·3	15·8	21·1	21·9	19·8	16·6	15·3	13·0	10·6	10·5	10·7	11·8	12·9	12·8	12·5	12·5	12·7
										(*m*)								
56. Regist'd at Exchanges, all ages,	"	1,276	2,014	2,718	2,813	2,588	2,221	2,106	1,822	1,586	1,526	1,519	1,755	1,927	1,908	1,845	1,842	1,869
57. " London	"	118	177	273	306	272	216	203	179	171	162	163	196	241	238	227	216	213
58. " S.E. England.....	"	50	75	114	142	120	93	91	79	70	72	62	96	117	113	99	91	88
59. " S.W. "	"	69	91	129	157	147	127	114	94	83	83	78	87	98	96	86	83	79
60. " Midlands	"	165	267	381	371	325	245	217	178	144	132	140	175	197	198	196	205	210
61. " N.E. England.....	"	280	419	569	602	557	478	452	304	165	149	177	193	206	202	192	191	206
62. " N.W. "	"	285	522	627	562	517	461	439	374	304	297	301	341	382	391	385	388	406
63. " Northern (*c*).....	"	...	...	...	...	...	...	...	277	246	247	232	271	269	263	256	260	250
64. " Scotland	"	156	244	358	378	364	331	314	277	246	247	232	271	269	263	256	260	250
65. " Wales	"	116	158	196	228	219	208	206	198	151	153	149	146	158	158	161	169	177
66. " N. Ireland	"	36	60	71	68	68	62	70	67	71	71	68	90	99	97	96	94	90
67. Industr. disputes, No. days lost	"	676	361	527	541	87	78	160	154	285	480	814	45	103	133	113	151	185
68. Wage rates, Min. of Labour (*d*)	1929 = 100	100	100	97½	96	95½	95½		96½	99½	103		104½			106½		
PRICES																		
Wholesale: 'Economist' Indices																		
69. Cereals and meat	1929 = 100	100	83·6	70·9	70·4	66·4	71·3	72·2	79·4	93·5	95·1	96·6	93·6	91·8	91·5	90·3	88·3	91·1
70. Other foods	"	100	90·0	76·1	72·8	68·4	68·8	70·6	71·2	78·6	81·2	79·9	78·4	71·6	70·7	70·1	70·2	68·7
71. Textiles	"	100	69·9	54·2	53·4	55·2	58·7	61·8	67·0	73·7	80·6	79·4	64·8	62·7	62·2	60·2	58·5	56·5
72. Minerals	"	100	87·5	76·5	76·3	80·8	80·5	83·5	88·5	108·4	114·2	115·1	97·8	99·0	98·7	97·4	96·2	93·1
73. Total, incl. miscell.	"	100	84·0	70·2	67·8	68·3	71·0	74·3	78·8	89·3	92·7	93·3	83·5	82·5	81·8	80·3	79·4	78·2
74. Primary products	Sep.18,1931=100	...	154·5	114·5	118·1	113·0	123·0	126·9	140·2	163·1	169·9	170·2	147·4	144·4	143·1	137·0	137·8	132·2
Cost of Living: Min. of Labour																		
75. " Food	1929 = 100	100	94·2	85·1	81·8	77·9	79·2	81·2	83·6	90·7	88·3	88·3	94·1	92·2	90·9	89·6	90·2	89·6
76. " Total	"	100	88·3	80·0	87·8	85·4	86·0	87·2	89·7	94·5	92·7	92·7	96·95	95·7	95·1	93·9	95·1	94·6
77. *Industrial securities, Fin. News*	July 1,1935=100	102·0	84·6	65·8	64·0	79·8	84·1	97·0	115·7	110·2	111·1	112·4	95·9	94·8	91·8	84·3	90·7	80·4
78. *Fixed interest* " "	1928 = 100	96·8	99·9	99·2	113·6	126·1	133·6	137·1	137·7	128·6	129·6	130·5	129·1	130·6	130·4	127·7	128·8	128·5
FINANCE																		
79. Govt. Revenue, cumulative (*h*)	Mill. £'s	815·0	857·8	851·5	827·0	809·4	804·6	844·8	896·6	948·7	63·9	107·4	534·1	683·8	830·0	948·7	56·0	102·5
80. " expenditure, " (*h*)	"	829·5	881·0	851·1	859·3	778·2	797·1	841·8	902·2	919·9	85·0	128·9	706·7	776·3	849·6	919·9	80·2	145·6
81. Bank of Eng.: Notes in circ.(*g*)	"	362·3	358·6	354·8	258·5	371·2	378·7	394·7	431·4	479·6	467·1	477·9	499·0	480·9	475·3	480·4	492 9	483·3
82. " Bankers' deposits ...(*g*)	"	62·9	65·5	64·7	81·3	99·9	100·3	96·7	96·2	97·2	92·6	93·4	106·8	122·5	106·6	113·3	109·0	98·5
83. " Gov.acc. B'kingDept.(*g*)	"	55·9	49·7	45·5	64·0	79·6	81·1	87·0	88·8	98·4	97·4	103·6	95·0	100·5	96·7	107·6	114·9	105·4
84. Clearing Banks: Deposits...(*g*)	"	1,738	1,741	1,699	1,791	1,953	1,880	1,999	2,142	2,210	2,178	2,181	2 250	2,249	2,202	2,177	2,191	2,185
85. " Cash & bal. with B.E.(*g*)	"	194	192	182	187	212	212	215	221	227	222	225	236	243	235	236	239	223
86. " Discounts .....(*g*)	"	229	264	256	308	354	230	266	313	278	239	242	295	325	283	235	245	275
87. " Advances .....(*g*)	"	991	963	919	844	759	753	769	839	924	919	924	948	936	949	964	963	951
88. " Investments .....(*g*)	"	257	258	301	348	537	560	615	613	622	631	627	605	606	603	604	608	601
89. Bank Clearings: Town ...(*e*)	"	130·1	126·3	103·6	90·4	90·6	100·1	106·0	113·8	120 0	126·2	115·7	115·6	120·5	109·4	107·9	106·9	109·7
90. " Mst. Country &Prov.(*e*)	"	21·4	19·9	18·3	17·9	18·5	19·7	20·9	22·6	24·3	24·8	24·9	24·4	25·9	23·8	22·9	23·6	22·7
91. Interest Rates: Bank rate	%	5·498	3·414	3·969	3·008	2	2	2	2	2	2	2	2	2	2	2	2	2
92. " Three mths. bank bills	"	5·26	2·57	3·61	1·87	0·69	0·82	0·58	0·60	0·58	0·58	0·56	0·74	0·54	0·53	0·53	0·53	0·53
93. " Day to day loans	"	4·47	2·27	2·94	1·61	0·69	0·82	0·50	0·50	0·50	0·50	0·50	0·50	0·50	0·50	0·50	0·50	0·50
94. " Yield on 2½% Consols.	"	4·61	4·49	4·40	3·75	3·40	3·10	2·90	2·94	3·29	3·26	3·36	3·35	3·30	3·21	3·39	3·35	3·34
95. Cap. Issues: Total (exl. Br.	New basis	...	...	...	...	...	...	20,590	36,073	26,653	23,980	25,065	20,448	11,897	19,322	12,733	3,588	29,701
96. (*Economist*) Govt.).....	Tb's Old "	*18,319*	*16,849*	*7,620*	*7,184*	*7,331*	*10,418*	*12,346*	*16,299*	*12,752*	*11,915*	*9,278*	*17,400*	*4,197*	*16,096*	*6,775*	*125*	*25,769*
97. Of which abroad	£ New "	...	...	...	...	...	...	2,540	3,787	5,876	11,495	3,314	7,594	1,350	5,422	2,539	478	12,193
98.	Old "	*7,267*	*8,096*	*3,970*	*2,153*	*2,878*	*2,619*	*1,291*	*2,125*	*2,431*	*3,129*	*3,977*	*7,594*	*0*	*4,095*	*2,479*	*0*	*11,554*
99. Exchange Rates: New York..	$ per £	4·857	4·882	4·533	3·504	4·218	5·041	4·903	4·971	4·95	4·916	4·940	5·00	5·00	5·02	4·98	4·98	4·97
100. " Paris	Frs. per £	124·02	123·87	115 55	89·20	84·58	76 74	74·26	82·97	124·45	109·33	110·32	147·16	149·80	152·82	159·61	160·75	176·62
101. " Berlin.....	Rm. per £	20 40	20·38	19·18	14·74	13·98	12·80	12·18	12·33	12 30	12·23	12·30	12·40	12·41	12·41	12·39	12 39	12·37
102. " Amsterdam	Fl. per £	12·09	12·09	11·27	8·66	8 24	7 48	7·24	7·78	8 99	8·98	8·99	8·99	8·97	8·97	8·97	8 96	8·97
103. " Kobe .. — — —	Pence per Yen	22 81	24 41	26 33	19 33	13·64	14·20	14·08	14·02	13 99	14·00	14·00	14·00	14·00	14·00	13·96	13·98	14·00
104. " Shanghai	Pence per $	28·85	20·61	16·65	20·83	15·09	16·32	18·00	14·47	14·43	14·57	14·50	14·25	14·25	14·25	13·90	13·13	11·59

(*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*) Figure for 1938 is average of August-December. (*d*) Indices shown in last month of quarter to which they relate. (*e*) Daily average. (*f*) Monthly figures are averages of quarterly returns. (*g*) Average of weekly figures. (*h*) Annual figures are totals for financial year beginning in year shown. Monthly figures are cumulative.
(*i*) Average of 11 months. (*k*) Annual figures relate to end of year. (*m*) Average January to August; figures for September to December are not comparable owing to revised method of counting adopted in September, 1937.

UNITED STATES, FRANCE AND GERMANY

	Unit of Measurement	Monthly Average									1937			1938				
		1929	1930	1931	1932	1933	1934	1935	1936	1937	Apr.	May	Dec.	Jan.	Feb.	Mar.	Apr.	May
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	92·2	99·2	99·2	70·6	67·2	66·4	66·4	64·7	...
2. Investment goods, F.R.B.(a)	„	100	72·6	48·2	27·6	41·2	46·5	63·2	82·4	88·6	96·8	99·1	49·7	46·8	45·0	44·4	43·2	...
3. Consumption goods, F.R.B.(a)	„	100	86·8	85·2	75·9	84·2	83·4	87·6	94·5	94·5	102·4	99·7	81·3	79·9	80·2	79·9	78·1	...
4. Coal	Million m. tons	46·0	40·6	33·4	27·2	29·0	31·4	31·6	36·5	37·0	29·7	31·0	37·2	32·3	27·7	27·9	23·0	23·8
5. Electricity generated	Million kw. hrs.	8,113	7,995	7,644	6,842	7,111	7,590	8,283	9,461	10,083	9,868	9,976	10,050	9,635	8,707	9,475	...	...
6. Steel	Thous. m. tons	4,599	3,326	2,133	1,128	1,913	2,139	2,830	3,973	4,192	5,152	5,233	1,496	1,760	1,731	2,044	1,956	1,836
7. Index of machine tool orders	1929=100	100	46·0	26·0	12·6	17·4	29·7	55·5	87·7	120·0	181·3	133·9	91·6	76·0	43·6	68·7	...	...
Building contracts awarded:																		
8. Residential	Million $	159·6	91·8	67·6	23·3	20·8	20·7	39·9	66·8	75·5	107·8	83·9	43·5	36·2	40·0	79·4	...	...
9. Other	„	319·6	285·1	190·1	89·3	83·8	107·9	114·1	156·1	184·4	161·9	159·8	166·0	159·3	79·0	147·5	...	...
10. Private cars	Thousands	382	232	164	88	131	181	271	306	326	440	425	244	156	140	174	...	...
11. Commercial vehicles	„	64	48	35	20	29	48	58	65	72	96	91	82·8	54	47	48	...	...
12. Activity in textile industry	1929=100	100	79·1	81·7	72·2	84·3	73·9	90·4	97·4	96·5	107·8	107·0	67·0	65·2	68·7	70·4	64·3	...
13. Stocks of raw materials	„	100	106·0	116·7	120·7	122·1	120·7	94·0	86·2	88·6	65·8	62·4	132·2	128·8	122·1	117·8	...	...
14. Stocks of manufactures	„	100	102·5	65·0	86·7	85·9	90·9	86·7	85·0	91·5	89·2	89·2	95·8	101·7	101·7	101·7	...	...
TRADE AND TRANSPORT																		
15. Index of Rly. car loadings	„	100	86·8	70·7	52·8	54·7	58·5	59·4	67·9	74·7	79·2	75·5	63·2	61·3	58·5	56·6	...	...
16. Index of Dept. Store sales	„	100	91·9	82·9	62·2	60·3	67·6	71·2	79·2	83·6	83·8	83·8	81·1	81·1	79·3	77·5	...	...
17. Retained imports	Million $	362	260	174	110	119	136	170	202	251	251·2	278·6	203·7	163·5	155·9	173·3	155·5	...
18. Domestic exports	„	430	315	198	131	137	175	187	202	275	264·6	285·1	315·3	286·1	260·0	270·8	271·5	...
EMPLOYMENT AND WAGES																		
19. Factory employment, F.R.B.	1929=100	100	87·2	73·8	62·6	68·8	78·8	82·1	87·8	95·0	97·0	97·6	85·0	80·4	79·3	81·6	...	...
20. Pay rolls, F.R.B.	„	100	81·1	61·8	42·6	45·3	57·7	65·4	75·5	89·8	96·2	96·4	74·1	65·6	67·1	67·1	...	...
21. Hourly earnings, N.I.C.B.	„	100	100	96	84	83	99	102	105	120	117·9	118·1	123·8	122·4	122·3	123·0	123·2	...
22. Av. hours of work, N.I.C.B.	Number	48·3	43·9	40·4	34·8	36·4	34·7	37·2	39·7	39·3	41·0	40·9	34·2	32·6	33·4	33·3	33·0	...
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.	1929=100	100	96·2	87·2	77·9	74·9	79·4	82·6	84·8	88·4	88·2	88·7	88·5	87·4	86·6	86·6	86·7	...
25. Wholesale prices, D. of Lab.	„	100	90·7	76·6	68·0	69·3	78·7	83·9	84·8	90·6	92·3	91·7	85·7	84·9	83·7	83·6	82·6	...
26. „ raw materials „	„	100	86·5	67·3	56·5	57·9	70·4	79·1	82·0	86·9	91·0	89·3	77·3	78·8	75·5	75·1	...	...
27. „ semi-manufactures „	„	100	87·2	73·5	63·2	61·4	77·6	78·4	80·8	90·8	94·2	93·2	82·7	81·9	81·0	80·4	...	...
28. „ Finished goods „	„	100	93·1	81·5	74·4	74·6	82·8	87·0	86·8	92·2	92·5	92·6	90·3	89·2	88·1	88·2	...	...
29. „ Farm products „	„	100	84·1	61·8	45·9	49·0	62·3	75·1	77·2	82·5	87·9	85·6	69·3	68·2	65·6	67·0	...	...
30. 351 Indus. securit's., Stand. Stat.	„	100	74·2	45·9	24·4	35·0	42·9	48·0	67·3	69·0	75·3	72·4	49·7	51·3	50·5	47·1	44·1	46·1
FINANCE																		
31. Total Res. Bank credit	Million $	1,739	1,386	1,853	2,171	2,674	2,470	2,486	2,500	2,612	2,565	2,585	2,612	2,593	2,590	2,611	2,594	...
32. Gold stock	„	3,900	4,225	4,051	4,045	4,012	8,238	10,125	11,258	12,760	11,799	11,990	12,760	12,755	12,776	12,794	12,869	12,915
33. Money in circulation	„	4,578	4,603	5,360	5,388	5,519	5,536	5,882	6,543	6,551	6,426	6,162	6,550	6,320	6,334	6,356	6,397	6,467
34. Member Bank Res. Balances	„	2,355	2,471	1,961	2,509	2,729	4,096	5,587	6,606	7,027	6,881	6,915	7,027	7,237	7,248	7,287	7,623	...
35. „ Excess Reserves	„	−73	96	−33	576	859	1,814	2,844	1,984	1,212	1,594	918	1,212	1,383	1,415	1,546	2,548	...
Member Banks in 101 towns:																		
36. loans and investments	„	...	...	...	...	...	...	20,895	22,931	22,168	22,280	22,201	21,484	21,285	21,214	21,072	20,819	...
37. deposits: Demand	„	19,112	18,660	15,985	14,965	11,383	11,419	13,888	15,571	14,431	15,388	15,528	14,431	14,464	14,381	14,268	14,598	14,589
38. „ Time	„	13,070	13,654	11,453	10,527	4,790	4,781	4,911	5,067	5,205	5,158	5,222	5,205	5,225	5,260	5,218	5,230	5,216
39. Bank debits outside N.Y. City	„	26,901	23,113	17,119	12,819	13,288	15,701	18,676	23,238	19,590	20,062	19,292	20,825	17,597	14,589	17,373	16,597	...
40. Call money	%	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	...	...
41. Yield on Govt. bonds	%	3·60	3·28	3·31	3·66	3·31	3·10	2·69	2·47	2·57	2·74	2·67	2·54	2·47	2·46	2·45	2·43	...
42. Capital issues, C.F. Chronicle	Million $	595	848	260	99	59	115	123	166	193	161	150	164	121	199	126	197	157
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	72·7	75·5	74·8	73·4	70·5	69·1	67·6	66·9	...
44. Coal	Thous. met. tons	4,482	4,490	4,167	3,856	3,907	3,969	3,851	3,769	3,693	3,910	3,414	4,160	3,613	3,685	4,294	4,042	...
45. Electricity S.G.F.(a)	1929=100	100	99·2	93·3	88·2	96·7	98·3	101·7	104·2	114·3	116·8	116·0	117·7	119·3	125·2	122·7	...	...
46. Steel	Thous. met. tons	808	787	652	470	544	512	522	559	655	684	651	675	623	561	564	503	...
47. Building activity S.G.F.(a)	1929=100	100	111·4	101·6	81·3	74·0	66·7	55·3	52·0	48·1	50·4	49·6	43·6	43·6	43·6	44·4	44·4	...
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	41·6	41·9	39·8	44·7	39·8	41·4	42·0	39·8	...
49. Imports	Mill. frs.	4,852	4,376	3,517	2,484	2,369	1,925	1,745	2,118	3,526	3,297	3,051	4,539	3,892	4,288	3,527	3,877	3,878
50. Exports	„	4,178	3,570	2,536	1,642	1,539	1,487	1,289	1,288	1,995	1,973	1,759	2,346	2,452	2,319	2,231	2,364	2,324
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	350·5	368·4	345·5	365·5	403·8	412·4	401·1	393·1	...
52. Wage rates, Paris region	1929=100	100	106	105	100	102	102	101	116	...	...	...	...	...	...	...	...	...
PRICES																		
53. Wholesale, index of S.G.F.	„	100	88·4	80·0	68·2	63·6	60·0	54·0	65·5	92·7	88·0	87·7	100·6	101·4	100·6	101·1	102·6	104·3
54. Cost of living, Paris, „	„	100	104·5	102·3	94·6	93·5	92·8	86·9	91·1	111·3	109·0	109·0	118·3	23·7	123·7	123·7	...	...
55. Industrial securities „	„	100	84·6	58·1	47·0	44·8	35·4	36·3	33·4	43·8	43·3	42·5	38·6	38·1	38·2	37·1	43·1	43·2
FINANCE																		
56. Govt. revenue: impôts indirects	Mill. frs.	35,496	33,912	33,048	28,980	28,560	27,420	26,244	26,670	30,640	10,022	11,947	30,640	3,603	6,163	8,711	12,180	...
57. Impôts sur les revenus	„	10,592	10,716	10,068	7,428	6,348	5,904	5,088	5,705	6,815	697	1,044	6,815	316	644	743	840	...
58. Bank of France: Gold	„	41,668	53,578	68,863	83,017	77,098	82,124	66,296	60,359	58,933	57,359	57,359	58,933	58,933	55,807	55,807	55,807	55,808
59. „ Notes in circulation	„	68,571	76,436	85,725	85,028	82,613	83,412	81,150	89,842	93,837	87,063	85,745	93,836	92,255	92,740	98,095	98,519	98,923
60. Commercial bank deposits	„	34,065	36,681	38,245	37,759	32,635	30,943	27,553	28,484	30,348	27,702	28,242	30,348	30,022	30,197	29,234	...	...
61. Bank clearings, Paris	„	42,705	46,333	38,377	27,700	31,545	27,012	28,275	24,244	28,508	31,631	26,247	30,640	32,417	27,426	33,964	34,867	...
62. Interest rates: — Bank rate	%	3·50	2·71	2·12	2·50	2·50	2·50	3·70	4·00	4·00	4	4	3	3	3	3	3	2·5
63. „ „ Market discount	%	3·50	2·26	1·55	1·26	1·90	2·09	3·48	4·00	3·97	4·13	4·13	3·13	3·17	3·27	3·53	3·38	...
64. „ „ 3% Rentes	%	3·96	3·42	3·46	3·82	4·35	4·12	3·73	3·87	3·90	4·20	4·24	4·31	4·30	4·35	4·43	4·13	...
65. Capital issues	Mill. frs.	1,569	2,233	1,899	1,214	868	806	615	326	776	150	449	702	171	1,113	152	...	...
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	117·2	116·9	117·9	120·0	114·6	119·3	123·1	...	...
67. Investment goods „	„	100	81·6	52·6	34·4	43·6	72·6	99·4	113·2	124·4	125·5	130·2	123·2	113·4	122·3	129·1	...	...
68. Consumption goods „	„	100	94·0	89·2	76·3	82·6	92·4	88·2	98·7	104·6	103·1	97·2	112·1	109·6	109·9	112·0	...	...
69. Coal	Thous. met. tons	13,620	11,892	9,887	8,728	9,160	10,418	11,918	13,108	15,376	15,720	13,904	16,242	15,939	15,176	16,679	14,495	...
70. Lignite	„	14,588	12,168	11,109	10,221	10,566	11,437	12,282	13,445	15,390	14,631	13,701	17,042	16,438	15,130	16,244	14,660	...
71. Electricity, I.K.	1929=100	100	96·0	84·5	76·7	84·6	99·7	113·6	131·0	155·3	140·0	149·1	183·2	180·7	167·4	161·1	169·4	...
72. Steel	Thous. met. tons	1,854	962	691	481	634	993	1,844	1,601	1,654	1,645	1,608	1,765	1,812	1,770	1,949	1,766	...
73. Machinery (orders filled), I.K.	1929=100	100	82·4	59·0	37·9	41·5	63·1	81·0	97·5	...	...	...	...	...	...	...	...	...
74. Automobiles, total „	„	100	66·4	46·7	27·7	53·9	90·3	128·5	155·7	...	...	...	...	...	...	...	...	...
75. Textiles, index of activity „	„	100	97·4	94·9	85·7	98·1	106·8	98·5	106·6	108·1	113·5	101·2	115·6	114·5	116·5	119·2	...	...
TRANSPORT																		
76. Rly. traffic: trucks ordered	Thous. per day	152·1	131·5	112·6	99·8	104·9	117·5	124·3	135·2	146·7	145·5	148·5	148·7	134·2	140·3	147·7	149·4	153·0
77. Retail trade, index of I.K.	1929=100	100	91·4	79·2	62·4	59·4	65·9	68·9	76·1	83·3	82·9	78·8	133·0	73·3	75·9	83·2	...	...
78. Retained imports (c)	Mill. Rm.	1,120	866	561	389	350	371	347	352	456	481	448	531	478	448	455	430	...
79. Domestic exports (c)	„	1,124	1,003	800	478	406	347	356	397	493	493	457	552	437	427	467	423	...
EMPLOYMENT—WAGES																		
80. Employment	Thous.	17,869	16,515	14,336	12,518	13,016	15,041	15,949	17,106	18,402	18,448	18,776	18,109	18,079	18,226	18,831	19,426	19,850
81. Unemployment	„	1,892	3,076	4,520	5,575	4,804	2,718	2,151	1,593	912	961	776	995	1,052	946	508	428	338
82. Tariff wage rates	1929=100	100	101·7	96·5	81·7	79·2	79·1	79·1	79·1	...	...	...	...	...	...	...	...	...
PRICES																		
83. Wholesale	„	100	90·8	80·8	70·3	68·0	71·7	74·2	75·9	77·2	77·1	77·2	76·9	77·0	77·0	77·1	77·0	...
84. Cost of living	„	100	96·2	88·4	78·3	76·6	78·6	79·9	80·8	81·2	81·2	81·2	81·0	81·1	81·3	81·5	81·6	...
85. Industrial securities	„	100	81·6	60·1	40·7	57·7	57·9	67·5	74·6	87·3	86·4	87·4	86·6	88·6	88·3	88·5	89·5	...
FINANCE																		
86. Money in circulation	Mill. Rm.	5,965	5,858	5,827	5,802	5,359	[illegible]	5,761	6,174	6,686	6,937	6,830	7,499	7,143	7,241	7,591	8,068	...
87. Deposits, 8 banks	„	12,306	13,114	10,129	8,048	7,308	6,998	6,887	7,631	6,114	6,102	6,200	...	6,131	6,194	6,340	6,399	...
89. Interest rates: Bank rate	%	7·1	4·9	6·9	5·2	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0
89. „ Loans for one month	„	8·97	6·14	8·71	6·73	5·78	5·07	3·64	3·14	...	...	...	...	...	...	...	...	...
90. Yield on 4½% mortgage bonds	„	7·40	7·15	7·04	8·38	8·15	6·57	5·06	4·67	4·54	4·55	4·54	4·50	4·50	4·50	4·49	4·49	4·50
91. Capital issues	Mill. Rm.	224	290	165	81	129	85	284	338	...	147	820	155	1,535	204	11	...	...

(a) Adjusted for seasonal variations. (b) Partly adjusted for seasonal variations. (c) Since January, 1938, excluding trade with Austria.

EUROPEAN COUNTRIES
(Bi-monthly Table)

	Unit of Measurement	Monthly Average									1937			1938				
		1929	1930	1931	1932	1933	1934	1935	1936	1937	Apr.	May	Dec.	Jan.	Feb.	Mar.	Apr.	May
AUSTRIA (Population 1936: 6,758,000; Area: 84,000 sq. kms.)																		
1. Industrial production (a)	1929=100	100	85	70	61	63	70	80	86	106	102	104	103	91	91	...	...	...
2. Retained imports (g)	Mill. schilling	271·9	224·9	180·1	115·3	95·7	96·1	100·5	104·1	121·1	121·7	121·1	137·9	86·0	86·4	90·7	71·1	...
3. Domestic exports (g)	„	182·4	154·3	107·6	63·7	64·6	71·4	74·6	79·3	101·4	102·8	98·3	110·4	63·1	67·7	73·3	44·2	...
4. Applicants for work	Thousands	192·1	242·6	300·2	377·9	405·7	370·2	348·7	349·7	321·0	330·1	303·6	368·6	401·0	...	536·0	416·0	...
5. Wholesale prices	1929=100	100·0	90·0	83·9	86·2	83·1	84·6	84·4	83·9	87·0	87·2	88·8	85·0	85·5	85·2	85·4	85·2	...
6. Cost of living	„	100·0	100·0	95·5	97·3	94·8	94·5	94·4	94·4	94·3	93·9	94·1	94·3	94·4	94·1	93·5	93·6	...
7. Price of industrial securities	„	100·0	84·0	64·0	54·5	45·1	49·4	65·3	81·8	94·3	96·6	93·2	84·0	85·0	84·0	82·9	...	...
8. Notes in circulation	Mill. schilling	1,094	1,090	1,183	914	952	964	976	944	944	905	882	944	892	953	...	...	...
BELGIUM (Population 1935: 8,300,000; Area: 30,000 sq. kms.)																		
9. Industrial production	1929=100	100·0	88·8	81·1	69·1	72·2	73·0	82·2	86·7	93·6	90·9	87·5	80·9	73·8	70·0	67·9	67·1	...
10. Retained imports	Mill. francs	2,961	2,581	1,979	1,347	1,235	1,142	1,426	1,775	2,271	2,446	2,386	2,355	2,008	1,926	2,122	1,900	...
11. Domestic exports	„	2,649	2,172	1,922	1,234	1,169	1,128	1,316	1,627	2,116	2,297	2,171	2,095	1,798	1,803	1,891	1,723	...
12. Unemployment	Thousands	27·3	74·2	201·1	336·7	338·0	349·1	284·2	213·7	194·0	164·1	171·6	283·8	325·3	305·9	...	...	...
13. Wholesale prices	1929=100	100·0	87·4	73·6	62·5	58·9	55·6	63·1	69·1	80·4	81·8	81·4	77·4	77·6	77·2	75·7	75·2	74·1
14. Cost of living	„	100·0	103·6	93·0	83·6	82·6	79·4	79·9	84·7	91·8	88·8	88·8	95·3	95·7	95·0	93·6	92·0	...
15. Price of industrial securities	„	100·0	68·2	49·5	37·4	36·4	39·8	37·4	47·0	62·2	62·6	62·1	52·5	51·3	48·7	43·4	...	...
16. Notes in circulation	Mill. francs	13,425	16,419	18,270	18,135	17,093	17,650	20,583	22,702	21,542	22,104	21,902	21,542	21,409	21,624	22,094	21,949	20,582
CZECHOSLOVAKIA (Population 1936: 15,187,000; 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	913·8	1021·2	976·9	1072·4	667·3	757·1	792·2	820·0	...
18. Domestic exports	„	1708·1	1456·0	1093·2	611·9	487·9	606·7	618·2	667·3	996·3	951·9	1041·4	1199·6	938·8	911·1	1025·4	932·3	...
19. Registered unemployed	Thousands	41·7	105·4	291·3	554·0	738·3	677·0	686·3	622·7	408·9	503·6	385·1	459·1	519·0	511·3	434·5	360·8	285·8
20. Wholesale prices	1929=100	100·0	88·8	80·6	74·5	72·2	74·0	77·2	77·4	82·0	82·7	82·4	80·3	80·3	80·0	79·6	80·1	...
21. Cost of living	„	100·0	97·8	93·4	91·7	90·7	89·6	92·3	93·1	94·3	93·7	94·0	95·0	96·7	96·9	97·1	97·5	...
22. Price of industrial securities	„	100·0	81·8	65·0	51·7	56·6	60·1	65·6	88·4	111·2	125·0	112·0	97·0	95·9	91·0	86·2	85·5	...
23. Notes in circulation	Million kr.	8,230	7,824	7,679	6,755	6,334	6,917	6,137	6,972	7,497	6,437	6,290	7,497	6,646	6,623	7,553	7,688	9,851
DENMARK (Population 1936: 3,709,000; Area: 43,000 sq. kms.)																		
24. Industrial production (b)	1929=100	100	108	100	91	105	117	125	130	134	137	138	130	130	131	135	136	...
25. Retained imports	Mill. kr.	142·9	138·0	117·5	92·0	102·1	108·9	107·2	120·2	136·0	138·3	147·4	127·5	153·0	124·0	155·3	117·3	...
26. Domestic exports	„	134·6	127·0	105·0	90·5	96·9	98·0	101·1	110·5	128·4	136·5	122·4	139·7	119·3	112·3	132·0	125·3	...
27. Applicants for work	Thousands	44·6	40·6	59·4	126·0	121·1	97·6	92·4	93·3	107·1	86·4	73·4	168·9	150·1	145·0	119·7	107·8	93·4
28. Wholesale prices	1929=100	100·0	86·1	75·9	77·8	83·3	90·7	92·6	97·2	110·2	111·1	112·0	111·1	110·2	108·3	106·5	104·6	103·7
29. Cost of living	„	100·0	94·6	89·3	89·3	92·9	96·4	99·1	100·4	104·4	103·9	103·9	105·8	105·8	105·8	105·8	...	...
30. Price of industrial securities	„	100·0	94·3	85·4	74·8	83·1	96·2	98·7	105·7	106·6	113·6	111·4	99·8	100·4	101·0	106·5	107·1	105·9
31. Notes in circulation	Mill. kr.	367	360	346	332	375	386	384	399	417	392	384	417	386	391	399	420	409
FINLAND (Population 1935: 3,582,000; 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	137·5	149·2	158·3	139·2	146·7	156·7	154·2	158·3	...	...
33. Retained imports	Million mks.	583·5	437·3	288·7	291·9	327·3	398·0	445·4	530·7	773·1	754·2	886·5	770·2	686·3	578·1	680·3	687·6	...
34. Domestic exports	„	535·8	450·3	371·4	386·0	441·5	518·8	520·0	601·9	780·6	528·6	620·7	797·0	522·2	473·9	546·8	533·0	...
35. Applicants for work	Number	3·906	7·993	11·522	17·581	17·139	10·911	7·163	4·796	3·763	3,551	3,126	3,770	4,579	4,544	3,635	3,462	...
36. Wholesale prices	1929=100	100·0	91·8	85·7	91·8	90·8	91·8	91·8	93·4	104·6	105·1	106·1	104·1	104·1	103·1	102·0	101·0	...
37. Cost of living	„	100·0	92·2	84·8	83·7	81·7	80·2	81·4	81·5	85·8	85·0	85·9	...	88·1	88·1	88·1	86·9	...
38. Notes in circulation	Mill. markka	1,361	1,279	1,293	1,085	1,184	1,277	1,381	1,630	2,052	2,008	1,900	2,052	2,015	2,189	2,292	2,272	2,184
HOLLAND (Population 1936: 8,557,000; 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	90·9	96·9	97·5	85·8	87·0	88·9	81·5	75·9	...
40. Retained imports	Mill. gulden	229·36	201·52	157·73	108·29	100·73	86·52	77·99	84·71	129·18	142·03	128·12	127·76	119·32	118·21	120·05	115·19	109·73
41. Domestic exports	„	165·79	143·24	109·32	70·51	60·49	59·32	56·26	62·18	95·68	101·19	90·22	98·16	82·19	81·84	90·08	80·53	83·15
42. Unemployed registered	Thousands	...	...	138·2	271·1	322·9	332·8	384·7	414·5	368·9	328·5	310·6	437·5	439·3	420·8	372·4	...	...
43. Index of wages (hrly. earnings)	1929=100	100	102	100	93	89	87	84	81	...	...	...	...	...	...	...	...	...
44. Wholesale prices	„	100·0	89·9	76·5	64·8	63·1	63·2	61·7	64·0	76·4	77·3	76·9	75·8	75·4	74·4	73·4	72·7	72·1
45. Cost of living	„	100·0	95·8	90·0	83·9	83·0	83·4	81·1	78·6	81·8	81·0	81·1	83·0	82·8	82·6	82·1	82·3	...
46. Price of industrial securities	„	100·0	70·4	52·1	34·5	38·0	40·1	38·7	45·1	67·0	68·5	66·1	62·0	65·1	65·6	63·8	63·5	64·1
47. Notes in circulation	Mill. gulden	862	847	1,025	963	913	913	810	793	869	797	836	869	887	903	900	901	945
ITALY (Population 1937: 42,831,000; 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	99·6	104·1	106·9	103·1	96·7	103·3	104·5	...	...
49. Retained imports	Million lire	1805·6	1445·6	970·3	689·0	619·3	639·6	649·2	503·3	1153·1	1249·1	1353·7	1182·5	1135·4	998·0	1014·3	934·8	...
50. Domestic exports	„	1269·7	1009·9	850·8	567·7	499·2	435·3	436·5	462·3	869·1	986·9	848·2	1032·3	824·1	879·3	813·5	843·2	...
51. Wholly unemployed	Thousands	300·8	425·4	734·5	1006·4	1019·0	963·7	...	...	...	...	...	...	...	...	...	...	...
52. Wholesale prices	1929=100	100·0	89·5	78·1	73·0	66·5	65·0	71·5	80·1	93·4	90·3	92·0	101·0	99·8	98·2	98·3	99·6	...
53. Cost of living	„	100·0	96·6	87·2	83·1	79·6	75·5	76·6	82·6	90·7	87·8	89·2	97·1	98·0	98·1	98·1	97·6	...
54. Notes in circulation	Million lire	16,774	15,680	14,295	13,672	13,243	13,145	16,297	16,525	...	15,645	...	...	...	16,520	...	...	...
NORWAY (Population 1936: 2,895,000; Area: 323,000 sq. kms.)																		
55. Industrial Production	1929=100	100·0	101·0	78·4	92·7	93·8	97·8	107·7	115·7	127·6	124·2	127·0	128·8	126·4	139·6	123·2	...	...
56. Retained imports	Million krone	88·61	87·98	71·20	56·89	54·76	60·74	68·14	76·36	106·12	129·70	119·8	98·53	95·31	92·90	110·72	104·93	...
57. Domestic exports	„	61·89	56·23	38·31	46·74	45·82	47·50	49·80	56·21	67·57	68·46	60·69	85·35	76·32	63·23	65·15	52·32	...
58. Unemployed registered	Number	19,089	19,353	27,479	32,705	35,691	35,121	36,103	32,643	28,520	31,824	26,298	33,906	33,046	35,311	34,104	29,850	25,693
59. Wholesale prices	1929=100	100·0	92·0	81·9	81·9	81·9	83·2	85·2	89·9	104·6	103·4	105·4	106·7	106·1	105·4	104·0	103·4	...
60. Cost of living	„	100·0	97·0	92·2	89·8	88·6	89·2	91·0	93·4	99·9	98·2	98·2	103·0	103·0	103·6	103·0	103·0	103·0
61. Price of industrial securities	„	100·0	78·3	62·3	53·8	68·4	72·8	84·4	109·4	125·8	131·1	124·4	113·6	120·8	117·1	109·6	107·2	...
62. Notes in circulation	Million krone	318	312	334	315	327	333	348	429	449	411	403	449	421	418	430	444	436
SWEDEN (Population 1936: 6,267,000; Area: 449,000 sq. kms.)																		
63. Industrial production (b)	1929=100	100	100	95	88	93	112	125	135	149	147	147	153	147	147	146	146	...
64. Retained imports	Million krone	148·6	138·5	119·0	96·2	[illegible]	108·7	123·0	136·1	175·9	199·3	184·4	183·6	158·9	147·1	173·0	167·4	...
65. Domestic exports	„	151·0	129·2	93·5	79·0	[illegible]	108·5	108·1	126·2	166·2	148·7	171·3	198·3	145·2	134·1	133·5	156·8	...
66. Unemployed	Thousands	32·6	42·0	64·8	90·7	97·3	84·7	81·4	71·9	67·4	69·6	53·6	109·6	97·4	89·6	84·5	...	...
67. Wholesale prices	1929=100	100·0	87·1	79·3	77·9	76·4	81·4	82·9	85·7	97·9	98·6	99·3	97·1	96·4	95·7	94·3	93·6	92·9
68. Cost of living	„	100·0	97·1	93·5	92·4	90·6	91·2	92·1	92·8	96·1	...	...	97·1	...	...	97·1	...	...
69. Price of industrial securities	„	100·0	87·5	64·1	37·3	36·9	45·8	52·3	67·3	78·8	80·7	78·2	75·1	78·9	76·2	67·2	72·5	71·9
70. Notes in circulation	Million krone	569	594	583	598	648	708	786	893	980	862	837	980	906	921	965	948	931
SWITZERLAND (Population 1935: 4,163,000; Area: 41,000 sq. kms.)																		
71. Retained imports	Million francs	227·57	213·65	187·60	146·89	132·87	119·54	106·94	105·52	150·60	172·95	147·13	163·94	126·71	131·39	141·84	124·18	126·26
72. Domestic exports	„	174·82	146·87	112·40	66·75	71·07	70·36	68·50	73·47	107·17	105·42	102·35	122·72	94·16	101·03	111·07	106·75	104·14
73. Unemployed (wholly)	Per cent.	1·8	3·4	5·9	9·1	10·8	9·8	11·8	13·2	10·0	9·7	7·2	13·6	14·0	13·6	9·3	...	...
74. Wholesale prices	1929=100	100·0	89·6	77·7	68·0	64·5	63·6	63·6	67·7	78·8	80·0	79·7	77·6	77·9	77·5	76·6	76·6	75·7
75. Cost of living	„	100·0	98·1	93·2	85·7	81·4	80·1	79·5	80·7	84·9	84·9	84·7	85·6	85·6	85·3	85·1	84·8	84·7
76. Price of industrial securities	„	100·0	91·0	70·2	52·6	63·6	66·0	70·4	81·0	105·6	105·1	102·4	108·1	115·3	119·4	115·1	115·9	127·0
77. Notes in circulation	Million francs	999	1,062	1,609	1,613	1,510	1,440	1,366	1,482	1,531	1,386	1,374	1,531	1,451	1,471	1,530	1,538	1,529
U.S.S.R. (Population 1935: 173,000,000; Area: 21,176,000 sq. kms.)																		
78. Industrial production	1929=100	100·0	130·9	161·3	183·4	198·4	238·3	293·4	382·3	...	...	...	...	...	...	...	...	...
79. Output of investment goods	„	100·0	141·9	183·2	213·2	234·8	292·6	368·0	485·7	...	...	...	...	...	...	...	...	...
80. „ consumers' goods	„	100·0	120·7	141·2	155·9	164·8	188·9	224·9	286·0	...	...	...	...	...	...	...	...	...
81. Retained imports	Mill. New Rbls.	321·5	386·5	403·4	257·0	127·1	84·8	88·1	112·7	111·8	121·6	127·2	114·3	116·5	70·5	...	...	...
82. Domestic exports	„	337·1	378·3	296·1	209·9	180·6	152·7	134·1	113·3	144·1	80·0	121·9	142·4	70·0	40·7	...	...	...

WORLD STATISTICS (Monthly Table)

	Unit of Measurement	1929	1930	1931	1932	1933	1934	1935	1936	1937	Apr. 1937	May 1937	Dec. 1937	Jan. 1938	Feb. 1938	Mar. 1938	Apr. 1938	May 1938
83. Industrial production	1929=100	100	88	79	69	78	85	96	110	...	...	...	...	...	...	...	...	...
84. „ „ (excl. U.S.S.R.)	„	100	86	78	63	71	77	85	95·5	101·9	106·7	106·8	89·1	87·8	88·5	88·8	...	...
85. Output of raw materials	„	100	91	81	71·4	78·6	85	93	105	...	...	...	...	...	...	...	...	...
86. „ foodstuffs	„	100	102	100	100	102	102	101	103	...	...	...	...	...	...	...	...	...
87. Stocks of primary products (e)	„	100	117	124	123	121½	115	102½	93	...	...	...	...	...	...	...	...	...
88. Value of world trade (gold) (d)	„	100	81·0	57·9	39·1	35·2	33·9	34·7	37·4	46·2	47·3	...	47·9	42·1	39·7	43·3	39·4	...
89. Volume of world trade (d)(f)	„	100	93	85·5	74·5	75·5	78·0	81·7	85·9	97·6	...	...	...	...	...	...	...	...

(a) Adjusted for seasonal variations. (b) Partly adjusted for seasonal variations. (c) Series revised. (d) Excluding Spain from 1936.
(e) Annual figures, except for 1929, relate to end of year. (f) Indices shown in last month of quarter to which they relate. (g) Since Jan., 1938, excluding trade with Germany.

RAW MATERIALS AND CRUDE FOODSTUFFS

GROUP I.—MONTHLY TABLE.

Commodity	Unit of Measurement	Monthly Average 1929	1930	1931	1932	1933	1934	1935	1936	1937 (a)	1937 Apr.	May	Dec.	1938 Jan.	Feb.	Mar.	Apr.	May
COAL																		
1. Production : Belgium	Th. metric tons	2,245	2,285	2,254	1,785	2,108	2,199	2,207	2,323	2,473	2,623	2,298	2,582	2,566	2,463	2,701	2,501	...
2. ,, France	,,	4,482	4,490	4,167	3,856	3,907	3,969	3,851	3,769	3,693	3,910	3,414	4,161	3,613	3,685	4,294	4,047	...
3. ,, Germany : Coal	,,	13,620	11,892	9,887	8,728	9,141	10,405	11,918	13,190	15,376	15,720	13,901	16,242	15,939	15,178	16,679	14,495	...
4. ,, Poland	,,	3,853	3,128	3,189	2,403	2,283	2,436	2,395	2,479	3,018	2,740	2,191	3,338	3,379	3,074	3,003	2,911	...
5. ,, U.K.	,,	21,337	20,850	18,582	17,717	17,525	18,708	18,877	19,349	20,421	22,093	19,016	21,474	21,166	20,421	22,359	18,112	...
6. ,, U.S.A.	,,	46,026	40,590	33,395	27,183	28,967	31,898	31,576	36,781	37,042	29,707	31,041	37,126	32,346	27,705	27,905	22,955	23,827
7. ,, All Principal countries	,,	107219	93,962	86,002	76,498	79,694	87,514	89,337	97,877	...	97,417	92,557	104774	98,747	90,210	96,175	83,191	...
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	18·57	17·64	18·56	19·6	20·24	20·76	20·92	20·78	21·10
OIL																		
9. Production : Dutch East Indies	Th. metric tons	437	461	392	424	461	503	507	536	605	584	612	627	603	569	634	...	...
10. ,, Mexico	,,	556	492	411	408	422	475	501	511	575	635	506	646	618	600	...	...	...
11. ,, Persia(Ang.-Ir. Oil)	,,	462	503	487	543	544	579	577	628	871	759	762	880	880	796	...	...	...
12. ,, Roumania	,,	403	483	569	612	615	706	698	723	596	604	616	575	562	512	573	560	...
13. ,, U.S.A.	,,	11,509	10,280	9,714	8,970	10,347	10,375	11,386	12,550	14,597	14,393	15,206	14,612	14,533	12,978	14,604	14,080	...
14. ,, U.S.S.R.	,,	1,206	1,552	1,912	1,791	1,786	2,013	1,989	2,193	2,318	2,181	2,194	2,414	2,420	1,864	...	...	...
15. ,, All Principal countries	,,	17,145	16,351	15,811	15,048	16,516	17,429	18,838	20,575	23,500	23,003	23,881	21,000	23,500	20,882	...	...	...
16. Stocks : U.S.A. end year	million barrels	422	402	371	340	354	337	315	288	306	304	308	306	306	306	309	307	...
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	115·2	116·0	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	322	328	330	266	229	181	175	160	...
19. ,, France	,,	808	787	652	470	544	514	523	559	655	684	651	675	623	561	564	503	...
20. ,, Germany, inc. Saar	,,	1,354	962	691	481	632	990	1,371	1,601	1,654	1,645	1,608	1,785	1,812	1,770	1,949	1,766	...
21. ,, Japan, ex. castings	,,	191	191	157	200	267	325	375	419	...	514	496	...	...	...	...	...	...
22. ,, Luxemburg	,,	225	189	170	163	154	161	153	165	209	230	224	160	132	111	109	109	111
23. ,, U.K.	,,	816	620	438	445	595	750	833	990	1,098	1,098	1,064	1,122	1,099	1,075	1,134	953	972
24. ,, U.S.A., ex. castgs.	,,	4,599	3,326	2,133	1,128	1,913	2,139	2,830	3,963	4,192	5,152	5,233	1,496	1,760	1,731	2,044	1,956	1,836
25. ,, U.S.S.R.	,,	407	483	451	490	571	800	1,034	1,362	1,485	1,493	1,521	1,575	1,490	1,434	1,631	1,596	...
26. ,, All Principal countries	,,	9,714	7,860	5,615	4,113	5,510	6,638	7,983	9,970	10,394	11,936	11,924	7,801	7,887	7,561	8,391	7,779	...
27. Price : Pig iron Clevel. No. 3.	£ per ton	3·53	3·35	2·91	2·91	3·13	3·35	3·39	3·70	4·67	4·05	4·05	5·3	5·45	5·45	5·45	5·45	5·45
GOLD																		
28. Production : Union of S. Africa	Thous. fine ozs.	868	893	907	963	918	873	898	945	978	980	972	991	988	929	1,014	903	...
29. ,, U.S.S.R.	,,	90	120	146	183	221	317	375	450	500	...	...	...	...	...	...	...	...
30. ,, Canada	,,	161	175	225	254	248	248	274	310	341	323	345	362	361	340	376	...	...
31. ,, U.S.A.	,,	171	175	185	185	190	229	264	313	341	...	...	...	...	...	...	...	...
32. ,, World (b)	,,	1,632	1,736	1,867	2,025	2,112	2,275	2,465	2,752	2,958	...	...	...	...	...	...	...	...
33. Price: London, per fine ounce	sh.	84·9	85·0	92·5	118·0	124·9	137·6	142·1	140·3	140·7	141·30	140·56	139·8	139·6	139·75	139·89	139·70	139·94
WHEAT																		
34. World shipments, yr. ended July	Mlns. of bushels	77	53	69	67	53	46	43	42	50	47	43	44	48	47	...	...	...
35. Stks.: World visible supplies (d)	,,	370·1	411·9	462·7	408·2	459·7	477·2	339·5	275·1	229·5	234·7	184·2	340·4	326·5	308·1	279·4	245·6	...
36. Average British import price...	sh. per cwt.	10·33	8·22	5·09	6·15	5·52	5·38	6·02	7·53	9·28	10·37	10·99	9·78	9·76	9·88	9·40	9·09	8·34
COTTON																		
37. Mill consumption : U.K.	Thousands	233	205	164	182	187	206	209	228	...	233	233	243	...	...	...	...	...
38. ,, Japan	of actual	231	250	214	231	242	271	311	304	...	324	324	344	...	...	...	...	...
39. ,, U.S.A.	bales	586	505	437	404	509	472	443	527	...	641	641	682	...	...	...	...	...
40. ,, World		2,157	2,101	1,874	1,860	2,029	2,093	2,035	2,116	...	2,389	2,389	2,488	...	...	...	...	...
41. Stks.: World Visible Supplies(d)	Thousand bales	2,736	4,317	6,593	7,882	7,510	6,571	5,983	4,297	3,875	5,717	5,105	7,965	8,773	8,665	8,240	7,910	7,467
42. Price : Mid. American	d. per lb.	10·33	7·48	5·08	5·25	5·54	6·67	6·70	6·89	6·37	7·60	7·31	4·78	4·94	5·08	5·07	4·87	4·65
SUGAR																		
43. Stks.: World visible supplies (d)	Thous. tons	4,047	5,522	6,765	7,018	6,441	5,692	4,166	2,983	2,816	5,312	4,878	6,084	5,821	6,309	6,889	6,521	...
44. Av. Brit. import price, unrefined	sh. per cwt.	9·68	8·91	8·10	7·70	7·46	6·98	6·38	6·71	8·62	8·79	8·32	9·09	9·47	9·53	8·04	7·54	6·5

GROUP II (a).—BI-MONTHLY TABLE.

Commodity	Unit of Measurement	1929	1930	1931	1932	1933	1934	1935	1936	1937 (a)	1937 Apr.	May	Dec.	1938 Jan.	Feb.	Mar.	Apr.	May
RUBBER																		
1. Production : Ceylon	Thous. tons	6·69	6·30	5·19	4·10	5·32	6·59	4·52	4·14	5·86	3·42	4·61	9·53	5·22	5·22	3·83	1·95	...
2. ,, D. E. Indies	,,	21·22	20·18	21·40	17·58	23·51	31·60	23·54	25·81	35·97	32·90	38·36	33·29	26·41	27·36	31·27	28·35	...
3. ,, British Malaya	,,	38·05	36·90	35·20	33·80	37·10	38·90	34·71	29·48	39·16	41·70	33·93	43·05	30·99	37·17	33·57	44·74	...
4. ,, World	,,	72·20	68·80	66·60	59·05	71·03	84·93	72·68	71·36	94·59	89·38	86·54	103·78	80·25	81·04	81·53	86·74	...
5. ,, Quota of restricting countries	% of est. cap'c'ty	...	...	...	...	...	87·14	67·50	62·50	83·75	89·00	89·00	90·00	70·00	70·00	70·00	60·00	60·00
6. Consumption : U.K.	Thous. tons	6·02	6·38	6·38	6·50	6·63	9·18	8·29	6·59	9·43	7·14	8·22	7·73	11·14	7·10	10·81	9·52	...
7. ,, U.S.A.	,,	38·95	31·33	29·58	28·08	34·33	38·75	41·04	47·79	45·3	51·80	51·73	29·16	29·43	23·87	30·49	27·98	...
8. ,, World	,,	67·12	59·53	57·05	57·70	68·73	78·78	78·58	85·07	90·06	94·36	102·31	69·77	68·21	62·01	76·63	66·26	...
9. ,, Reclmd. in U.S.A.	,,	18·08	12·79	10·25	6·46	7·08	8·40	9·42	10·84	13·25	15·61	11·69	7·67	7·23	7·44	8·82	7·48	...
10. Stocks : U.K. end year	,,	73·2	118·6	127·1	92·7	88·5	134·9	164·3	78·5	52·29	48·75	46·63	57·8	62·11	71·52	76·62	82·75	...
11. ,, U.S.A. ,, ,,	,,	118·6	201·0	322·0	379·0	365·0	355·9	303·0	218·8	189·7	174·9	173·0	256·6	274·6	294·3	299·2	301·4	...
12. ,, World ,, ,,	,,	328·7	453·3	589·3	589·2	619·4	687·4	595·3	433·9	413·9	390·3	374·4	497·2	500·2	522·4	536·8	539·9	...
13. Price : London, st. sm. sheet	pence per lb.	10·25	5·91	3·13	2·34	3·25	6·22	6·00	7·75	9 50	11·67	10·47	7·34	7·09	7·13	6·63	5·84	...
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	4·7	4·7	4·7	4·0	4·8	4·8	4·8	...	...
15. ,, Germany (e)	,,	4·9	4·9	5·2	4·6	5·2	7·5	7·7	8·3	10·0	9·8	9·8	9·4	10·6	10·6	10·6	...	...
16. ,, Italy	,,	5·9	5·5	6·4	5·9	5·9	7·1	7·1	7·1	8·7	8·8	9·0	9·8	10·0	9·2	9·9	...	...
17. ,, Japan	,,	2·1	3·0	4·0	6·3	8·2	13·0	18·3	22·9	27·9	26·9	28·0	23·2	21·0	20·9	21·3	...	...
18. ,, U.K.	,,	4·4	4·2	4·5	5·7	6·9	7·5	9 3	9 7	10·0	10·9	9·5	9·0	10·1	10·0	10·9	8·6	...
19. ,, U.S.A.	,,	10·1	10·6	12·6	11·2	17·8	17·7	21·5	23·2	26·0	26·2	26·2	25·0	19·2	19·2	19·2	...	...
20. ,, World (e)	,,	36·0	37·0	41·8	44·0	55·2	64·5	76·8	83·4	97·1	96·0	96·0	90·4	85·6	85·6	85·6	...	...
21. Price: Viscose, std. grade, per lb.	pence	...	...	78·0	77·0	72·0	59·0	55·5	55·5	55·1	55·6	55·0	55·0	55·0	55·0	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	1·2	1·1	1·1	1·1	1·3	1·3	1·3	...	...
23. ,, Germany (e)	,,	0·8	0·5	0·5	0·6	0·8	1·4	2·7	7·8	17·1	13·0	13·0	18·4	18·0	18·0	18·0	...	...
24. ,, Italy	,,	0·1	0·1	0·1	0·8	1·0	1·8	5·5	9·2	12·8	13·8	13·8	14·7	15·0	15·0	16·7	...	...
25. ,, Japan	,,	...	...	...	0·1	0·1	0·4	1·1	3·8	14·9	11·5	11·6	17·9	19·3	23·3	26·7	33·0	...
26. ,, U.K.	,,	0·2	0·1	0·1	0·2	0·2	0·3	0·8	2·4	2·9	2·8	2·7	2·8	2·4	2·2	2·4	2·0	...
27. ,, U.S.A. (e)	,,	0·0	0·0	0·1	0·1	0·2	0·2	0·5	1·0	1·7	1·4	2·0	2·5	2·5	2·5	2·5	...	...
28. ,, World (e)	,,	0·7	0·6	0·8	1·8	2·5	4·5	11·4	25·4	50·3	45·0	45·0	58·1	60·9	60·9	60·9	...	...
29. Price : Viscose, std. grade, per lb.	pence	...	...	...	...	...	...	15·5	11·0	10·9	11·0	11·0	10·0	10·0	10·0	10·0	10·0	10·0
WOOL																		
30. Stocks : Australia, S. Africa, N. Zealand, June 30	Million lbs.	35	98	101	147	74	114	94	47	50	...	...	...	...	...	...	...	...
31. Price : *Weekly Wool Chart*	1929 = 100	100	64·7	49·3	48·6	60·4	68·1	62·1	78·4	104·4	106·0	106·0	79·3	75·0	69·0	69·0	69·0	69·8
PIG IRON																		
32. Production : France	Th. metric tons	864	836	683	461	527	713	482	520	660	654	666	680	643	556	553	479	...
33. ,, Germany	,,	1,103	808	505	328	439	728	1,070	1,278	1,330	1,306	1,313	1,400	1,438	1,349	1,521	1,442	...
34. ,, U.K.	,,	643	524	318	303	350	506	544	651	719	692	707	796	773	704	720	672	644
35. ,, U.S.A.	,,	3,580	2,659	1,547	735	1,119	1,384	1,779	2,583	3,100	3,446	3,581	1,514	1,452	1,319	1,475	1,398	1,275
36. ,, U.S.S.R.	,,	362	417	405	513	597	867	1,042	1,193	1,210	1,217	1,259	1,232	1,140	1,099	1,285	1,234	...
37. ,, All principal countries	,,	7,974	6,454	4,480	3,170	3,959	5,026	5,882	7,319	8,084	8,588	8,872	6,537	6,389	5,848	6,427	6,040	...
TEA																		
38. Exports : Ceylon	Million lbs.	21·0	20·2	20·3	21·1	18·0	18·2	17·7	18·2	17·9	21·1	25·9	18·6	13·6	16·4	22·1	...	...
39. ,, Dutch East Indies	,,	13·3	13·2	14·4	14·5	13·2	11·8	12·1	12·8	12·2	14·4	13·2	14·4	13·5	12·1	13·5	...	...
40. ,, British India	,,	32·0	30·0	28·8	30·8	27·3	28·0	27·4	26·2	...	7·6	9·3	35·7	20·8	7·9	7·1	...	...
41. ,, World	,,	80·6	74·7	75·3	77·7	70·7	71·9	70·1	70·3	...	51·1	58·6	87·3	57·3	45·5	...	...	...
42. ,, Quota of Restricting countries (f)	% of std. quant'y	...	...	...	...	85·0	87·5	82·5	82·5	87·5	87·5	87·5	87·5	87·5	87·5	87·5	92·5	92·5
43. Consumption : U.K.	Mill. lbs.	35·4	36·6	38·5	37·9	36·5	36·0	36·9	36·8	35·1	42·0	21·1	35·7	35·4	37·0	49·3	...	...
44. ,, World	,,	78·1	75·2	75·1	74·2	72·2	71·2	72·8	71·3	...	76·6	55·2	73·9	70·6	67·8	...	...	...
45. Stocks : U.K. and Holland (c)	,,	281·9	294·8	278·9	315·8	295·7	309·4	270·3	241·2	224·0	151·7	156·4	224·0	233·6	223·7	192·5	...	...
46. Price : Av. London auctions	pence per lb.	16·25	15·23	12·24	9·45	11·78	13·27	12·90	13·07	15·18	15·59	15·71	13·70	14·28	14·53	14·39	14·67	14·51

CROPS (Season ended in Year shown)

Commodity	1931	1932	1933	1934	1935	1936	1937 (a)	1938 (a)
Cotton (thous. bales)								
1. Brazil	471	575	433	1,014	1,359	1,765	1,712	2,000
2. Egypt	1,655	1,271	991	1,715	1,511	1,707	1,821	2,202
3. India	5,226	4,007	4,656	5,108	4,851	5,933	6,307	5,407
4. U.S.A.	13,932	17,096	13,002	13,047	9,637	10,638	12,399	18,746
5. World	26,688	28,034	24,433	27,355	24,575	27,533	33,713	39,746
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	183
9. U.K.	42	38	44	62	70	65	53	52
10. U.S.A.	886	937	757	552	526	626	627	874
11. World	3,744	3,709	3,744	3,609	3,360	3,421	3,349	...

Commodity	1931	1932	1933	1934	1935	1936	1937 (a)	1938 (a)
Wool (mill. lbs.)								
12. Argentina	361	378	388	382	370	366	385	390
13. Australia	912	1,007	1,063	996	1,015	971	975	1,030
14. S. Africa	302	314	330	284	222	251	272	270
15. N. Zealand	271	270	277	289	265	304	304	313
16. U.K.	111	113	119	120	115	109	108	107
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	3,690	...
Sugar (thous. tons)								
19. Cuba	3,163	2,639	2,020	2,303	2,570	2,582	3,097	...
20. Java	3,121	2,957	2,715	1,483	892	555	1,392	...
21. U.K.	479	284	373	549	894	549	548	...
22. World	29,113	26,780	25,310	25,120	24,510	26,664	28,441	...

(a) Figures for 1937, and in the case of crops for 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.

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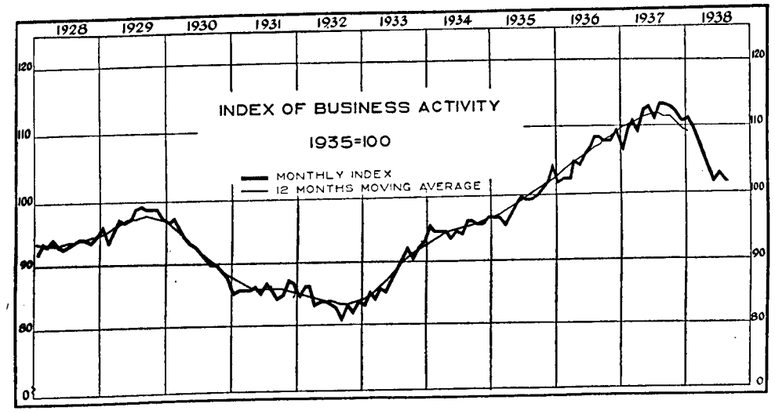
THE ECONOMIST
TRADE SUPPLEMENT

New Series SATURDAY, AUGUST 27, 1938 No. 20

The Trend of Business

THERE were indications in June that the force of the initial downward movement in industrial activity had exhausted itself. After falling without interruption from 113½ (1935 = 100) last September to 102 in May, *The Economist* index of business activity, adjusted for seasonal variations, rose to 103 in June. Although this improvement was not maintained in July, the index for the past month is no lower than that for May.

The lull in the decline of industrial activity, coupled with the market recoveries in June and July, have encouraged a widespread belief that a change in the long-term trend was imminent and that the autumn would witness a definite improvement. This argument—it was nothing more than an argument—was based on the fact that stocks of raw materials and finished goods had been appreciably reduced between September and May and that the expected revival in the United States, by lifting commodity prices, would set in motion a restocking movement in Britain **in the autumn.**



Although the position cannot be easily judged at this stage, the argument has not been conclusively substantiated by the course of events.

The rise in commodity prices, which carried *The Economist* index of the prices of primary products from 131.5 (September 18, 1931 = 100) on June 8th to 138.0 on August 3rd, has been followed by a slight setback, born partly of the less exuberant view taken of the business outlook in the United States. Moreover, though an increase in the flow of orders to British industry is still expected in the autumn, there have as yet been few indications that such a movement has actually got under way. There is usually a seasonal spurt in the volume of new business in the autumn. The important point is not whether orders will increase, but whether they will increase as much as, or more than, usual. Unless the international economic and political situation shows a material improvement within the next few weeks, there seems no reason why consumers should anticipate their requirements for a longer period ahead, which alone would give rise to a re-stocking movement of sufficient magnitude to bring about a revival of business activity.

There are no indications, for example, of an improvement in export business. As new orders are not immediately reflected in the export returns, an improvement in shipments can, in any case, scarcely be expected within the next few months. These have already fallen to a very low level, *The Economist* index of the volume of exports of United Kingdom manufactures having fallen from 113½ (1935 = 100) in July, 1937, to 93½ in the past month.

So far as domestic activity is concerned, the increase in re-armament expenditure has undoubtedly broken the force of the decline in new civil investment for commercial purposes in the home market. But this increase in re-armament expenditure, as is now recognised, has failed to compensate fully for the decline in new investment for commercial purposes. Even the metal industries, on which armament expenditure is largely concentrated, have experienced a substantial setback. The output of crude steel, for example, has fallen from a peak of 1,178,300 tons in November to 683,200 tons in July. Just as an expected shortage of steel a year ago led to a wild scramble for materials, the decline in consumption and the expectation of a reduction in prices at the end of this year is now prompting consumers to use up their stocks before placing new orders. The industry has thus experienced this year a de-stocking movement as violent as last year's re-stocking. Moreover, since many steel consumers confidently expect a reduction in prices at the end of the year, they are unlikely to increase their purchases materially within the next few months. Similar developments, though of less violence, are noticeable in the metal-using industries.

In contrast to the curtailment of output in the metal and textile trades, activity in the building and construction industries has so far been surprisingly well maintained. Indeed, the relatively mild recession in general business activity hitherto experienced is due in no small measure to the sustained activity of these industries, which represent a substantial sector of British industry. The maintenance of constructional operations at a high level in face of the decline in general business activity is due partly to the long time-lag between the commencement and completion of buildings and partly to the increase in construction for defence purposes. Even with these supports, however, a decline in the total volume of construction seems to have begun. Thus, the proportion of insured persons unemployed in July was 3.0 per cent. higher than a year ago in the case of building and 3.4 per cent. in public works contracting. There are no signs of anything like a slump in building activity in the near future, for the value of building plans passed by 140 local authorities in July was only 4.2 per cent. smaller than a year ago. Any serious decline in building would, of course, lead to a further marked contraction in general business activity.

Abroad, the United States appears to gain ground, though as the hesitation on Wall Street suggests, progress is not expected to be as rapid as it was generally believed some weeks ago. In France, industrial activity continues at a very low level, and there has been no improvement in Belgium, Holland, or Switzerland. Industrial activity in Germany is maintained well above the level of a year ago, but the slump on the Berlin Bourse is a reflection of the increasing difficulties in which private business is operating. Business in Scandinavian countries, though still at a high level, is showing a tendency to decline. Similarly, as recent export returns show, the British Dominions and most of the raw material producing countries are beginning to feel the effects of the decline in prices and in world demand for their products. So far, however, the recession in the majority of these countries has been slight.

British Industrial Developments

The following reports on British industry cover, in most cases, the period to the middle of August. In the remainder they relate to the month of July.

COAL

As a result of the decline in domestic business activity and international trade, the coal-mining industry has experienced an appreciable decline in demand, and output is now running below the level of a year ago. Thus, the quantity of saleable coal raised last month was 16.8 million tons, compared with 17.1 millions in June and 18.9 millions in July, 1937. Exports in July were only 3,056,000 tons, against 4,131,000 tons a year ago. Moreover, the quantity of coal shipped for the use of steamers fell from 993,000 tons to 835,000 tons between July, 1937, and the past month. The incidence of the recession in demand, however, has not been uniform, but Durham is the only district whose output during the first seven months of this year shows an increase over that of the corresponding period a year ago. The usual seasonal increase in demand in the autumn should bring about some improvement during the next few months.

IRON AND STEEL

The downward trend of activity in the iron and steel industry continued during the past month. The output of pig iron has already fallen from a peak of 783,800 tons in December to 507,800 tons in July; the production of crude steel, which reached its highest point last November at 1,178,300 tons, was only 683,200 tons last month. Indeed, the output of pig iron and crude steel last month was lower than in any corresponding month since 1933. The extent of the decline is scarcely surprising. It has long been evident that the hectic re-stocking movement of last year was likely, sooner or later, to force a substantial curtailment of domestic output in spite of the reduction in imports, which amounted to 65,000 tons last month, against 202,300 tons a year ago. Exports of iron and steel have also fallen, from 232,200 tons in July, 1937, to 135,100 tons last month. The decline in the domestic output has been accelerated by the reduction in general business activity. Although stocks appear to have been reduced, there are no signs of an early and substantial increase in new orders, partly because consumers expect prices to be reduced at the end of this year.

GENERAL ENGINEERING

The contraction in general business activity has not left the engineering industry unaffected, though the decline in its activity has so far been slight and appears to have been arrested, at least temporarily, last month. The proportion of insured persons aged 16 to 64 unemployed in engineering last month, though still only 7.7 per cent., was 2.9 per cent. higher than a year ago. The decline in domestic orders for commercial purposes and in new foreign business has thus not been fully compensated by the increase in requirements for defence purposes. Those sections of the industry whose output is mainly for defence purposes remain very active, but others show some decline in activity. The decline in domestic requirements of machinery is reflected in the reduction of imports, from 14,311 tons in July, 1937, to 10,730 tons last month. Exports have, so far, been well maintained, shipments last month amounting to 38,286 tons, against 38,772 tons a year ago. The buoyancy of exports, however, is largely due to the long time-lag between the placing of orders and their completion, a substantial proportion of current shipments representing delivery against orders placed last year.

ELECTRICAL EQUIPMENT

The past month witnessed a slight decrease in unemployment in the electrical equipment industry. Thus, the proportion of insured persons unemployed fell between June and July from 5.5 per cent. to 5.1 per cent. in electrical engineering and from 9.1 per cent. to 7.6 per cent. in electrical cable and apparatus manufacture. Compared with July, 1937, however, the proportion of insured persons unemployed increased by 2.5 per cent. in electrical engineering and by 4.0 per cent. in electrical cable and apparatus manufacture. Despite this slight increase in unemployment since last year, activity in the electrical equipment industry remains at a very high level. Exports of electrical machinery increased from 1,259 tons (valued at £222,391) in July, 1937, to 1,914 tons (valued at £398,259) last month. On the other hand, the value of exports of electrical goods and apparatus declined from £1,142,928 to £1,081,783 during this period.

AUTOMOBILES

New registrations of private cars in June, at 22,640 vehicles, were 25.9 per cent. below the record level of June last year; new registrations of commercial vehicles were also lower, by 18.0 per cent. The output of private cars and taxis in June amounted to 28,267 units, compared with 31,446 units in May and 36,490 in June, 1937; the production of commercial vehicles was barely changed since May, but fell by 1,931 units below the 10,244 vehicles produced in June, 1937. Unemployment in the motor, cycle and aircraft industries continues to increase slowly; the percentage of insured persons unemployed rose from 7.7 on June 13th to 8.5 on July 18th.

BUILDING

While operations in the building and public works contracting trades remain at a very high level, there are now indications that activity is tending downwards. Thus, the proportion of insured persons unemployed last month was 3.0 per cent. higher than a year ago in the case of building and 3.4 per cent. in public works contracting. According to the *Building Industries Survey*, housing activity is falling off in Southern England, but is stable in the Midlands and continues to increase in the North of England and in Scotland. Building by local authorities is expected to show a further increase, especially as the reduction in some rates of subsidy at the end of this year provides an inducement to complete houses as soon as possible. A further reduction is to be expected in industrial and commercial construction, though this curtailment may be compensated, for some time, by new Government contracts in connection with the re-armament programme. Expenditure on public works is not expected to show any significant diminution in the near future. But if building activity has passed its peak, there are no indications of a precipitous fall in the near future. The returns of the value of building plans passed by 140 local authorities last month, for example, show a decline of only 4.2 per cent. from July, 1937.

CHEMICALS

The home chemical market has been rather subdued during the past month, although there has been a fair amount of business for the time of year in industrial chemicals. Very little interest has been shown in coal-tar products, and reports from the wood distillation industry indicate that business is limited in most products and that stocks are accumulating. Business in acetates has been particularly dull. Business in pharmaceutical chemicals has been of a routine character, but about normal for the time of year. The Board of Trade returns for July showed a further reduction in overseas trade in chemicals, drugs, dyes and colours, as compared with July, 1937; the value of exports decreased by £482,106 and that of imports by £72,334.

POTTERY

Employment in North Staffordshire again declined slightly in June, but elsewhere there was little change; the percentage unemployed among insured workpeople, aged 16-64, rose from 18.4 on June 13th to 19.3 on July 18th. Exports of all types of pottery were lower in July than in the same month of 1938; exports of earthenware, however, rose from 40,838 cwts. in June to 47,614 cwts. in July, owing to an increase in exports to the Dominions.

FOOTWEAR

Compared with June, employment in the boot and shoe industry showed a small improvement in July; the percentage unemployed among insured workpeople fell from 17.7 on June 13th to 15.4 on July 18th. Some of this improvement must be ascribed to the incidence of the Whitsun holidays which swelled the June total; particularly in Norwich and North London, trade slackened further in July, and both unemployment and the amount of short-time worked increased compared with June. Exports showed a slight recovery from 22,910 dozen pairs in June to 31,364 dozen pairs in July, which compares unfavourably, however, with a total of 37,108 dozen pairs in July, 1937.

COTTON

Some surprise has been expressed at the decrease in the unemployment returns for July, but the figures are somewhat misleading; the number of unemployed recorded on June 13th was swollen by the incidence of holidays in several districts, and the larger number employed on July 18th must be considered as an adjustment after the holidays were past. The industrial situation in Lancashire is no better than two months ago, and output remains at about 50 per cent. of capacity, compared with 92 per cent. a year ago. Sentiment in raw cotton circles has tended to become more bearish. The American Government crop estimate of 11,988,000 bales was about 500,000 bales more than expected, and since the forecast was compiled, the weather in the belt has been generally favourable. Not more than a retail business has been done in piece-goods for foreign outlets, and exports of piece-goods during the current year are 29 per cent. below those in the corresponding months of 1937.

In part the slackness has been caused by the unsettled feeling in markets abroad and by nervousness with regard to the European political situation. In the weaving districts, curtailment of production continues on a considerable scale. It has been a very unsatisfactory month for spinners, and in spite of considerable restriction of output stocks have tended to increase at the mills; exports of yarn for the last seven months were 28 per cent. lower than in the corresponding months of 1937. In the American section the decision to cut the price of the 56's weft range of counts by nearly 1d. a lb. has had a very disturbing effect. In the Egyptian branch the price-fixing agreement has been renewed for a further period of twelve months. The Committee has announced a special rebate of 5 per cent. on the gross price of yarns to firms willing to undertake to do all their business with mills in the agreement.

JUTE

Business in the jute industry continued to improve during June and July; unemployment declined from 33.2 per cent. of insured persons on June 13th to 27.6 per cent. on July 18th. In part this improvement was due to a better export trade; exports of piece-goods rose from 4.6 million square yards in June to 5.2 millions in July, and exports of sacks increased from 59,148 cwts. to 94,033 cwts., which latter figure considerably exceeded the 79,471 cwts. exported in July, 1937.

LINEN

There is no change in flax prices; all grades are firm, but offerings are small. It is too early yet to forecast the prospects of the new crop. Both yarn spinners and cloth manufacturers report that the average limits offered for their respective goods are well below production or replacement costs. This has led to a curtailment in working hours and reduced output. The usual seasonal recovery in buying is not due till September.

RAYON

The brighter tendency in the rayon market noticed last month did not develop further, and demand is still slow, though the spell of fine weather assisted the depletion of stocks of woven goods. Business in most sections of the hosiery trade has been lifeless, and the trade in staple fibre has been small.

WOOL

The industry is dominated by the holidays and the volume of business is limited; unemployment has slightly declined, and on July 18th the percentage unemployed among insured persons, at 21.4, was 1.5 per cent. lower than on June 13th. Raw wool prices are firmly held and the home clip is selling well, but prices in the forthcoming season will depend largely on the extent of foreign demand. Quotations for tops and yarns are unchanged. Some largish orders in worsteds have been booked for the home trade, but export business is dull, though a little better than in June; exports of woollen and worsted piece-goods amounted to 5.1 and 3.0 million square yards, respectively, against 3.4 and 2.3 millions in June.

AGRICULTURE AND FISHERIES

Corn crops have made good progress and harvesting is in full swing in southern districts. Wheat yields are expected to be above the average, but barley and oats have not done so well. Haymaking was delayed in many districts in order to give time for growth after the long summer drought, and has overlapped the corn harvest; yields of hay will probably be low, and as the acreage laid up for hay on June 4th was 9.6 per cent. lower than last year, the total crop will be considerably smaller. The June 4th agricultural returns are discussed in a Note in this week's issue of *The Economist*. The British catch of wet fish in July amounted to 2,215,015 cwts., valued at £1.4 millions, compared with 2,140,551 cwts., valued at £1.5 millions in July of last year.

SHIPPING

The Economist index of freight rates declined further in July to 95.2 (1913 = 100), compared with 96.1 in the previous month and 132.8 in July, 1937. The Plate market remains very depressed and outward freights declined by 13.7 per cent. between June and July, though there was some recovery later in the month; the Mediterranean market also improved, with a decline in the tonnage available. A fair amount of chartering has been put through for the grain trade from the St. Lawrence, chiefly for August and September.

UNITED KINGDOM—*THE ECONOMIST* INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1935 = 100

Period	Employment	Consumption of Power: Coal	Consumption of Power: Electricity	Transport: Merchandise on Railways	Transport: Commercial Motors in Use	Postal Receipts	Building Activity	Consumption of: Iron and Steel	Consumption of: Cotton	Foreign Trade: Imports of Raw Materials	Foreign Trade: Exports of British Manufactures	Foreign Trade: Shipping Movements	Bank Clearings: Metropolitan, Country, Provincial	Bank Clearings: Town	Complete Index: Monthly	Complete Index: Twelve-Months' Moving Average
Number of Weights	10	4	2	4	2	3	2	2	1	2	3	2	4	1	42	
1929 (Daily Average)	98¼	103	68	127	76	95	60	97	111	98½	137½	108½	91	109	98½	---
1930 (Daily Average)	94¾	98½	68½	115½	80½	96½	65½	84½	82	88	108	107	89	112	93	---
1931 (Daily Average)	91	92	69	98½	83½	95½	62	73	86	82½	80½	97½	86½	96	87½	---
1932 (Daily Average)	90	90	71½	86	86	94½	57	59½	94	84	82	94½	86½	86½	84	---
1933 (Daily Average)	93½	90	78	89½	89½	96½	73½	70	101	92½	85	96	91	88	89	---
1934 (Daily Average)	97½	97½	86½	100	95	97½	88	93½	98½	100	92½	98	95½	96	96	---
1935 (Daily Average)	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	---
1936 (Daily Average)	105	104½	112½	106½	105½	104½	107	125	109½	110½	101½	102	104	103½	106	---
1937 (Daily Average)	111	109½	126½	113	111	106½	98½	142	116	121	112	109	105	101½	112	---
1935—January	101	94	96½	98	100	98½	99½	93½	112	108	96	100½	104	99½	99½	99½
February	101	92½	99	100½	100	99	100½	104½	100	100½	97	100	100½	98	99½	100½
March	101	100½	99½	98	100½	101	102½	105½	96½	104½	103	101½	102	94	101	100½
April	101	100	100	101½	101	99½	103½	102	98	102½	102½	98	99½	96½	101	101½
May	101	105	101½	101½	101½	100½	105½	102½	107	106	99	101	99	99½	102	101½
June	101½	104	102	103	101½	100½	104	108	99	117	99½	103½	103	112½	104½	102½
July	101½	105½	108½	102½	102	104	108	113½	99	117	99½	103½	103	112½	104½	102½
August	101½	107	104	104	103½	101	106½	117	106½	97½	82½	98½	98	91	102	102½
September	102½	100½	108	102	104	102	107	115	100	98	102	100½	99½	93	102½	103½
October	103	98	111	106½	104½	102	106½	128	110	107½	98½	98½	101	97	105	104½
November	103½	103	107½	105½	105	102	107½	116	112½	106	99	100	103	96½	104½	105½
December	104½	102½	107½	104½	105½	101½	109	121	119	117½	98	102½	104	104	106	105½
1936—January	105	106½	107½	106	105½	103½	109½	123	120	117	105½	101½	104	97	107	106½
February	106½	104½	109½	106	105½	103½	109½	139	120	117½	101	107½	105½	103	108½	106½
March	107	104	111½	109½	106	103½	108½	132	107	123½	105	100½	106	113½	108½	107½
April	107	102½	112	106½	106½	104½	107	127½	102½	117	107½	103	106	114	108	108
May	107	104	113½	107	107½	104½	107	125	100½	119½	100	106	109½	111	108	108½
June	107½	104	117½	108	108	107	105	125	109	108½	108½	103½	107	122	109½	109½
July	107	107½	117½	113	108½	108	103½	134½	109	108½	108½	103½	107	122	109½	109½
August	109	97½	116	110½	109	107½	102	124	111½	103½	104½	101	106½	105	107½	109½
September	109½	108½	116	107	109½	110	102½	118	110	102½	111	107½	108	115	109½	110
October	109	110	125	106	110	107½	99½	118½	123	119	103½	107½	108½	111	111	110½
November	110	112	122	115	110½	110	102½	117	116½	103½	108½	102½	102½	103½	109½	110½
December	110	115½	123½	113	111	106½	100½	130½	143	116	117½	114	107	98½	112½	111½
1937—January	110	115½	123½	113	111	107	99	133½	111	125	122½	106½	106½	106	113	111½
February	111½	115	122½	113½	111½	105	96½	140	131½	122½	113½	109	102½	100½	111½	111½
March	112	106½	123	114½	111	108½	95½	160	115½	130½	111	113	106	99	113½	111½
April	112½	107	125½	119½	111½	108½	95½	157½	106	133	113½	106	106	99	113½	111½
May	112½	110½	124½	117	111½	108½	96	158½	107½	146½	112½	110½	104½	99½	113	111½
June	112	105½	124½	112	112½	108	95	167	106½	145	104	109½	104½	100	112½	110½
July	111½	107½	128½	110½	113	108½	96½	173½	97	110½	108½	108	101½	99	111	109½
August	109½	105½	131½	114	113	111½	96½	169½	107	110½	104½	105½	105½	99½	111½	109
September	110½	108	128	116	114	110	96½	155	101½	117½	101	106½	103	93	110	...
October	110	108½	128	112	114	110	93½	143	102	109	99	102	99½	88	107	...
November	109½	102½	120	109½	114½	110	92½	123½	82½	114*r*	100*r*	105	100	88½	104½*rp*	...
December	109	99*p*	123	101½	113½	107½	90	104½	81	103*r*	93*r*	103	99	95½	102*rp*	...
1938—January	109	104½*rp*	131	91*r*	113½	108	90	93	81	111*r*	101½*r*	108	99*r*	93	103*rp*	...
February	109	107*p*	125½	86*rp*	114½*p*	107½	90½	91	84½	113½*p*	93½*p*	106	99*p*	94*p*	102*p*	...
March	109½	105*p*	129	85*p*	114½*p*	106	89½*p*									
April																
May																
June																
July																

† Annual indices represent averages of monthly figures.

* For method of construction and earlier figures (1924–1936) see Supplement to *The Economist* of July 25, 1936. *r* Revised. *p* Provisional.

Business Developments Overseas

BRITISH EMPIRE

AUSTRALIA.—Unemployment showed a slight increase in the second quarter of the year, but still remains at a very low level. Building and the engineering and allied industries continue to be well occupied; the textile trades are less favourably placed, partly because recent additions to factories in some sections have apparently raised the capacity to a level which is in excess of the normal demand. Crops and pasture benefited from the June rains, but New South Wales is still in need of heavy rain. The preliminary estimate of the 1938-39 wool clip is 7 per cent. lower than the production in the season just closed; the sheep population has declined in many districts, so that a reduction may shortly be expected in the output of lamb. Butter production has been well maintained against a rising export price level.

SOUTH AFRICA.—Business conditions were generally unchanged in July. The bulk of the maize crop, estimated at 17.7 million bags, has now been harvested, but deliveries are restricted by the dampness of the grain; exports of maize are not expected to exceed three million bags, compared with 10.5 million bags last season. Overseas demand for hides and skins has been good, and prices for all types advanced during July. Fruit prices, however, have tended downwards, particularly for exported fruit; exports are larger than last year, due to the excellent crop. During the first half of 1938, the value of imports, at £48.2 millions, was £0.9 millions less than in the same period of 1937; in spite of a rise of £2.6 millions in the value of specie exported, the value of exports fell by £3.8 millions to £55.0 millions, owing mainly to the fall in the price of wool. Imports in July were valued at £7.8 millions, compared with £8.8 millions in 1937, and exports at £9.5 millions, a reduction of £2.8 millions, of which £2 millions was due to a fall in gold exports.

CANADA.—Business conditions were almost unchanged in June and early July. Stock prices showed a marked improvement, in sympathy with those of Wall Street, and prices of metals and rubber rose. On the average, however, wholesale prices tended to decline, owing to the weakness of grain prices. The value of building contracts awarded, while still below the monthly level of last year, rose from $18.6 millions in May to $20.9 millions in June, which represents a normal rise for this season of the year. Activity in the textile industry declined, but the lumber and newsprint industries experienced better trade. Intensive drought in the prairie provinces has affected the harvest prospects, and the official estimate of the condition of the winter wheat was reduced from 91 per cent. on July 1st to 82 per cent. on August 1st; even at this level, a large crop is expected of 275 to 300 million bushels.

EUROPE

FRANCE.—Despite the increase in defence expenditure and the stimulus thereby given to a number of trades, general business activity remains at a very low level. The official index of production, for example, is still more than 20 per cent. below the 1929 level. The number of persons in receipt of unemployment benefit fell from 362,899 to 344,517 during July. While a year ago the seasonal improvement was less marked, unemployment is still higher than at the end of July, 1937. The capital market has been a little more active in recent months, but owing to the lack of confidence new private investment remains at a low level. The building industry remains stagnant, and operations in June were 41 per cent. below the level of 1928. The output of the iron and steel industry in June was also appreciably smaller than a year ago. On the other hand, there has been some improvement in coal mining, and the output of motor cars in June was higher than in the corresponding month last year. Production of cotton yarn and tissues in June was slightly lower than a year ago, but deliveries of tissues were somewhat higher. Although the Government is making a new drive to secure an increase in industrial activity, the immediate outlook remains uncertain.

GERMANY.—Despite the recent decline in security prices there are no indications of an early slump in industrial activity. Some of the export trades have not remained unaffected by the decline in international trade, but the fall in export business appears to have been offset by an increase in employment of men and machinery in connection with the re-armament and public works programmes. The official index of industrial production for May is 127.0 (1929 = 100), compared with 117.9 a year earlier. The weekly index of business activity calculated by the Institute for Business Research, with 1936 as its base, has varied between 116 and 118 in recent weeks; a year ago it fluctuated between 112 and 114. There was a further fall in unemployment, from 292,000 at the end of June to 218,000 at the end of July, compared with 563,000 a year ago. Separate statistics for Austria indicate a substantial reduction in unemployment; the number of applicants for work at the end of July was 151,000, compared with 275,000 at the end of June and 273,000 at the end of July, 1937. While the expansion in Germany's industrial activity during the past twelve months has been most marked in capital goods, the index for the production of goods for current consumption also shows an increase.

CZECHOSLOVAKIA.—In spite of the difficult international situation, business generally did not deteriorate further in June; the general index of business activity in fact rose slightly compared with May, and unemployment was lower. The output of the iron and steel industry, after a considerable fall since last autumn, was a little higher in May and June; coal output has also been well maintained for the past few weeks. Foreign trade, however, declined in June, but imports and exports were equally affected and the balance remains slightly favourable. The textile industry continues depressed, largely owing to the lack of foreign orders, and the tourist trade has suffered from the political tension.

BELGIUM.—Iron and steel production recovered a little in June, after a continuous fall from last autumn; the output of pig iron rose from 177,000 tons in May to 192,000 tons in June and that of steel ingots and castings from 162,000 tons to 180,000 tons. The textile industry was rather more active in May, but relapsed again in June; the output of the coal mines continues to be well maintained, with only a small seasonal decline. The values of both exports and imports were lower in June than in the previous month, thus continuing the decline which has occurred rather irregularly during the year.

POLAND.—Business conditions showed a slight deterioration during June, particularly in industries working for export. The value of exports declined from 95.9 million zloty in May to 87.8 million zloty in June, at which level, however, exports were greater than in February, before the recent rise. Imports also declined in June, after the usual seasonal rise in the spring. These declines were reversed in July, for which month exports were valued at 95.8 million zloty and imports at 107.2 million zloty, compared with 98.8 million zloty in June. The output of coal is still high; after reaching a record level in March the output of the iron and steel industries has fluctuated round a lower level. Unemployment has fallen sharply during the spring, and was considerably lower in June than it was in the same month of last year.

UNITED STATES OF AMERICA

Evidence is steadily accumulating that the upturn in the prices of industrial securities in June heralded an improvement in business activity. *The New York Times'* weekly index of business activity has now risen without interruption from 81.6 for the week ended July 16th to 83.9 for the second week in August. There has been a definite improvement in many consumption goods industries and the volume of new business has shown an increase. The latest reports from the motor industry are also more promising, and the activity of the iron and steel industry has shown a steady increase, the proportion of the crude steel capacity of the industry in operation having risen from 32.5 per cent. in the second week of July to 42.8 per cent. in the third week of August. The expectation of an expansion of industrial activity is also reflected in the increase in purchases of raw materials, such as non-ferrous metals and building materials, and in the increase in machine tool orders. But although the improvement appears to be spreading to an increasing number of industries, the current level of activity remains very low. On the other hand, the latest reports suggest that the improvement will continue, at least during the next few months.

LATIN AMERICA

ARGENTINA.—Grain prices have continued their downward trend, and shipments are still on a disappointingly small scale, but the wool market is fairly active. The trade returns for June show that imports contracted further during that month, notably in textiles, machinery and vehicles. During the first six months of 1938, the United States displaced the United Kingdom as principal exporter to Argentina. A reorganisation of the National budget for 1938 is projected so as to cover all probable expenditure, and to allow for a revenue depleted by lower customs receipts and port dues; the Government proposes to take steps to effect economies. Reports are current to the effect that the Government may restrict importation from countries with trade balances against Argentina—a measure which might adversely affect countries such as the United States, Germany, Japan and Italy, but British exporters should correspondingly benefit.

BRAZIL.—Coffee exports in June reached one of the best monthly totals in recent years and continued at a high level in July. It is now estimated that the current crop of coffee may be considerably lower than the earlier official estimates. A feature of the Brazilian trade returns for April was the sharp fall in imports but, nevertheless, the balance of trade for the first four months of this year was adverse to Brazil to the extent of £3,925,000 sterling, whereas for the same period last year there was a favourable trade balance of £2,548,000 sterling.

CHILE.—A shortage of foreign exchange continues in Chile, but the basic "export" exchange rate is still 25 pesos per U.S. dollar. Both Chilean imports and exports were higher in May than in the previous month, but for the first five months of 1938, the recorded balance of trade in favour of Chile was only 100.2 million pesos (of 6d. gold), compared with 337.8 millions in the corresponding period of 1937; imports showed marked expansion and exports a heavy fall.

THE FAR EAST

Japanese imports in June and July were valued at 262 and 223 million yen respectively, which was in both months about 110 million yen less than in 1937; the value of exports was 217 million yen in June and 229 million yen in July. The balance of trade in June showed an import surplus of 45 million yen, which was only one quarter of that in June, 1937; there was a small export surplus in July of 6 million yen. The vigorous exchange control has succeeded, therefore, in rectifying the growing adverse trade balance, but many industries are, in consequence, short of raw materials. Wholesale prices, after a rise between May and June, have been stable during July. Chinese imports in July were valued at 67 million dollars, barely half of the level of July last year; exports, however, have been better maintained, and at 77 million dollars were only 11 million dollars less than a year ago.

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									1937		1938					
		1929	1930	1931	1932	1933	1934	1935	1936	1937	June	July	Feb.	Mar.	Apr.	May	June	July
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	124·6	133·1	133·8			132·4			122·1	
2. Coal, G. B.	Mill. tons	21·4	20·3	18·3	17·4	17·2	18·4	18·6	19·0	20·1	20·2	18·9	20·1	22·0	17·8	19·1	17·1	16·8
3. Electcy., public supply, G.B.	Mill. kw.-hrs.	858	910	951	1,020	1,130	1,288	1,464	1,685	1,908	1,575	1,588	2,144	2,111	1,849	1,851	1,612	1,656
4. Pig iron	Thous. tons	632	516	314	298	345	497	535	641	708	699	729	693	715	661	634	542	508
5. Steel ingots and castings	"	803	810	434	439	585	738	822	975	1,082	1,106	1,059	1,058	1,116	939	957	776	683
6. Buildg. plans passed { Dwellgs.	Thous. £'s	3,688	3,897	3,374	3,907	5,192	5,799	6,536	6,255	5,637	5,720	6,208	4,840	5,295	5,337	6,182	5,779	5,357
7. 146 towns, G.B. ..... { Other...	"	2,403	2,320	1,877	1,614	1,781	2,164	2,990	3,497	3,579	3,540	3,712	3,103	3,194	3,022	3,023	3,081	4,059
New Orders, heavy gen. plant																		
8. Home	1929 = 100	100	125	77	112	67	160	148	250	232(i)	238	237	...	...	...	...	...	...
9. Foreign	"	100	67	50	31	44	60	62	96	109(i)	114	113	...	...	...	...	...	...
10. Total	"	100	93	58	59	56	107	104	167	168(i)	174	172	...	...	...	...	...	...
11. Shipbuilding : commenced (*f*)	Thous. gross tons	137	79	17	6	20	43	57	91	88	123	73	58	58	52	52	52	...
12. " launched (*f*)	"	127	123	42	16	11	38	42	71	76	84	89	60	60	96	96	96	...
13. " on hand, end yr.	"	1,560	909	401	225	332	597	743	964	1,125	1,200			1,089			1,037	
14. Automobiles : priv. cars (*b*)	Number	15,196	14,139	13,250	14,270	19,232	21,406	25,962	29,487	32,469	36,490	33,905	24,481	42,138	32,053	31,446	28,267	...
15. " Com. vehicles(*b*)	Mill. lbs. daily av.	4,705	5,572	5,609	5,123	5,459	7,136	7,681	8,967	9,843	10,244	10,305	8,802	11,765	8,414	8,621	8,313	...
16. Cotton delivered to mills, G.B.	Thous. lbs.	5·27	3·92	4·04	4·47	4·72	4·31	4·72	5·17	5·43	5·11	5·52	4·91	4·87	4·18	3·93	3·73	3·57
17. Rayon : Output	"	4,742	4,064	4,548	6,043	7,007	7,758	10,314	12,110	12,901	14,060	14,600	12,190	13,270	10,570	13,390	...	...
18. " Quantity excised ...	"	4,710	3,992	4,591	5,955	7,086	7,715	9,987	11,785	13,082	14,633	14,819	11,363	12,301	10,220	11,856	...	...
19. Beer production	Thous. st. barrels	1,620	1,568	1,365	1,102	1,193	1,293	1,355	1,395	1,488	1,608	1,772	1,231	1,561	1,533	1,587	1,598	...
20. Distilling : Drink (*f*)	Thou. proof galls.	914	840	786	721	733	719	720	760	785	711	418	573	573	679	679	679	...
21. " Industrial alcohol(*f*)	"	1,205	1,393	1,438	1,834	2,484	2,816	3,172	3,595	4,369	4,414	4,410	4,359	4,359	4,264	4,264	4,264	...
22. " Stocks, end year...	Mill. proof galls.	151·6	153·4	148·5	141·5	134·9	135·4	136·1	137·4	144·5	142·8	143·1	147·1	148·7	150·1	151·6	152·4	...
TRADE AND TRANSPORT																		
Domestic Trade																		
23. Rly. traf. : Merch. & lvstk. G.B.	Thous. tons	9,780	8,890	7,602	6,605	6,875	7,660	7,661	8,188	8,690	8,764	8,185	8,502	8,569	7,931	...	...	...
24. " Coal and coke, G. B.	"	15,933	14,868	13,360	12,861	12,727	13,384	13,447	13,539	14,384	13,672	12,366	15,397	15,004	12,953	...	...	...
25. Automob. : prv. crs in use, G.B.	Thousands	893·8	967·7	979·7	1018·4	1084·9	1184·5	1347·5	1498·8	1648·2	1691·2	1766·1	1604·2	1630·1	1830·4	1836·8	1854·0	1936·0
26. " Comcl. vehicles in use, G.B.	"	314·7	333·6	346·0	356·2	370 0	393·5	413·2	437·0	459·8	461·1	461·9	466·1	470·6	470·7	470·5	473·5	475·0
27. Postal traffic receipts, daily ...	Thous. £'s	133	135	134	133	135	137	140	147	154	146	144	146	150·3	149·5	147·1	144·9	146·0
28. Retail trade, Gt. Brit. : Food	Avg. daily sales	...	...	...	102	100	103	111	120	131	125	127	133	135	141	133	138	...
29. " Other merchandise	in 1933 = 100	...	...	...	99	100	103	108	113	119	114	123	95	103	123	119	122	...
30. " Total	"	...	...	...	101	100	103	109	117	125	119	125	115	120	132	126	130	...
31. Advtg. expndtre. on brand. gds.	1935=100	...	...	76·1	79·2	84·6	90·4	100	104·6	108·6	110·3	99·7	100·1	120·6	112·0	123·5	105·9	96·3
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	34,099	34,507	32,609	32,220	35,949	31,155	33,948	37,567	35,440
33. " Raw materials	"	23,774	17,674	12,277	11,740	12,897	15,153	15,237	17,934	23,203	23,833	23,718	19,600	21,162	18,608	17,026	17,004	17,284
34. " Manufactures	"	25,467	23,622	20,367	12,168	11,854	13,395	14,302	16,452	20,878	22,275	21,988	17,787	21,721	18,532	16,837	16,663	16,106
35. " Total	"	92,589	79,762	68,449	54,221	52,161	56,681	58,473	65,710	79,492	80,990	78,702	68,211	79,407	68,669	66,217	71,515	69,384
Volume : Food (*a*)(*d*)	Avg. of 1935	*98·9*	99·6	*106·5*	*102·5*	*100·7*	*101·1*	100	102·8	103·4	98·5			100·3			100·0	
36. " Raw materials (*a*)(*d*)	= 100	*101·5*	90·9	*82·9*	*84·6*	*92·7*	*99·6*	100	111·1	120·9	113·3			120·9			104·9	
37. " Manufactures (*a*)(*d*)	"	*133·6*	133·9	*123·9*	*79·5*	*81·8*	*95·0*	100	111·6	127·1	129·5			123·5			113·3	
38. " Total (*a*)(*d*)	"	*108·9*	106·3	*105·0*	*92·2*	*93·7*	*99·0*	100	107·2	113·9	110·5			111·4			104·4	
39. "	"																	
40. Domestic exports, value : Food	Thous. £'s	4,555	3,944	2,898	2,625	2,314	2,538	2,636	2,966	3,232	2,972	3,311	2,780	2,788	2,368	2,827	2,659	2,904
41. " Raw materials	"	6,575	5,313	3,920	3,634	3,832	4,021	4,400	4,278	5,388	5,652	5,956	4,241	4,928	4,481	4,931	4,456	4,699
42. " Manufactures	"	47,899	36,745	24,398	23,031	23,475	25,403	27,411	28,410	33,737	34,673	37,377	29,706	33,536	29,346	29,534	28,772	28,963
43. " Total	"	60,779	47,563	32,552	30,419	30,659	33,000	35,493	36,727	43,468	44,373	47,570	37,529	42,155	37,266	38,165	36,894	37,470
Volume : Food (*a*)(*d*)	Avg. of 1935	*126·7*	118·7	*94·5*	*90·9*	*81·8*	*93·3*	100	110·8	118·3	111·5			106·9			99·6	
44. " Raw materials(*a*)(*d*)	= 100	*130·4*	110·2	*86·9*	*82·0*	*83·5*	*90·3*	100	92·4	125·7	104·4			85·7			86·7	
45. " Manufactures(*a*)(*d*)	"	*149·1*	113·8	*80·7*	*83·6*	*85·6*	*92·4*	100	102·1	115·2	113·9			101·9			95·0	
46. " Total (*a*)(*d*)	"	*140·3*	115·0	*83·8*	*84·0*	*85·9*	*92·4*	100	101·5	119·5	112·0			99·7			94·3	
47. "	"																	
48. Shipping : Tonnage entered ...	Thous. net tons	5,225	5,310	5,023	4,947	5,036	5,223	5,302	5,616	5,868	6,287	6,425	4,853	5,598	5,299	6,035	6,127	6,068
49. " Tonnage cleared	"	5,728	5,488	4,862	4,620	4,638	4,674	4,777	4,785	5,116	5,447	5,820	4,146	4,580	4,649	4,785	5,189	5,238
50. " Tonnage laid-up (*h*)	"	365	1,593	1,966	1,971	1,240	878	496	212	95	61			339			332	
51. Freight rates, *Economist* Index	1929 = 1.0	100	81·7	82·2	77·9	75·1	76·4	76·8	87·3	182·5	139·4	137·2	105·4	102·5	101·0	101·1	99·3	98·4
52. Cable and wireless traffic recpts.	Corresponding month 1929=100	100	87·3	73·9	72·8	70·5	72·5	73·5	74·4	78·9	73·5	73·4	73·3	74·7	71·5	65·3	66·4	63·1
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	11,496	11,613	11,623	11,324	11,380	11,390	11,375	11,333	11,371
54. Insured pers. unemployed "	"	1,212	1,815	2,630	2,756	2,496	2,107	1,958	1,684	1,413	1,306	1,321	1,810	1,749	1,748	1,779	1,803	1,773
55. Per cent. unemployed "	"	10·3	15·8	21·1	21·9	19·8	16·6	15·3	13·0	10·6	10·0	10·1	12·8	12·5	12·5	12·7	13 0	12·9
										(*m*)								
56. Regist'd at Exchanges, all ages,	"	1,276	2,014	2,718	2,813	2,588	2,221	2,106	1,822	1,586	1,423	1,445	1,908	1,845	1,842	1,869	1,894	1,875
57. " London	"	118	177	273	306	272	216	203	179	171	153	155	238	227	216	213	213	209
58. " S.E. England	"	50	75	114	142	120	93	91	79	70	52	53	113	99	91	88	79	75
59. " S.W. "	"	69	91	129	157	147	127	114	94	83	68	67	96	86	83	79	77	72
60. " Midlands	"	165	267	381	371	325	245	217	178	144	134	144	198	196	205	210	226	237
61. " N.E. England	"	280	419	569	602	557	478	452	304	165	176	166	202	192	191	206	206	217
62. " N.W. "	"	285	522	627	562	517	461	439	374	304	281	286	391	385	388	406	436	384
63. " Northern (*c*)	"	...	...	...	...	...	...	...	179	156	142	134	152	147	145	149	156	164
64. " Scotland	"	156	244	358	378	364	331	314	277	246	215	245	263	256	260	250	240	254
65. " Wales	"	116	158	196	228	219	208	206	198	151	136	131	158	161	169	177	170	161
66. " N. Ireland	"	38	60	71	68	68	62	70	67	71	67	68	97	96	94	90	92	102
67. Industr. disputes, No. days lost	"	676	361	527	541	87	78	160	154	285	111	512	133	113	151	185	175	80
68. Wage rates, Min. of Labour (*d*)	1929 = 100	100	100	97½	96	95½	95½	96½	99½	103	102½			106½			107½	
PRICES																		
Wholesale : 'Economist' Indices																		
69. Cereals and meat	1928 = 100	100	83·6	70·9	70·4	66·4	71·3	72·2	79·4	93·5	94·1	95·6	91·5	90·3	88·3	91·1	92·0	85·6
70. Other foods	"	100	90·0	76·1	72·8	68·4	68·8	70·6	71·2	78·6	78·7	78·3	70·7	70·1	70·2	68·7	66·2	67·0
71. Textiles	"	100	69·9	54·2	53·4	55·2	58·7	61·8	67·0	73·7	76·7	76·7	62·2	60·2	58·5	56·5	57·2	58·0
72. Minerals	"	100	87·5	76·5	76·3	80·8	80·5	83·5	88·5	108·4	111·4	113·6	98·7	97·4	96·2	93·1	97·7	97·4
73. Total, incl. miscell.	"	100	84·0	70·2	67·8	68·3	71·0	74·3	78·8	89·3	91·2	91·7	81·8	80·3	79·4	78·2	78 9	77·9
74. Primary products	"	...	154·5	114·5	118·1	113·0	123·0	126·9	140·2	163·1	165·9	167·1	143·1	137·0	137·8	132·2	135 7	138·0
Cost of Living : Min. of Labour	Sep.18,1931=100																	
75. " Food	1929 = 100	100	94·2	85·1	81·8	77·9	79·2	81·2	83·6	90·7	90·9	90·9	90·9	89·0	90·2	89·6	94·8	91·6
76. " Total	"	100	96·3	90·0	87·8	85·4	86·0	87·2	89·7	94·5	94·5	94·5	95·1	93·9	95·1	94·6	96 9	95·1
77. *Industrial securities, Fin. News*	July 1,1935=100	102·0	84·6	65·8	64·0	79·8	84·1	97·0	115·7	110·2	109·9	111·5	91·8	84·3	90·7	80·4	86 9	85·8
78. *Fixed interest* " "	1928 = 100	96·8	99·9	99·2	113·6	126·1	133·6	137·1	137·7	128·6	127·6	127·2	130·4	127·7	128·8	128·5	128·3	129·6
FINANCE																		
79. Govt. Revenue, cumulative (*h*)	Mill. £'s	815·0	857·8	851·5	827·0	909·4	804·6	844·8	896·6	948·7	155·2	221·2	830·0	948·7	56·0	102·5	151·1	219·9
80. " expenditure, " (*h*)	"	829·5	881·0	851·1	859·3	778·2	797·1	841·8	902·2	919·9	225·4	303·6	849·6	919·9	80·2	145·6	254·1	343·4
81. Bank of Eng. : Notes in circ.(*g*)	"	362·3	358·6	354·8	258·5	371·2	378·7	394·7	431·4	479·6	480·8	494·8	475·3	480·4	492·9	483·3	480·6	488·4
82. " Bankers' deposits ...(*g*)	"	62·9	65·5	64·7	81·3	99·9	100·3	96·7	96·2	97·2	110·9	94·8	106·6	113·3	109·0	98·5	111·3	115·6
83. " Gov.sec. B'kingDept.(*g*)	"	55·9	49·7	45·5	64·0	79·6	81·1	87·0	88·8	98·4	108·4	105·6	96·7	107·6	114·9	105·4	112·7	113·3
84. Clearing Banks : Deposits...(*g*)	"	1,738	1,741	1,699	1,791	1,953	1,880	1,999	2,142	2,210	2,217	2,216	2,202	2,177	2,191	2,185	2,221	2,230
85. " Cash & bal. with B.E.(*g*)	"	194	192	182	187	212	212	215	221	227	234	227	235	236	239	223	238	236
86. " Discounts .....(*g*)	"	229	264	256	308	354	230	266	313	278	257	279	283	235	245	275	286	297
87. " Advances .....(*g*)	"	991	963	919	844	759	753	769	839	924	936	941	949	984	963	951	950	949
88. " Investments .....(*g*)	"	257	258	301	348	537	560	615	613	622	624	617	603	604	608	601	600	603
89. Bank Clearings : Town ...(*e*)	"	130·1	126·3	103·6	90·4	90·6	100·1	106·0	113·8	120·0	125·1	124·5	109·4	107·9	106·9	109·7	109·5	114·5
90. " Met. Country &Prov.(*e*)	"	21·4	19·9	18·3	17·9	18·5	19·7	20·£	22·6	24·3	23·8	25·1	23·8	22·9	23·6	22·7	21·9	23·7
91. Interest Rates : Bank rate	%	5·498	3·414	3·969	3·008	2	2	2	2	2	2	2	2	2	2	2	2	2
92. " Three mths. bank bills	"	5·26	2·57	3·61	1·87	0·69	0·82	0·58	0·60	0·58	0·69	0·56	0·53	0·53	0·53	0·53	0·57	0·53
93. " Day to day loans	"	4·47	2·27	2·94	1·61	0·69	0·82	0·50	0·50	0·50	0·50	0·50	0·50	0·50	0·50	0·50	0·50	0·50
94. " Yield on 2½% Consols.	"	4·61	4·49	4·40	3·75	3·40	3·10	2·89	2·94	3·29	3·38	3·36	3·21	3·39	3·35	3·34	3·36	3·29
95. Cap. Issues : Total (exl. Br.	"							20,590	36,073	28,653	32,218	59,069	19,322	12,233	3,588	29,701	28,272	27,631
96. Govt.)	Th's £ New basis	*18,319*	*16,849*	*7,620*	*7,184*	*7,831*	*10,418*	*12,346*	*16,299*	*12,752*	*25,274*	*14,104*	*16,096*	*6,745*	*125*	*25,709*	*6,386*	*15,031*
97. (*Economist*) Of which abroad	" Old "							2,540	3,787	5,876	5,828	7,731	5,422	2,539	478	12,193	19,478	6,432
98.	" New "	*7,267*	*8,096*	*3,970*	*2,153*	*2,878*	*2,619*	*1,291*	*2,125*	*2,431*	*2,067*	*3,237*	*4,095*	*2,479*	*0*	*11,554*	*250*	*4,280*
	" Old "																	
99. Exchange Rates : New York..	$ per £	4·857	4·862	4·533	3·504	4·218	5·041	4·903	4·971	4·95	4·935	4·970	5·02	4·98	4·98	4·97	4·96	4·93
100. " Paris	Frs. per £	124·02	128·87	115·65	89·20	84·58	76·74	74·26	82·97	124·45	110·82n	130·57	152·82	159·61	160·75	176·62	178·17	178·18
101. " Berlin	Rm. per £	20·40	20·38	19·18	14·74	13·98	12·80	12·18	12·33	12·30	12·31	12·35	12·41	12·39	12·39	12·37	12 31	12·27
102. " Amsterdam	Fl. per £	12·09	12·09	11·27	8·66	8 24	7·48	7·24	7·78	8·99	8·98	9·02	8·97	8·97	8·96	8·97	8·96	8·96
103. " Kobe	Pence per Yen	22·81	24·41	26·33	19·33	14·64	14·20	14·08	14·02	13·99	13·98	13·97	14·00	13·96	13·98	14·00	14·00	14·00
104. " Shanghai	Pence per $	28·85	20·61	16·65	20·83	15·09	16·32	18·00	14·47	14·43	14·45	14·32	14·25	13·90	13·13	11·59	9·17	8·94

(*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*) Figure for 1936 is average of August-December. (*d*) Indices shown in last month of quarter to which they relate. (*e*) Daily average. (*f*) Monthly figures are averages of quarterly returns. (*g*) Average of weekly figures. (*h*) Annual figures are totals for financial year beginning in year shown. Monthly figures are cumulative.
(*i*) Annual figures relate to end of year. (*m*) Average January to August : figures for September to December are not comparable owing to change in basis adopted in September, 1937. (*n*) Period June 1-28.

UNITED STATES, FRANCE AND GERMANY

	Unit of Measurement	Monthly Average 1929	1930	1931	1932	1933	1934	1935	1936	1937	1937 June	1937 July	1938 Feb.	1938 Mar.	1938 Apr.	1938 May	1938 June	1938 July
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	92·2	95·8	95·8	66·4	66·4	64·7	63·9	64·7	...
2. Investment goods, F.R.B.....(a)	„	100	72·6	48·2	27·6	41·2	46·5	63·2	82·4	88·6	92·6	100·6	45·0	44·4	43·5	41·8	41·5	...
3. Consumption goods, F.R.B...(a)	„	100	86·8	85·2	75·9	84·2	83·4	87·6	94·5	94·5	98·9	92·9	80·2	79·9	78·1	79·7	82·1	...
4. Coal	Million m. tons	46·0	40·6	33·4	27·2	29·0	31·4	31·6	36·5	37·0	32·8	31·4	27·7	27·9	23·0	23·8	24·7	...
5. Electricity generated	Million kw. hrs.	8,113	7,995	7,644	6,842	7,111	7,590	8,283	9,461	10,083	10,074	10,345	8,709	9,467	8,916	...	...	...
6. Steel	Thous. m. tons	4,599	3,326	2,133	1,128	1,913	2,139	2,830	3,973	4,192	4,252	4,629	1,731	2,044	1,956	1,836	1,665	...
7. Index of machine tool orders	1929=100	100	46·0	26·0	12·6	17·4	29·7	55·5	87·7	120·0	123·1	199·9	48·6	68·7	51·2	57·8	...	...
Building contracts awarded:																		
8. Residential	Million $	159·6	91·8	67·6	23·3	20·8	20·7	39·9	66·8	75·5	93·0	81·0	40·0	79·4	74·6	...	...	...
9. Other	„	319·6	285·1	190·1	89·3	83·8	107·9	114·1	156·1	184·4	224·8	240·6	79·0	147·5	47·4	...	...	...
10. Private cars	Thousands	382	232	164	88	131	181	271	306	326	411	360	140	174	176	...	...	...
11. Commercial vehicles	„	64	48	35	20	29	48	58	65	72	86	79	47	48	43	...	...	...
12. Activity in textile industry	1929=100	100	79·1	81·7	72·2	84·3	73·9	90·4	97·4	96·5	109·6	96·5	68·7	70·4	64·3	67·0	75·7	...
13. Stocks of raw materials	„	100	106·0	116·7	120·7	122·1	120·7	94·0	86·2	88·6	61·2	69·8	122·1	117·8	111·4	...	..	...
14. Stocks of manufactures	„	100	102·5	65·0	86·7	85·9	90·9	86·7	85·0	91·5	90·0	89·2	101·7	101·7	101·7	...	...	...
TRADE AND TRANSPORT																		
15. Index of Rly. car loadings (a)	„	100	86·8	70·7	52·8	54·7	58·5	59·4	67·9	74·7	73·6	75·5	58·5	56·6	53·8	...	...	...
16. Index of Dept. Store sales (a)	„	100	91·9	82·9	62·2	60·3	67·6	71·2	79·2	83·6	83·8	84·6	79·3	77·5	74·8	...	...	...
17. Retained imports	Million $	362	260	174	110	119	136	170	202	251	278·3	262·9	155·9	173·3	155·5	147·2	147·9	...
18. Domestic exports	„	430	315	198	131	137	175	187	202	275	256·5	264·6	260·0	270·8	271·5	253·6	229·5	...
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	95·0	96·8	90·5	79·3	81·6	75·6	77·6	...	...
20. Pay rolls, F.R.B.	„	100	81·1	61·8	42·6	45·3	57·7	65·4	75·5	89·8	94·2	92·0	67·1	67·1	64·6	...	...	...
21. Hourly earnings, N.I.C.B.	„	100	100	96	84	83	99	102	105	120	121·9	122·4	122·3	123·0	123·2	123·2	123·2	...
22. Av. hours of work, N.I.C.B.	Number	48·3	43·9	40·4	34·8	36·4	34·7	37·2	39·7	39·3	40·2	39·3	33·4	33·3	32·9	32·7	33·2	...
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.	1929=100	100	96·2	87·2	77·9	74·9	79·4	82·6	84·8	88·4	88·8	88·8	86·6	86·6	86·7	86·4	...	...
25. Wholesale prices, D. of Lab.	„	100	90·7	76·6	68·0	69·3	78·7	83·9	84·8	90·6	91·5	92·2	83·7	83·6	82·6	82·0	82·1	...
26. „ raw materials „	„	100	86·5	67·3	56·5	57·9	70·4	79·1	82·0	86·9	88·3	88·8	75·5	75·1	73·2	...	...	...
27. „ semi-manufactures „	„	100	87·2	73·5	63·2	61·4	77·6	78·4	80·8	90·8	92·4	92·5	81·0	80·4	80·2	...	...	...
28. „ Finished goods „	„	100	93·1	81·5	74·4	74·6	82·8	87·0	86·8	92·2	92·8	94·0	88·1	88·2	87·5	...	...	...
29. „ Farm products „	„	100	84·1	61·8	45·9	49·0	62·3	75·1	77·2	82·5	84·4	85·2	65·6	67·0	65·2	...	...	...
30. 351 Indus. securit's., Stand. Stat.	„	100	74·2	45·9	24·4	35·0	42·9	48·0	67·3	69·0	70·6	74·6	50·5	47·1	44·1	46·1	47·3	56·0
FINANCE																		
31. Total Res. Bank credit	Million $	1,739	1,386	1,853	2,171	2,674	2,470	2,486	2,500	2,612	2,562	2,574	2,590	2,611	2,594	2,582	2,596	...
32. Gold stock	„	3,900	4,225	4,051	4,045	4,012	8,238	10,125	11,258	12,760	12,318	12,446	12,776	12,794	12,869	12,919	12,963	...
33. Money in circulation	„	4,578	4,603	5,360	5,388	5,519	5,536	5,882	6,543	6,551	6,447	6,460	6,334	6,356	6,397	6,467	6,461	...
34. Member Bank Res. Balances	„	2,355	2,471	1,961	2,509	2,729	4,096	5,587	6,606	7,027	6,900	6,753	7,248	7,287	7,623	7,665	8,024	...
35. „ Excess Reserves	„	−78	96	−33	576	859	1,814	2,844	1,984	1,212	865	791	1,415	1,546	2,548	2,568	2,875	...
Member Banks in 101 towns:																		
36. loans and investments	„	...	...	...	...	...	...	20,895	22,931	22,168	22,330	22,219	21,214	21,072	20,819	20,732	20,696	...
37. deposits: Demand	„	19,112	18,660	15,985	14,965	11,383	11,419	13,888	15,571	14,431	15,186	15,033	14,381	14,268	14,598	14,589	15,036	...
38. „ Time	„	13,070	13,654	11,453	10,527	4,790	4,781	4,911	5,067	5,205	5,235	5,268	5,260	5,218	5,230	5,216	5,239	...
39. Bank debits outside N.Y. City	„	26,901	23,113	17,119	12,819	13,288	15,701	18,676	23,238	19,590	20,019	20,152	14,589	17,373	16,597	16,013	17,160	...
40. Call money	%	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	...
41. Yield on Govt. bonds	%	3·60	3·28	3·31	3·66	3·31	3·10	2·69	2·47	2·57	2·64	2·59	2·46	2·45	2·43	2·30	2·31	...
42. Capital issues, C.F. Chronicle	Million $	595	848	260	99	59	115	123	166	193	365	247	199	126	197	157	345	389
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	72·7	73·6	79·7	69·1	68·4	65·5	...	...	...
44. Coal	Thous. met. tons	4,482	4,490	4,167	3,856	3,907	3,969	3,851	3,769	3,693	3,509	3,530	3,685	4,294	4,043	3,734	3,830	...
45. Electricity S.G.F.(a)	1929=100	100	99·2	93·3	88·2	96·7	98·3	101·7	104·2	114·3	115·1	114·3	125·2	122·7	121·8	120·2	...	...
46. Steel	Thous. met. tons	808	787	652	470	544	512	522	559	655	687	685	561	564	500	50·2	480	...
47. Building activity S.G.F.(a)	1929=100	100	111·4	101·6	81·3	74·0	66·7	55·3	52·0	48·1	42·9	43·6	43·6	44·4	44·4	44·4	44·0	...
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	41·6	41·9	39·7	41·4	42·0	39·8	41·2	40·6	38·5
49. Imports	Mill. frs.	4,852	4,376	3,517	2,484	2,369	1,925	1,745	2,118	3,526	3,707	3,200	4,288	3,527	3,877	3,878	3,811	3,501
50. Exports	„	4,178	3,570	2,536	1,642	1,539	1,487	1,289	1,288	1,995	1,997	1,872	2,319	2,231	2,324	2,324	2,291	2,286
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	350·5	321·7	313·6	412·4	401·1	393·1	380·8	362·9	344·5
52. Wage rates, Paris region	1929=100	100	106	105	100	102	102	101	116	...	...	...	...	...	...	...	...	...
PRICES																		
53. Wholesale, index of S.G.F.	„	100	88·4	80·0	68·2	63·6	60·0	54·0	65·5	92·7	88·8	92·8	100·6	101·1	102·6	104·3	105·3	104·0
54. Cost of living, Paris, „	„	100	104·5	102·3	94·6	93·5	92·8	86·9	91·1	111·3	109·0	113·3	123·7	123·7	124·5	124·5	124·5	...
55. Industrial securities „	„	100	84·6	58·1	47·0	44·8	35·4	36·3	33·4	43·8	42·6	40·4	38·2	37·1	43·1	43·2	42·3	40·9
FINANCE																		
56. Govt. revenue: impôts indirects	Mill. frs.	35,496	33,912	33,048	28,980	28,560	27,420	26,244	26,670	30,640	14,254	17,422	6,163	8,711	12,180	14,920	...	...
57. Impôts sur les revenus	„	10,592	10,716	10,068	7,428	6,348	5,904	5,088	5,705	6,815	1,379	2,065	644	743	840	1,311	...	
58. Bank of France: Gold	„	41,668	53,578	68,863	83,017	77,098	82,124	66,296	60,359	58,933	54,859	55,677	55,807	55,807	55,807	55,808	55,808	55,808
59. „ Notes in circulation	„	68,571	76,436	85,725	85,028	82,613	83,412	81,150	89,342	93,837	85,985	89,307	92,740	98,095	98,519	98,923	102807	101117
60. Commercial bank deposits	„	34,065	36,681	38,245	37,759	32,635	30,943	27,553	28,484	30,348	28,128	29,069	30,197	29,234	30,454	...		
61. Bank clearings, Paris	„	42,705	46,333	38,377	27,700	31,545	27,012	28,275	24,244	28,508	29,991	28,318	27,426	33,964	34,867	45,519	34,498	28,973
62. Interest rates:—Bank rate	%	3·50	2·71	2·12	2·50	2·50	2·50	3·70	4·00	4·00	6	5	3	3	3	2·50	2·50	2·50
63. „ „ Market discount	%	3·50	2·28	1·55	1·26	1·90	2·09	3·48	4·00	3·97	5·28	5·25	3·27	3·53	3·38	3·38	2·50	2·50
64. „ „ 3% Rentes	%	3·96	3·42	3·46	3·82	4·35	4·12	3·73	3·87	3·90	3·90	3·70	4·35	4·43	4·13	4·08	4·03	3·96
65. Capital issues	Mill. frs.	1,569	2,233	1,899	1,214	868	806	615	326	776	115	611	1,113	152	...	...	...	...
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	117·2	117·5	117·3	119·3	123·3	123·5	127·0	...	...
67. Investment goods „	„	100	81·6	52·6	34·4	43·6	72·6	99·4	113·2	124·4	130·0	128·7	122·3	129·1	134·2	139·7	...	...
68. Consumption goods „	„	100	94·0	89·2	76·3	82·6	92·4	88·2	98·7	104·6	98·2	100·7	109·9	112·7	107·1	108·5	...	...
69. Coal	Thous. met. tons	13,620	11,892	9,887	8,728	9,160	10,418	11,918	13,198	15,376	15,403	15,915	15,176	16,679	14,495	15,286	14,878	...
70. Lignite	„	14,538	12,168	11,109	10,221	10,566	11,437	12,282	13,445	15,390	15,109	16,054	15,130	16,244	14,666	15,704	15,348	...
71. Electricity, I.K.	1929=100	100	96·0	84·5	76·7	84·6	99·7	113·6	131·0	155·3	139·5	139·8	167·4	161·1	169·4	166·8	155·6	...
72. Steel	Thous. met. tons	1,354	962	691	481	634	993	1,344	1,601	1,654	1,658	1,654	1,770	1,949	1,766	1,896	1,508	...
73. Machinery (orders filled), I.K.	1929=100	100	82·4	59·0	37·9	41·5	63·1	81·0	97·5	...	...	...	...	...	...	...	...	...
74. Automobiles, total „	„	100	66·4	46·7	27·7	53·9	90·3	128·5	155·7	...	...	...	...	...	...	...	...	...
75. Textiles, index of activity „	„	100	97·4	94·9	85·7	98·1	106·8	98·5	106·6	108·1	103·5	100·6	116·5	119·2	111·0	114·2	...	...
TRANSPORT																		
76. Rly. traffic: trucks ordered	Thous. per day	152·1	131·5	112·6	99·8	104·9	117·5	124·3	135·2	146·7	144·7	146·4	140·3	147·7	149·4	152·6	151·6	154
77. Retail trade, index of I.K.	1929=100	100	91·4	79·2	62·4	59·4	65·9	68·9	76·1	83·3	74·7	80·0	75·9	83·2	92·4	85·5	82·7	...
78. Retained imports (c)	Mill. Rm.	1,120	866	561	389	350	371	347	352	456	505	499·7	448	455	430	455	430	...
79. Domestic exports (c)	„	1,124	1,003	800	478	406	347	356	397	493	481	530·0	427	467	423	427	403	...
EMPLOYMENT—WAGES																		
80. Employment	Thous.	17,869	16,515	14,336	12,518	13,016	15,041	15,949	17,106	18,402	18,941	19,905	18,226	18,831	19,401	19,857	19,998	...
81. Unemployment	„	1,892	3,076	4,520	5,575	4,804	2,718	2,151	1,593	912	648	563	946	508	423	338	292	...
82. Tariff wage rates	1929=100	100	101·7	96·5	81·7	79·2	79·1	79·1	79·1	...	...	...	...	...	...	...	...	...
PRICES																		
83. Wholesale	„	100	90·8	80·8	70·3	68·0	71·7	74·2	75·9	77·2	77·3	77·6	77·0	77·1	77·0	76·8	77·0	...
84. Cost of living	„	100	96·2	88·4	78·3	76·6	78·6	79·9	80·8	81·2	81·4	82·0	81·3	81·5	81·6	81·8	81·8	82·6
85. Industrial securities	„	100	81·6	60·1	40·7	57·7	57·9	67·5	74·6	87·3	88·3	89·5	88·3	88·5	89·5	...	86·1	...
FINANCE																		
86. Money in circulation	Mill. Rm.	5,965	5,858	5,827	5,802	5,359	5,477	5,761	6,174	6,686	6,938	7,104	7,241	7,591	8,068	8,233	8,482	...
87. Deposits, 8 banks	„	12,306	13,114	10,129	8,048	7,308	6,998	6,887	7,631	6,114	6,174	6,140	6,194	6,340	6,399	6,501	6,539	...
88. Interest rates:—Bank rate	%	7·1	4·9	6·9	5·2	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0
89. „ Loans for one month	„	8·97	6·14	8·71	6·73	5·78	5·07	3·64	3·14	...	...	...	...	...	...	...	...	...
90. Yield on 4½% mortgage bonds	„	7·40	7·15	7·04	8·38	3·15	6·57	5·08	4·67	4·54	4·54	4·53	4·50	4·49	4·50	4·50	4·50	4·50
91. Capital issues	Mill. Rm.	224	290	165	81	129	85	234	333	386	115	156	204	561	1,641	454	...	...

(a) Adjusted for seasonal variations. (b) Partly adjusted for seasonal variations. (c) Since January, 1938, excluding trade with Austria.

EUROPEAN COUNTRIES

(Bi-monthly Table)

	Unit of Measurement	Monthly Average 1929	1930	1931	1932	1933	1934	1935	1936	1937	1937 June	1937 July	1938 Feb.	1938 Mar.	1938 Apr.	1938 May	1938 June	1938 July
AUSTRIA (Population 1936: 6,758,000; Area: 84,000 sq. kms.)																		
1. Industrial production (a)	1929=100	100	85	70	61	63	70	80	86	106	112	113	91	96	98	107	...	...
2. Retained imports (g)	Mill. schilling	271·9	224·9	180·1	115·3	95·7	96·1	100·5	104·1	121·1	125·3	117·8	*39·4*	*41·4*	*47·4*	*60·8*	*56·1*	...
3. Domestic exports (g)	„	182·4	154·3	107·6	63·7	64·6	71·4	74·6	79·3	101·4	104·2	108·2	*31·3*	*33·8*	*29·5*	*38·4*	*33·5*	...
4. Applicants for work	Thousands	192·1	242·6	300·2	377·9	405·7	370·2	348·7	349·7	321·0	281·4	272·8	396·0	365·0	404·0	351·0	275·0	151·0
5. Wholesale prices	1929=100	100·0	90·0	83·9	86·2	83·1	84·6	84·4	83·9	87·0	88·6	88·8	85·2	85·2	85·2	83·7	84·2	83·8
6. Cost of living	„	100·0	100·0	95·5	97·3	94·8	94·5	94·4	94·4	94·3	95·0	94·4	94·1	93·5	93·6	93·8	94·1	93·6
7. Price of industrial securities	„	100·0	84·0	64·0	54·5	45·1	49·4	65·3	81·8	94·3	91·0	94·8	84·0	82·9	...	...	...	...
8. Notes in circulation	Mill. schilling	1,094	1,090	1,183	914	952	964	976	944	944	896	915	953	...	...	...	...	...
BELGIUM (Population 1935: 8,300,000; Area: 30,000 sq. kms.)																		
9. Industrial production	1929=100	100·0	88·8	81·1	69·1	72·2	73·0	82·2	86·7	93·6	90·1	87·2	70·0	67·9	67·1	67·6	67·9	...
10. Retained imports	Mill. francs	2,961	2,581	1,979	1,347	1,235	1,142	1,426	1,775	2,271	2,241	2,081	1,926	2,122	1,866	1,878	1,859	...
11. Domestic exports	„	2,649	2,172	1,922	1,234	1,169	1,128	1,316	1,627	2,116	2,249	2,071	1,803	1,891	1,705	1,701	1,629	...
12. Unemployment	Thousands	27·3	74·2	201·1	336·7	338·0	349·1	284·2	213·7	194·0	164·4	163·2	305·9	267·5	257·9	293·0	...	...
13. Wholesale prices	1929=100	100·0	87·4	73·6	62·5	58·9	55·6	63·1	69·1	80·4	81·9	82·5	77·2	75·7	75·2	74·1	73·9	73·2
14. Cost of living	„	100·0	103·6	93·0	83·6	82·6	79·4	79·9	84·7	91·8	90·0	92·1	95·0	93·6	92·0	92·4	93·9	...
15. Price of industrial securities	„	100·0	68·2	49·5	37·4	36·4	30·8	37·4	47·0	62·2	62·9	68·7	48·7	45·4	51·0	49·4	...	...
16. Notes in circulation	Mill. francs	13,425	16,419	18,270	18,135	17,093	17,650	20,583	22,702	21,542	22,089	22,201	21,624	22,094	21,949	20,582	20,815	21,024
CZECHOSLOVAKIA (Population 1936: 15,187,000; 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	913·8	976·2	831·9	757·1	792·2	820·0	827·7	787·3	...
18. Domestic exports	„	1708·1	1456·0	1093·2	611·9	487·9	606·7	618·2	667·3	996·3	980·4	873·0	911·1	1025·4	932·3	993·8	868·7	...
19. Registered unemployed	Thousands	41·7	105·4	291·3	554·0	738·3	677·0	686·3	622·7	408·9	303·5	248·1	511·3	434·5	360·8	284·8	224·2	...
20. Wholesale prices	1929=100	100·0	88·8	80·6	74·5	72·2	74·0	77·2	77·4	82·0	85·5	83·1	80·0	79·6	80·1	80·1	80·4	...
21. Cost of living	„	100·0	97·8	93·4	91·7	90·7	89·6	92·3	93·1	94·3	95·0	94·8	96·9	97·1	97·5	97·6	98·4	...
22. Price of industrial securities	„	100·0	81·8	65·0	51·7	56·6	60·1	65·6	88·4	111·2	105·2	116·5	91·0	86·2	85·5	86·4	89·9	...
23. Notes in circulation	Million kr.	8,230	7,824	7,679	6,755	6,334	6,017	6,137	6,972	7,497	6,695	6,590	6,623	7,553	7,688	9,851	9,179	8,863
DENMARK (Population 1936: 3,709,000; Area: 43,000 sq. kms.)																		
24. Industrial production (b)	1929=100	100	108	100	91	105	117	125	130	134	136	134	131	135	136	136	136	...
25. Retained imports	Mill. kr.	142·9	138·0	117·5	92·0	102·1	108·9	107·2	120·2	136·0	140·6	122·4	124·0	155·3	117·3	115·9	121·8	...
26. Domestic exports	„	134·6	127·0	105·0	90·5	96·9	98·0	101·1	110·5	128·4	119·7	130·2	112·3	132·0	125·3	125·2	137·3	...
27. Applicants for work	Thousands	44·6	40·6	59·4	126·0	121·1	97·6	92·4	93·3	107·1	69·4	75·8	145·0	119·7	107·8	93·4	86·6	88·0
28. Wholesale prices	1929=100	100·0	86·1	75·9	77·8	83·3	90·7	92·6	97·2	110·2	111·1	113·0	108·3	106·5	104·6	103·7	102·8	102·8
29. Cost of living	„	100·0	95·0	90·1	89·5	92·5	96·3	99·4	100·9	104·5	104·6	...	105·8	106·6	...	...	105·0	...
30. Price of industrial securities	„	100·0	94·0	85·3	74·8	83·0	96·2	98·7	105·6	109·1	109·6	110·0	101·0	106·5	107·1	103·2	103·3	104·1
31. Notes in circulation	Mill. kr.	367	360	346	332	375	386	384	399	417	387	386	391	399	420	409	414	403
FINLAND (Population 1935: 3,582,000; 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	137·5	149·2	137·5	151·7	154·2	158·3	151·7	146·7	127·5	...
33. Retained imports	Million mks.	583·5	437·3	288·7	291·9	327·3	398·0	445·4	530·7	773·1	897·8	873·0	578·1	680·3	687·6	782·7	699·7	...
34. Domestic exports	„	535·8	450·3	371·4	386·0	441·5	518·8	520·0	601·9	780·6	924·7	1132·4	473·3	546·6	533·0	641·9	833·0	...
35. Applicants for work	Number	3,877	8,009	11,495	17,351	17,139	10,011	7,163	4,796	3,763	2,076	2,089	4,544	3,635	3,462	2,963	2,414	...
36. Wholesale prices	1929=100	100·0	91·8	85·7	91·8	90·8	91·8	91·8	93·4	104·6	105·1	105·1	103·1	102·0	101·0	100·0	99·0	...
37. Cost of living	„	100·0	92·2	84·8	83·7	81·7	80·2	81·4	81·5	85·8	...	85·9	88·1	...	86·9	...	...	...
38. Notes in circulation	Mill. markka	1,361	1,279	1,293	1,085	1,184	1,277	1,381	1,630	2,052	1,859	1,841	2,189	2,292	2,272	2,184	2,105	2,047
HOLLAND (Population 1936: 8,557,000; 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	90·9	97·5	102·5	88·9	81·5	75·9	69·1	...	...
40. Retained imports	Mill. gulden	229·36	201·52	157·73	108·29	100·73	86·52	77·99	84·71	129·18	139·75	146·22	118·21	119·92	114·94	109·71	109·00	119·68
41. Domestic exports	„	165·79	143·24	109·32	70·51	60·49	59·32	56·26	62·18	95·68	94·75	101·96	81·84	90·08	80·53	83·15	80·84	77·66
42. Unemployed registered	Thousands	...	...	138·2	271·1	322·9	332·8	384·7	414·5	368·9	310·6	312·9	420·8	372·4	354·7	332·0	...	...
43. Index of wages (hrly. earnings)	1929=100	100	102	100	93	89	87	84	81	82	81	...	...	...	...	...	...	...
44. Wholesale prices	„	100·0	89·9	76·5	64·8	63·1	63·2	61·7	64·0	76·4	76·5	77·7	74·4	73·4	72·7	72·1	71·8	71·5
45. Cost of living	„	100·0	95·8	90·0	83·9	83·0	83·4	81·1	78·6	81·8	82·1	82·6	82·6	82·1	82·3	82·8	83·6	...
46. Price of industrial securities	„	100·0	70·4	52·1	34·5	38·0	40·1	38·7	45·1	67·0	64·6	67·5	65·6	63·8	63·5	64·4	63·6	...
47. Notes in circulation	Mill. gulden	862	847	1,025	963	913	913	810	793	869	822	823	903	901	902	946	912	920
ITALY (Population 1937: 42,831,000; 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	99·6	91·6	86·1	103·3	105·1	99·9	99·9	...	...
49. Retained imports	Million lire	1805·6	1445·6	970·3	689·0	619·3	639·6	649·2	503·3	1153·1	1572·3	1112·0	998·0	1014·3	934·8	884·9	1088·3	...
50. Domestic exports	„	1269·7	1009·9	850·8	567·7	499·2	435·3	436·5	462·3	869·1	1160·1	722·3	879·3	813·5	843·2	802·2	999·5	...
51. Wholly unemployed	Thousands	300·8	425·4	734·5	1006·4	1019·0	963·7	...	...	...	...	...	...	...	...	...	...	...
52. Wholesale prices	*1929=100*	100·0	89·5	78·1	73·0	66·5	65·0	71·5	80·1	93·6	93·9	94·7	98·2	98·3	99·6	100·3	100·8	...
53. Cost of living	„	100·0	96·6	87·2	83·1	79·6	75·5	76·6	82·6	90·7	91·8	92·2	98·1	97·6	98·6	97·7	...	...
54. Notes in circulation	Million lire	16,774	15,680	14,295	13,672	13,243	13,145	16,297	16,525	...	...	...	16,520	...	...	...	...	...
NORWAY (Population 1936: 2,895,000; Area: 323,000 sq. kms.)																		
55. Industrial Production	1929=100	100·0	101·0	78·4	92·7	93·8	97·8	107·7	115·7	127·6	133·5	114·5	139·6	123·2	122·6	125·3	...	...
56. Retained imports	Million krone	88·61	87·98	71·20	56·89	54·76	60·74	68·14	76·36	106·12	103·75	103·77	92·90	110·72	104·93	94·67	89·91	...
57. Domestic exports	„	61·89	56·23	*38·31*	46·74	45·82	47·50	49·80	56·21	67·57	57·89	65·78	63·23	65·15	52·32	48·77	55·65	...
58. Unemployed registered	Number	19,089	19,353	27,479	32,705	35,591	35,121	36,103	32,643	28,520	22,028	18,572	35,311	34,104	29,850	25,693	22,938	20,144
59. Wholesale prices	*1929=100*	100·0	92·0	81·9	81·9	81·9	83·2	85·2	89·9	104·6	105·4	107·4	105·4	104·0	103·4	103·4	102·7	103·4
60. Cost of living	„	100·0	97·0	92·2	89·8	88·6	89·2	91·0	93·4	99·9	100·0	101·2	103·6	103·0	103·0	103·0	103·6	104·2
61. *Price of industrial securities*	„	100·0	78·3	62·3	53·8	68·4	72·8	84·4	109·4	125·8	126·8	129·0	117·1	109·6	107·2	106·9	102·0	108·1
62. Notes in circulation	Million krone	318	312	334	315	327	333	348	429	449	415	424	418	430	444	436	445	456
SWEDEN (Population 1936: 6,267,000; Area: 449,000 sq. kms.)																		
63. Industrial production (b)	1929=100	100	100	95	88	93	112	125	135	149	148	148	147	146	146	146	142	...
64. Retained imports	Million krone	148·6	138·5	119·0	96·2	91·3	108·7	123·0	136·1	175·9	179·4	185·0	147·1	173·0	167·4	167·2	155·3	...
65. Domestic exports	„	151·0	129·2	93·5	79·0	89·9	108·5	108·1	126·2	166·2	169·1	189·1	134·1	133·5	156·8	158·5	150·1	...
66. Unemployed	Thousands	32·6	42·0	64·8	90·7	97·3	84·7	81·4	71·9	67·4	50·8	43·3	89·6	86·8	71·8	56·3	...	...
67. Wholesale prices	1929=100	100·0	87·1	79·3	77·9	76·4	81·4	82·9	85·7	97·9	99·3	100·0	95·7	94·3	93·6	92·9	92·9	...
68. Cost of living	„	100·0	97·1	93·5	92·4	90·6	91·2	91·8	92·9	95·3	95·3	...	...	97·1	...	...	97·6	...
69. Price of industrial securities	„	100·0	87·5	64·1	37·3	36·9	45·8	52·3	67·3	78·8	79·9	83·6	76·2	67·2	72·5	71·9	74·2	76·0
70. Notes in circulation	Million krone	569	594	583	598	648	708	786	893	980	872	863	921	965	948	931	972	950
SWITZERLAND (Population 1935: 4,163,000; Area: 41,000 sq. kms.)																		
71. Retained imports	Million francs	227·57	213·65	187·60	146·89	132·87	119·54	106·94	105·52	150·60	154·75	141·58	131·39	141·84	124·18	126·26	131·05	127·69
72. Domestic exports	„	174·82	146·87	112·40	66·75	71·07	70·36	68·50	73·47	107·17	107·06	111·29	101·03	111·07	106·75	104·14	101·29	97·24
73. *Unemployed (wholly)*	Per cent.	1·8	3·4	5·9	9·1	10·8	9·8	11·8	13·2	10·0	6·5	6·6	13·6	9·3	7·5	6·8	...	...
74. Wholesale prices	1929=100	100·0	89·6	77·7	68·0	64·5	63·6	63·6	67·7	78·8	79·4	79·6	77·5	76·6	76·6	75·7	75·8	75·4
75. Cost of living	„	100·0	98·1	93·2	85·7	81·4	80·1	79·5	80·7	84·9	85·2	85·2	85·3	85·1	84·8	84·7	85·0	85·0
76. Price of industrial securities	„	*100·0*	91·0	70·2	52·6	63·6	66·0	70·4	81·0	105·6	105·5	108·0	119·4	115·1	115·9	127·0	133·8	136·7
77. Notes in circulation	Million francs	999	1,062	1,609	1,613	1,510	1,440	1,366	1,482	1,531	1,409	1,412	1,471	1,539	1,538	1,529	1,541	1,541
U.S.S.R. (Population 1935: 173,000,000; Area: 21,176,000 sq. kms.)																		
78. Industrial production	*1929=100*	100·0	130·9	161·3	183·4	198·4	238·3	293·4	382·3	424·0	...	...	...	...	...	...	...	...
79. Output of investment goods	„	100·0	141·9	183·2	213·2	234·8	292·6	368·0	485·7	...	...	...	...	...	...	...	...	...
80. „ consumers' goods	„	100·0	120·7	141·2	155·9	164·8	188·9	224·9	286·0	...	...	...	...	...	...	...	...	...
81. Retained imports	Mill. New Rbls.	321·5	386·5	403·4	257·0	127·1	84·8	88·1	112·7	111·8	90·6	122·6	70·5	89·2	...	...	...	...
82. Domestic exports	„	337·1	378·3	296·1	209·9	180·6	152·7	134·1	113·3	144·1	176·8	193·1	40·7	100·4	...	...	...	...

WORLD STATISTICS (Monthly Table)

	Unit of Measurement	1929	1930	1931	1932	1933	1934	1935	1936	1937	1937 June	1937 July	1938 Feb.	1938 Mar.	1938 Apr.	1938 May	1938 June	1938 July
83. Industrial production	1929=100	100	88	79	69	78	85	96	110	...	...	...	...	...	...	...	...	...
84. „ „ (excl. U.S.S.R.)	„	100	86	75	63	71	77	85	95·5	102·5	104·6	104·5	88·5	88·8	...	...	...	...
85. Output of raw materials	„	100	91	81	71·4	78·6	85	93	105	...	...	...	...	...	...	...	...	...
86. „ foodstuffs	„	100	102	100	100	102	102	101	103	...	...	...	...	...	...	...	...	...
87. Stocks of primary products (e)	„	100	117	124	123	121½	115	102½	93	...	93·2	...	...	...	...	...	...	...
88. Value of world trade (gold) (d)	„	100	81·0	57·9	39·1	35·2	33·9	34·7	37·4	46·2	48·2	47·4	40·2	43·4	39·6	39·5	38·6	...
89. Volume of world trade (d)(f)	„	100	93	85·5	74·5	75·5	78·0	81·6	85·4	96·8	99·0	...	...	88·2	...	...	...	...

(a) Adjusted for seasonal variations. (b) Partly adjusted for seasonal variations. (c) Series revised. (d) Excluding Spain from 1936. (e) Annual figures, except for 1929, relate to end of year. (f) Indices shown in last month of quarter to which they relate. (g) Since Jan., 1938, excluding trade with Germany. Values in Reichsmarks in and from January, 1938.

RAW MATERIALS AND CRUDE FOODSTUFFS

GROUP I.—MONTHLY TABLE.

Commodity	Unit of Measurement	Monthly Average 1929	1930	1931	1932	1933	1934	1935	1936	1937 (a)	1937 June	1937 July	1938 Feb.	Mar.	Apr.	May	June	July
COAL																		
1. Production : Belgium	Th. metric tons	2,245	2,285	2,254	1,785	2,108	2,199	2,207	2,323	2,473	2,512	2,274	2,463	2,701	2,501	2,463	2,405	...
2. „ France	„	4,482	4,490	4,167	3,856	3,907	3,969	3,851	3,769	3,693	3,509	3,530	3,685	4,294	4,047	3,734	3,830	...
3. „ Germany : Coal	„	13,620	11,892	9,887	8,728	9,141	10,405	11,918	13,190	15,376	15,403	15,915	15,176	16,679	14,495	15,286	14,874	...
4. „ Poland	„	3,853	3,126	3,189	2,403	2,283	2,436	2,395	2,479	3,018	2,946	3,219	3,074	3,003	2,911	2,858	2,902	...
5. „ U.K.	„	21,837	20,650	18,582	17,717	17,525	18,708	18,877	19,849	20,421	20,557	19,246	20,421	22,359	18,112	19,428	17,392	...
6. „ U.S.A.	„	46,026	40,590	33,395	27,183	28,967	31,398	31,576	36,761	37,042	32,841	31,364	27,705	27,905	22,955	23,827	24,665	...
7. „ All Principal countries	„	107219	98,062	86,002	76,438	79,694	87,514	89,337	97,877	...	98,511	96,712	90,296	96,215	83,096	85,785	84,032	...
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	18·57	18·83	18·99	20·76	20·92	20·78	21·10	22·02	21·22
OIL																		
9. Production : Dutch East Indies	Th. metric tons	437	461	392	424	461	503	507	536	605	600	632	569	634	613	639	614	...
10. „ Mexico	„	556	492	411	408	422	475	501	511	575	499	575	600	134	105	254	...	...
11. „ Iran (Ang.-Ir. Oil)	„	462	503	487	543	544	579	577	628	671	810	865	796	1,091	1,053	922	...	...
12. „ Roumania	„	403	483	563	612	615	706	698	723	596	569	591	512	573	560	571	...	...
13. „ U.S.A.	„	11,509	10,280	9,714	8,970	10,347	10,375	11,386	12,550	14,597	14,507	15,180	12,978	14,604	14,080	13,528	...	...
14. „ U.S.S.R.	„	1,206	1,552	1,912	1,791	1,786	2,013	1,989	2,193	2,318	2,229	2,549	1,864	2,193	2,449	2,412	...	...
15. „ All Principal countries	„	17,145	16,351	15,811	15,048	16,516	17,420	18,838	20,575	23,500	23,228	24,448	20,882	23,209	22,440	22,351	...	296
16. Stocks : U.S.A. end year	million barrels	422	402	371	340	354	337	315	288	306	308	308	306	309	307	305	116·0	116·0
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	115·2	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	322	349	356	181	175	160	162	180	...
19. „ France	„	808	787	652	470	544	514	523	559	655	687	685	561	564	500	502	480	...
20. „ Germany, inc. Saar	„	1,354	962	691	481	632	990	1,371	1,601	1,654	1,658	1,654	1,770	1,949	1,766	1,896	1,831	...
21. „ Japan, ex. castings	„	191	191	157	200	267	325	375	419	...	489	...	...	...	...	...	...	110
22. „ Luxemburg	„	225	189	170	163	154	161	153	165	209	237	221	111	109	109	111	110	694
23. „ U.K.	„	816	620	438	445	595	750	833	990	1,098	1,124	1,076	1,075	1,134	953	972	789	...
24. „ U.S.A., ex. castgs.	„	4,599	3,328	2,133	1,128	1,913	2,139	2,830	3,963	4,192	4,252	4,029	1,731	2,044	1,956	1,836	1,665	...
25. „ U.S.S.R.	„	407	483	451	490	571	800	1,034	1,362	1,485	1,450	1,429	1,434	1,631	1,596	...	...	...
26. „ All Principal countries	„	9,714	7,660	5,615	4,113	5,510	6,638	7,983	9,970	10,394	11,041	10,862	7,561	8,391	7,777	7,729	7,309	5·45
27. Price : Pig iron Clevel. No. 3.	£ per ton	3·53	3·35	2·91	2·91	3·13	3·35	3·39	3·70	4·67	5·05	5·05	5·45	5·45	5·45	5·45	5·45	5·45
GOLD																		
28. Production : Union of S. Africa	Thous. fine ozs.	868	893	907	963	918	873	898	945	978	975	997	929	1,014	981	1,023	...	...
29. „ U.S.S.R.	„	80	120	146	163	221	317	375	450	500	...	...	...	...	...	...	...	...
30. „ Canada	„	161	175	225	254	246	248	274	310	341	345	347	341	376	368	381	...	...
31. „ U.S.A.	„	171	175	185	185	190	229	264	313	341	...	...	...	...	...	...	...	...
32. „ World (b)	„	1,632	1,736	1,867	2,025	2,112	2,275	2,465	2,752	2,958	...	...	...	...	...	...	...	...
33. Price : London, per fine ounce	sh.	84·9	85·0	92·5	118·0	124·9	137·6	142·1	140·3	140·7	138·69	140·03	139·75	139·89	139·70	139·94	140·68	141·18
WHEAT																		
34. World shipments, yr. ended July	Mlns. of bushels	77	53	69	67	53	46	43	42	50	41	29	47	50	45	...	178·6	...
35. Stks.: World visible supplies (d)	„	370·1	411·9	462·7	408·2	459·7	477·2	339·5	275·1	229·5	157·8	229·8	308·1	279·4	245·6	194·8	8·31	7·76
36. Average British import price...	sh. per cwt.	10·33	8·22	5·09	6·15	5·52	5·38	6·02	7·53	9·28	9·31	10·42	9·88	9·40	9·09	8·34		
COTTON																		
37. Mill consumption : U.K.	Thousands	233	205	164	182	187	206	209	228	—	233	233	...	...	...	...	...	...
38. „ Japan	of actual	231	250	214	231	242	271	311	304	...	324	324	...	...	...	...	...	...
39. „ U.S.A.	bales	586	505	437	404	509	472	443	527	...	641	641	...	...	...	...	...	...
40. „ World		2,157	2,101	1,874	1,860	2,029	2,093	2,035	2,116	...	2,389	2,389	...	...	...	...	7,177	6,917
41. Stks.: World Visible Supplies(d)	Thousand bales	2,738	4,317	6,593	7,682	7,510	6,571	3,983	4,297	3,875	4,362	3,875	8,665	8,240	7,910	7,467	5·01	...
42. Price : Mid. American	d. per lb.	10·33	7·46	5·08	5·25	5·54	6·67	6·70	6·69	6·37	7·06	6·68	5·08	5·07	4·87	4·65		
SUGAR																		
43. Stks.: World visible supplies (d)	Thous. tons	4,047	5,522	6,765	7,018	6,441	5,692	4,166	2,983	2,816	4,388	3,752	6,309	6,889	6,521	5,955	6·87	6·20
44. Av. Brit. import price, unrefined	sh. per cwt.	9·68	8·91	8·10	7·70	7·46	6·98	6·88	6·71	8·62	8·50	8·09	9·53	8·04	7·54	6·57		

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	5·86	5·15	6·30	5·22	3·83	1·95	2·83	3·69	...
2. „ D. E. Indies	„	21·22	20·18	21·40	17·58	23·51	31·60	23·54	25 81	35·97	46·75	43·62	27·36	31·27	28·35	22·09	24·40	...
3. „ British Malaya	„	38·05	36·90	35·20	33·80	37·10	38·90	34·71	29·48	39·16	31·38	45·91	37·13	33·57	44·74	28·01	28·05	...
4. „ World	„	72·20	68·80	66·60	59·05	71·03	84·93	72·68	71·36	94·59	95·48	111·75	81·01	81·53	86·74	64·50	70·99	...
5. „ Quota of restricting countries	% of est. cap'c'ty	...	...	...	...	...	87·14	67·50	62·50	83·75	80·00	90·00	70·00	70·00	60·00	60·00	60·00	45·00
6. Consumption : U.K.	Thous. tons	6·02	6·38	6·38	6·50	6·63	9·18	8·29	6·59	9·43	8·36	11·88	7·10	10·81	8·52	10·21	8·98	...
7. „ U.S.A.	„	38·95	31·33	29·58	28·08	34·33	38·75	41·04	47·79	45·3	51·86	43·70	23·87	30·49	27·98	28·95	30·63	...
8. „ World	„	67·12	59·53	57·05	57·70	68·73	78·78	78·58	85·07	90·06	103·04	86·56	62·01	76·84	69·14	73·20	72·82	...
9. „ Reclmd. in U.S.A.	„	18·08	12·79	10·25	8·46	7·08	8·40	9·42	10·84	13·25	14·78	12·44	7·44	8·82	7·48	8·01	8·27	...
10. Stocks : U.K. end year	„	73·2	118·6	127·1	92·7	86·5	134·9	164·3	78·5	52·29	43·43	42·18	71·52	76·62	82·75	87·22	92·31	...
11. „ U.S.A. „ „	„	118·6	201·0	322·0	379·0	365·0	355·0	303·0	218·8	189·7	172·1	167·1	294·3	299·2	301·4	299·7	294·6	...
12. „ World „ „	„	328·7	453·3	589·3	589·2	619·4	687·4	595·3	433·9	413·9	386·6	399·1	522·4	536·8	539·9	522·3	524·5	...
13. Price : London, st. sm. sheet	pence per lb.	10·25	5·91	3·13	2·34	3·25	6·22	6·00	7·75	9·50	9·69	9·13	7·13	6·63	5·84	5·66	5·22	...
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	4·7	4·7	4·2	4·8	4·8	...	...	...	...
15. „ Germany (e)	„	4·9	4·9	5·2	4·6	5·2	7·5	7·7	8·3	10·0	9·8	10·5	10·6	10·6	...	...	...	...
16. „ Italy	„	5·9	5·5	6·4	5·9	5·9	7·1	7·1	7·1	8·7	8·7	9·2	9·2	9·9	8·9	9·7	...	...
17. „ Japan	„	2·1	3·0	4·0	6·3	8·2	13·0	18·3	22·9	27·9	27·9	29·5	20·9	21·3	21·1	21·6	...	...
18. „ U.K.	„	4·4	4·2	4·5	5·7	6·9	7·5	9·3	9·7	10·0	10·8	11·2	10·0	10·9	8·6	10·2	8·6	...
19. „ U.S.A.	„	10·1	10·6	12·6	11·2	17·8	17·7	21·5	23·2	26·0	26·2	27·5	19·2	19·2	17·8	17·8	17·8	...
20. „ World (e)	„	36·0	37·0	41·8	44·0	55·2	64·5	76·8	83·4	97·1	96·0	101·0	85·6	85·6	...	...	...	...
21. Price : Viscose, std. grade, per lb.	pence	...	...	78·0	77·0	72·0	59·0	55·5	55·5	55·1	55·0	55·0	55·0	55·0	55·0	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	1·2	1·1	0·9	1·3	1·3	...	...	...	...
23. „ Germany (e)	„	0·3	0·5	0·5	0·6	0·8	1·4	2·7	7·9	17·1	15·0	19·0	18·0	18·0	...	...	...	...
24. „ Italy	„	0·1	0·1	0·1	0·8	1·0	1·8	5·5	9·2	12·8	12·9	13·1	15·0	16·7	15·7	16·8	...	...
25. „ Japan	„	...	...	...	0·1	0·1	0·4	1·1	3·8	14·3	15·3	19·7	23·3	26·7	33·0	39·2	2·5	...
26. „ U.K.	„	0·2	0·1	0·1	0·2	0·2	0·3	0·8	2·4	2·9	3·3	3·4	2·2	2·4	2·0	3·1	...	...
27. „ U.S.A. (e)	„	0·0	0·0	0·1	0·1	0·2	0·2	0·5	1·0	1·7	1·4	1·7	2·5	2·5	...	...	...	...
28. „ World (e)	„	0·7	0·6	0·8	1·8	2·5	4·5	11·4	25·4	50·3	45·0	58·0	60·9	60·9	...	...	...	10·0
29. Price : Viscose, std. grade, per lb.	pence	...	...	...	...	...	...	15·5	11·0	10·9	11·0	11·0	10·0	10·0	10·0	10·0	10·0	...
WOOL																		
30. Stocks : Australia, S. Africa, N. Zealand, June 30	Million lbs.	35	98	101	147	74	114	94	47	48	48	...	...	...	...	...	105	...
31. Price : *Weekly Wool Chart*	1929=100	100	64·7	49·3	48·6	60·4	68·1	62·1	78·4	104·4	103·5	106·0	69·0	69·0	69·0	69·8	68·1	67·2
PIG IRON																		
32. Production : France	Th. metric tons	864	836	683	461	527	513	482	520	660	685	699	556	553	479	483	463	...
33. „ Germany	„	1,103	808	505	328	439	728	1,070	1,275	1,330	1,313	1,304	1,349	1,521	1,442	1,545	1,508	...
34. „ U.K.	„	643	524	318	303	350	506	544	651	719	711	741	704	726	672	644	550	516
35. „ U.S.A.	„	3,580	2,659	1,547	735	1,119	1,384	1,779	2,583	3,100	3,157	3,555	1,319	1,475	1,398	1,275	1,079	...
36. „ U.S.S.R.	„	362	417	405	513	597	867	1,042	1,193	1,210	1,236	1,254	1,099	1,285	1,234	...	...	...
37. „ All principal countries	„	7,974	6,454	4,480	3,170	3,959	5,026	5,882	7,319	8,084	8,396	8,690	5,848	6,427	6,037	5,998	5,467	...
TEA																		
38. Exports : Ceylon	Million lbs.	21·0	20·2	20·3	21·1	18·0	18·2	17·7	18·2	17·9	19·0	19·6	16·4	22·1	24·0	27·6	...	...
39. „ Dutch East Indies	„	13·3	13·2	14·4	14·5	13·2	11·8	12·1	12·8	12·2	11·5	12·1	12·1	13·5	14·8	14·7	12·8	...
40. „ British India	„	32·0	30·9	28·8	30·8	27·3	28·0	27·4	28·2	27·6	14·0	32·4	7·9	7·1	8·8	11·1	23·3	...
41. „ World	„	80·6	74·7	75·3	77·7	70·7	71·9	70·1	70·3	73·5	54·0	81·1	45·0	53·2	54·9	...	...	...
42. „ Quota of Restricting countries (f)	% of std. quant'y	...	...	...	...	85·0	87·5	82·5	82·5	87·5	87·5	87·5	87·5	87·5	92·5	92·5	92·5	92·5
43. Consumption : U.K.	Mill. lbs.	35·4	36·6	38·5	37·9	38·5	36·0	36·9	36·8	35·1	28·1	34·1	37·0	49·3	40·9	28·6	31·7	...
44. „ World	„	76·1	75·2	75·1	74·2	72·2	71·2	72·8	71·3	73·4	64·2	67·7	67·8	85·1	73·8	...	...	...
45. Stocks : U.K. and Holland (c)	„	281·9	294·8	278·9	315·8	295·7	309·4	270·3	241·2	224·0	150·1	136·7	223·7	192·5	172·3	177·1	170·1	...
46. Price : Av. London auctions	pence per lb.	16·25	15·23	12·24	9·45	11·78	13·27	12·90	13·07	15·18	14·52	14·93	14·53	14·39	14·67	14·51	13·71	13·60

CROPS

Commodity	1931-2	1932-3	1933-4	1934-5	1935-6	1936-7	1937-8 (a)	1938-9 (a)
Cotton (thous. bales)								
1. Brazil	575	438	1,014	1,359	1,765	1,712	2,282	...
2. Egypt	1,271	991	1,715	1,511	1,707	1,821	2,282	...
3. India (g)	4,007	4,656	5,108	4,851	5,933	6,307	5,663	...
4. U.S.A.	17,096	13,002	13,047	9,637	10,638	12,399	18,946	11,988
5. World	28,034	24,433	27,355	24,575	27,533	33,713	40,645	...
Wheat (mill. bushels)								
6. Argentina	220	241	286	241	141	250	184	...
7. Australia	191	214	177	133	143	134	180	...
8. Canada	321	443	282	276	277	234	183	290
9. U.K.	38	44	62	70	65	53	56	...
10. U.S.A.	937	757	552	526	626	627	874	967
11. World	3,709	3,744	3,669	3,390	3,421	3,349	...	...

Commodity	1930-1	1931-2	1932-3	1933-4	1934-5	1935-6	1936-7	1937-8 (a)
Wool (mill. lbs.)								
12. Argentina	361	381	390	384	370	348	366	375
13. Australia	912	1,007	1,083	996	1,015	971	977	1,016
14. S. Africa	302	314	330	284	219	251	272	230
15. N. Zealand	259	270	277	289	265	304	304	313
16. U.K.	111	113	119	120	115	109	108	107
17. U.S.A.	435	464	441	460	451	453	449	435
18. World	3,844	3,834	3,848	3,733	3,647	3,691	3,804	3,862
Sugar (thous. tons)								
19. Cuba	3,122	2,603	1,995	2,274	2,537	2,554	2,971	2,976
20. Java	2,794	2,571	1,401	646	514	592	1,414	1,410
21. U.K.	424	251	329	462	615	487	537	391
22. World	27,853	24,997	22,736	24,272	24,634	27,079	28,896	29,692

(a) Provisional figures. (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. (g) For 1938 and subsequent years, excluding Burma.

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THE ECONOMIST

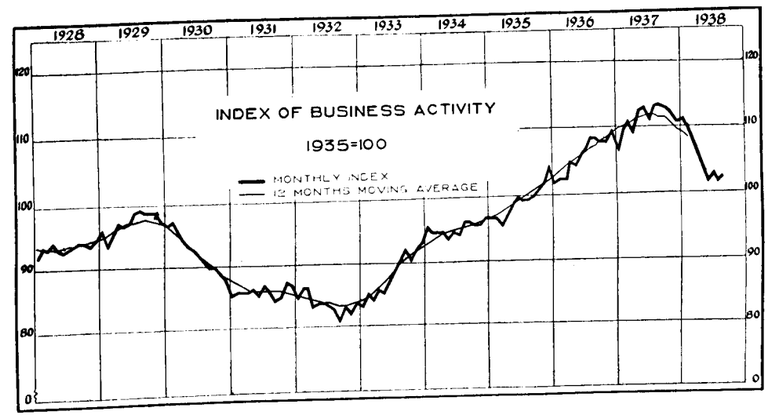
TRADE SUPPLEMENT

New Series SATURDAY, SEPTEMBER 24, 1938 No. 21

The Trend of Business

For the fourth month in succession, British business in general has been marking time at a level about 10 per cent. below last year's peak. *The Economist* index of business activity (1935 = 100) was 102 in May, 103 in June and 102 again in July. The new figure for August is 102½.

The index is, of course, a composite of fourteen subsidiary indices. Examination of these component series does not shed any more decisive light on the trend of business activity. In the past month, seven of the fourteen have risen, six have fallen and one remained unchanged; all the movements are small. The most important of the increases is in the index of employment which, after remaining unchanged from April to June (all the indices are corrected for normal seasonal variations), rose slightly in July and August. The behaviour of this index in the current recession has been peculiar. In the past, the volume of employment has been a good short-period indicator of the volume of general business activity. In the past year, however, while the complete index of business activity has fallen by 10 per cent., the index of employment has fallen by only 2½ per cent. The explanation may be purely statistical: the Ministry of Labour's monthly figures of employment are derived from an estimate of the total number of insured persons based on the July annual census. Since the figures of this year's census have not yet been issued, the estimate is based upon the conditions of thirteen months ago and may be in error. Or possibly the explanation is that the recession has been met more by short-time than by dismissals. Or finally, it may be due to the fact that many of the indices that have fallen most sharply either are subject to distortion by the increase or decrease of stocks or else relate to the superstructure of trading that is erected upon the fundamental basis of production (and the recession has hitherto been more marked in trade than in industry). But, in any case, this divergence between the full index and its most important components unquestionably increases the difficulties of interpreting the present situation.



There are, however, a number of factors which cannot be left out of account in assessing what the next few months hold in store for us. Among the unfavourable influences is the political crisis which brought Europe to the brink of war last week. The effect of the continued political tension is clearly discernible in the absence of the usual increase in the flow of new orders to industry at this time of year. Summer dullness is being prolonged by political uncertainty, and without an early replenishment of order books a further decline in commercial—as distinct from armament—work can scarcely be avoided.

Among the favourable factors is the gradual expansion of business activity in the United States, accompanied by the firmer trend of raw material prices. If this continues, it will be of assistance to British industry both through the direct psychological channel and also indirectly through the stimulus that rising commodity prices can be expected to give to the export trades. Unfortunately, however, there are signs that America's economy is not remaining unaffected by Europe's political troubles. The latest reports from across the Atlantic strike a note of hesitancy, which may well continue for some time. In the absence of a speedy settlement in Europe, the orders obtained by British exporters may therefore be further curtailed.

So far as industry in Great Britain is concerned, therefore, the most that can be said is that there are some reasons for anticipating a further decline in business (other than rearmament), whether for the home or for the foreign market, and no very convincing visible reasons for anticipating an increase. Re-armament orders may still rise; but the past year shows that they are not adequate compensation.

The economic activity of the world as a whole continued to decline at least until midsummer. The indices calculated by the League of Nations to show the trend of world industrial production (excluding the U.S.S.R.) and international trade were both declining up to the latest available figures. Industrial production has fallen from 107.5 (1929 = 100) in May, 1937, to 87.1 in June, 1938. The volume of international trade fell from 92.2 (1929 = 100) to 85.9 between the second quarters of 1937 and 1938. At the same time, world stocks of twenty-four important primary products have increased by 23 per cent. in a year, a reflection of the difficulty of adjusting supplies to a fall in demand.

The United States was one of the few countries which has been fortunate enough to register a steady improvement in business activity since last June. But the volume of new business appears to have shown signs of slowing down in some directions, and it is not clear how far this is due to, or could be cured by, developments in the international political situation. In Germany feverish efforts to increase her military strength have so far kept resources of men and machinery in full employment. In most other European countries, however, with the possible exception of Italy, increased armament expenditure has not compensated for a decline in commercial business. Scandinavian countries have so far managed to sustain activity at a high level, though the latest reports are less favourable. France, pre-occupied with labour problems and the political crisis, has made hardly any headway against the prolonged business depression. In Japan, activity has been sustained by her increased requirements of war materials in China. So far, the principal primary producing countries have not suffered seriously from the fall in prices and from the reduction in the volume of exports, though, in the absence of an early revival of world economic activity, the trend of the national incomes of these countries may be expected to be downwards.

Business Developments Overseas

BRITISH EMPIRE

AUSTRALIA.—The usual winter recession in trade and manufacturing is noticeable, but employment generally remains high, according to a cable from the National Bank of Australasia. Building activity remains at a high level, and bank clearings of the six capital cities in June, at an average weekly level of £44.8 millions, showed an increase of £3.8 millions on the figures for June of last year. For the financial year ended in June, 1938, imports of merchandise amounted to £111.4 millions and exports to £111.9 millions, compared with £90.6 millions and £117.3 millions, respectively, in the previous year. When allowance is made for the exports of bullion and specie, the favourable balance declined from £36.4 millions in 1936-37 to £11.8 millions in 1937-38. The provisional returns for July show a continuance of high imports and falling export prices: so far, these have not been reflected in wholesale or retail prices which have continued to rise slowly. The wheat crop in all states is reported to be in fair condition, although there is a deficiency of sub-soil moisture. Butter production is well maintained and exports to London still fetch good prices.

SOUTH AFRICA.—The Budget for 1937-38 closed with a surplus of £4.4 millions, most of which is to be utilised in repayment of loans. The railway budget for the past year also showed a surplus of £4.7 millions. Business activity is fairly well maintained, though there has been some slackening at Johannesburg and in retail turnovers in Cape Town, according to the Standard Bank of South Africa. Bank clearings in July in the seven major cities amounted to £90 millions, compared with £73.8 millions in July, 1937. Gold output reached a monthly record in July, with 1,027,123 ounces, valued at £7,241,217. The latest estimate of the maize crop, based on conditions at the end of July, gives a total of 17.7 million bags.

CANADA.—After falling three points between May and June, the Canadian business activity index rose slightly in July to 85.6 (1929 = 100). The prospect of the largest wheat harvest since 1932 is having a favourable effect on industry, particularly as the Wheat Board's initial payment is at the rate of 80 cents per bushel. Owing largely to the continuing fall in grain prices, the wholesale price index issued by the Dominion Bureau of Statistics declined from 80.1 in June (1926 = 100) to 78.6 in July.

INDIA.—The final estimate for the 1937-38 wheat crop is 35.6 million acres and 10.8 million tons, against 33.2 million acres and 9.8 million tons in the previous year. The area under the new cotton crop is estimated at 15,763,000 acres, an increase of 3 per cent. on the revised estimate of last season's crop. Owing to heavy floods, the jute crop is now estimated to be 23 per cent. smaller than that of last year. Imports of merchandise in July, at 11,04 lakhs, were 96 lakhs lower than in June and 308 lakhs lower than in July, 1937. Exports increased between June and July by 196 lakhs to 14,68 lakhs, at which level they were 268 lakhs less than in July, 1937.

EUROPE

FRANCE.—There are still no signs of an early and sustained business recovery in France. The stagnation of the capital market indicates that there has been no revival in new investment for commercial purposes in the home market. The number of persons in receipt of unemployment benefit declined slightly, from 344,517 at the end of July to 338,383 at the end of August. But unemployment remains above the level of a year ago; the number in receipt of benefit at the end of August, 1937, was 311,315. The political crisis, moreover, has adversely affected business transactions during the past few weeks. The level of wholesale prices, as measured by the official index, was almost the same on September 3rd as four weeks earlier. The prices of industrial securities, as in other countries, have fallen as a result of international political tension. Recent figures of industrial production are not available, but figures available for July indicate further recession in the mining, steel, engineering, and motor-car industries, and a slight improvement in building activity.

GERMANY.—Owing to the feverish efforts to increase Germany's military strength, her resources of men and machinery remain fully occupied. Moreover, as a result of the extensive manœuvres now in progress, the labour market has been depleted to such an extent that there are reports of a serious shortage of workers. Measured by the index of the German Institute for Business Research, which now includes Austria, industrial production rose from 126.9 (1928 = 100) in June to 129.2 in July. Owing to the transfer of economic resources from commercial to military purposes, the output of consumption goods in July was only slightly higher than a year earlier, although the figure for July, 1937, does not include production in Austria. The less comprehensive weekly index of business activity suggests that the high level of activity was maintained throughout August. The official wholesale price indices have shown little change in recent weeks.

DENMARK.—The harvest has been carried on under favourable weather conditions, and supplies of home-grown cereals are expected to be ample. Business activity continues at a moderate level; applicants for work numbered 86,600 in August, compared with 76,400 in August, 1937. The decline in activity in the building industry since last autumn is responsible for most of this increase in unemployment. For the first six months of the current year, imports were lower, and exports higher, in value than in the corresponding period of 1937, with the result that the excess of imports fell from 98.9 million kroner to 33.1 million kroner. The falling value of imports was caused mainly by lower prices, but there was a quantitative reduction in imports of mineral fuel and iron and steel.

LITHUANIA.—The more favourable weather in June and July came just in time for the crops; supplies of fodder for the coming season are likely to be considerably in excess of those of last year, when there was a shortage of keep for the livestock. Consequently, an expansion in the output of dairy products is generally expected. The building industry and allied trades are well employed, but sawmills working for export markets have had to curtail their output. Compared with the corresponding months of 1937, the value of imports in the first seven months of the current year has changed little, while that of exports has risen; consequently, an excess of imports over exports of 3.6 million litas has been converted into an export surplus of 8.9 million litas.

UNITED STATES OF AMERICA

Industrial activity continued its upward trend during the past month, though the pace of recovery is reported to have slowed down a little. The *New York Times* weekly index of business activity rose from 81.6 for the last week of July to 84.8 for the last week of August. So far the improvement has been most marked in the consumption goods trades, and the textile trades, for example, have appreciably more orders in hand than a few months ago. Sales of motor cars in July and August did not decline as much as usual during this period, and the comparatively low stocks held by dealers encourages the belief of an expansion of sales of 1939 models in coming weeks. Even the capital equipment industries are beginning to stir. Machine tool orders have increased, and residential building contracts placed in June, July and early in August were above the level of the corresponding period a year ago. Moreover, there has been a further improvement in the iron and steel industry; according to the American Iron and Steel Institute, the proportion of steel-making capacity employed rose from 37.0 per cent. in the last week of July to 47.3 per cent. in the current week. The latest reports on the progress of recovery, however, strike a note of hesitancy, which may be ascribed, in part, to the political crisis in Europe.

LATIN AMERICA

ARGENTINA.—Grain prices continued to sag under the influence of the good harvest in Canada, the large sales of Russian wheat, and the reported intention of the United States Government to subsidise wheat exports. European demand for Argentine maize has improved lately, but there has been only a poor demand from Europe for linseed. The activity in the wool market has subsided, and the tone has latterly been dull, as has also the market for hides. The foreign trade returns for July last indicate that the balance of trade for the month was unfavourable to Argentina to the extent of nearly 7,000,000 pesos, whereas in June there was a small export surplus. The United States maintained its position slightly ahead of the United Kingdom as the principal source of Argentine imports. Complaints have been made recently by the Argentine textile industry at the dumping alleged to be carried on by countries including Japan, Germany and Italy, and a Bill has been presented to Congress proposing the application of "compensatory" duties in cases where the dumping is proved, and where the goods are sold in Argentina at prices less than those operating in the country of production, provided such goods compete with Argentine goods. It is also proposed to institute a system of prior exchange permits for the imports of certain goods financed in the "free" market.

BRAZIL.—Although statements have recently appeared that the 1938-39 coffee crop in Brazil may suffer a sharp reduction as a result of adverse weather conditions and insect pests, it is believed that such reports have been greatly exaggerated, and that the eventual out-turn may be nearer the original official estimate of 21,873,000 bags. Business generally in Brazil has lately been slightly brisker, but the import market continues quiet.

CHILE.—There continues to be a shortage of foreign exchange in Chile, but the basic "export" exchange rate has been unchanged. After representations were made to the Government by Chilean cloth manufacturers in regard to the alleged dumping of German and Italian textiles, a Decree has been passed subjecting the importation of woollen goods (including those containing up to 5 per cent. of silk) to the licence of the Exchange Control Board. There was a sharp fall in the value of both Chilean imports and exports in June last, but for the first half of the year aggregate imports were some 34 per cent. higher than in the corresponding period of 1937, whereas exports declined by a similar percentage.

THE FAR EAST

The value of Japanese exports again increased slightly in August, to 259 million yen, compared with 229 million yen in July; compared with a year ago, however, exports were lower by 39 million yen, while imports, valued at 206 million yen in August, have fallen by the same amount. Since July 1st imports of raw cotton have been controlled by linking them to the exports of cotton cloth. Spinning companies are allowed to purchase foreign exchange for importing raw cotton to an amount proportional to their exports of cotton piece-goods. So far this regulation has depressed the export prices of cotton goods, which were already affected by the fall in world demand. The same system has been adopted for the rayon industry, with the addition of fixed maximum prices. Chinese imports in August amounted to 77.1 million dollars, against 55.5 million dollars in August, 1937; exports in the same period rose from 45.2 million dollars to 80.2 million dollars.

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									1937		1938					
		1929	1930	1931	1932	1933	1934	1935	1936	1937	July	Aug.	Mar.	Apr.	May	June	July	Aug.
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	124·6	133·1			132·4			122·1		
2. Coal, G.B.	Mill. tons	21·4	20·3	18·3	17·4	17·2	18·4	18·6	19·0	20·1	18·9	18·2	22·0	17·8	19·1	17·1	16·8	17·0
3. Electcy., public supply, G.B.	Mill. kw.-hrs.	858	910	951	1,020	1,130	1,288	1,464	1,685	1,908	1,588	1,529	2,111	1,849	1,854	1,612	1,656	1,679
4. Pig iron	Thous. tons	632	516	314	298	345	497	535	641	708	729	713	715	661	634	542	503	443
5. Steel ingots and castings	"	803	610	434	439	585	738	822	975	1,082	1,059	988	1,116	939	957	776	683	659
6. Buildg. plans passed { Dwellgs.	Thous. £'s	3,688	3,897	3,374	3,907	5,192	5,799	6,536	6,255	5,637	6,208	3,624	5,295	5,337	6,182	5,779	5,556	3,965
7. 146 towns, G.B. { Other...	"	2,403	2,320	1,877	1,614	1,781	2,164	2,990	3,497	3,579	3,712	2,223	3,194	3,022	3,023	3,081	4,060	2,337
New Orders, heavy gen. plant																		
8. Home	1929 = 100	100	125	77	112	67	160	148	250	232(i)	237	220	...	...	...	...	...	...
9. Foreign	"	100	67	50	31	44	60	62	96	109(i)	113	107	...	...	...	...	...	...
10. Total	"	100	93	58	59	56	107	104	167	168(i)	172	161	...	...	...	...	...	...
11. Shipbuilding: commenced (f)	Thous. gross tons	137	79	17	6	20	43	57	91	88	73	73	58	52	52	52	...	...
12. " launched (f)	"	127	123	42	16	11	38	42	71	76	89	89	60	*96*	*96*	*96*	...	...
13. " on hand, end yr.	"	1,560	909	401	225	332	597	743	964	1,125			1,089			1,037		
14. Automobiles: priv. cars (b)	Number	15,196	14,139	13,250	14,270	19,232	21,406	25,962	29,487	32,469	33,905	20,888	42,138	32,053	31,446	28,267	25,426	...
15. " Com. vehicles(b)	"	4,705	5,572	5,609	5,123	5,459	7,136	7,681	8,967	9,843	10,305	7,508	11,765	8,414	8,621	8,313	8,906	...
16. Cotton delivered to mills, G.B.	Mill. lbs. daily av.	5·27	5·02	4·04	4·47	4·72	4·31	4·72	5·17	5·43	5·52	4·47	4·87	4·18	3·93	3·73	3·57	3·70
17. Rayon: Output	Thous. lbs.	4,742	4,064	4,548	6,043	7,007	7,758	10,314	12,110	12,901	14,600	10,800	13,270	10,570	13,390	11,110	11,640	...
18. " Quantity excised	"	4,710	3,992	4,591	5,955	7,086	7,715	9,987	11,785	13,082	14,819	11,065	12,301	10,220	11,856	9,361	...	...
19. Beer production	Thous. st. barrels	1,620	1,568	1,365	1,102	1,193	1,293	1,355	1,395	1,488	1,772	1,636	1,561	1,533	1,587	1,598	1,791	...
20. Distilling: Drink (f)	Thou. proof galls.	91·	840	786	721	733	719	720	760	785	418	418	573	679	679	679	...	...
21. " Industrial alcohol(f)	"	1,205	1,393	1,438	1,834	2,484	2,816	3,172	3,595	4,369	4,410	4,410	4,359	4,264	4,264	4,264	...	...
22. " Stocks, end year...	Mill. proof galls.	151·6	153·4	148·5	141·5	134·9	135·4	136·1	137·4	144·5	143·1	142·4	148·7	150·1	151·6	152·4	152·4	...
TRADE AND TRANSPORT																		
Domestic Trade																		
23. Rly. traf.: Merch. & lvstk. G.B.	Thous. tons	9,780	8,890	7,602	6,605	6,875	7,660	7,661	8,188	8,690	8,185	8,871	8,569	7,931	7,015	...	...	...
24. " Coal and coke, G.B.	"	15,933	14,868	13,360	12,861	12,727	13,384	13,447	13,539	14,384	12,366	13,672	15,004	12,953	11,838	...	...	...
25. Automob.: prv. crs in use, G.B.	Thousands	893·8	967·7	979·7	1018·4	1084·9	1184·5	1347·5	1488·8	1648·2	1766·1	1762·1	1630·1	1830·4	1836·8	1854·0	1936·0	1938·0
26. " Comcl. vehicles in use, G.B.	"	314·7	333·6	346·0	356·2	370·0	393·5	413·2	437·0	459·8	461·9	460·3	470·6	470·7	470·5	473·5	475·0	474·0
27. Postal traffic receipts, daily	Thous. £'s	133	135	134	133	135	137	140	147	154	144	141	150·3	149·5	147·1	149·5	146·0	141·5
28. Retail trade, Gt. Brit.: Food	Avg. daily sales	...	...	...	102	100	103	111	120	131	127	126	135	141	133	138	133	...
29. " Other merchandise	in 1933 = 100	...	...	...	99	100	103	108	113	119	123	89	103	123	119	122	126	...
30. " Total	"	...	...	...	101	100	103	109	117	125	125	108	120	132	126	130	129	...
31. Advtg. expndtre. on brand. gds.	1935 = 100	...	...	76·1	79·2	84·6	90·4	100	104·6	108·6	99·7	68·8	120·6	112·0	123·5	105·9	96·3	68·4
Foreign Trade																		
32. Retained imports, value: Food	Thous. £'s	42,444	37,803	33,041	29,810	27,311	27,829	28,616	30,921	34,099	32,609	33,867	35,949	31,155	33,948	37,567	35,440	34,150
33. " Raw materials	"	23,774	17,674	12,277	11,740	12,897	15,153	15,237	17,934	23,203	23,718	23,730	21,162	18,608	17,026	17,004	17,284	17,234
34. " Manufactures	"	25,467	23,622	20,367	12,168	11,654	13,395	14,302	16,452	20,878	21,988	21,877	21,721	18,532	16,837	16,663	16,106	17,054
35. " Total	"	92,589	79,762	66,449	54,221	52,161	56,681	58,473	65,710	79,492	78,702	79,972	79,407	68,669	66,217	71,515	69,384	69,087
36. Volume: Food (a)(d)	Avg. of 1935	*98·9*	99·6	*106·5*	*102·5*	*100·7*	*101·1*	100	102·8	*103·4*			*100·3*			*100·0*		
37. " Raw materials (a)(d)	= 100	*101·5*	90·9	*82·9*	*84·6*	*92·7*	*99·6*	100	111·1	120·9			120·9			104·9		
38. " Manufactures (a)(d)	"	*133·6*	133·9	*123·9*	*79·5*	*81·8*	*95·0*	100	111·6	127·1			123·5			113·3		
39. " Total (a)(d)	"	*108·9*	106·3	*105·0*	*92·2*	*93·7*	*99·0*	*100*	*107·2*	*113·9*			*111·4*			*104·4*		
40. Domestic exports, value: Food	Thous. £'s	4,555	3,944	2,898	2,625	2,314	2,538	2,636	2,966	3,232	3,311	3,034	2,788	2,368	2,827	2,659	2,904	2,952
41. " Raw materials	"	6,575	5,318	*3,920*	*3,634*	*3,832*	*4,021*	*4,400*	*4,278*	*5,388*	5,956	5,275	4,928	4,481	4,931	4,456	4,699	4,539
42. " Manufactures	"	47,899	36,745	24,398	23,031	23,475	25,403	27,411	28,410	33,737	37,377	33,383	33,536	29,346	29,534	28,772	28,963	28,005
43. " Total	"	60,779	47,563	32,552	30,419	30,659	33,000	35,493	36,727	43,466	47,570	42,546	42,155	37,266	38,165	36,894	37,470	36,331
44. Volume: Food (a)(d)	Avg. of 1935	*126·7*	*118·7*	*94·5*	*90·9*	*91·8*	*93·3*	100	110·6	118·3			106·9			99·6		
45. " Raw materials(a)(d)	= 100	*130·4*	110·2	*86·9*	*82·0*	*88·5*	*92·3*	100	92·4	125·7			85·7			86·7		
46. " Manufactures(a)(d)	"	*142·1*	113·8	*80·7*	*83·0*	*85·5*	*92·4*	100	102·1	115·2			101·9			95·0		
47. " Total (a)(d)	"	*140·2*	*115·0*	*83·8*	*84·0*	*85·9*	*92·4*	100	101·5	119·5			99·7			94·3		
48. Shipping: Tonnage entered	Thous. net tons	5,225	5,310	5,023	4,947	5,036	5,223	5,302	5,616	5,868	6,425	6,722	5,598	5,299	6,035	6,127	6,068	6,417
49. " Tonnage cleared	"	5,723	5,488	4,862	4,620	4,638	4,674	4,777	*4,735*	*5,118*	5,820	5,487	4,580	4,649	4,795	5,189	5,238	6,722
50. " Tonnage laid-up (k)	"	385	1,593	1,966	1,971	1,240	878	436	212	95			339			332		
51. Freight rates, *Economist* Index	1929 = 100	100	81·7	82·2	77·9	75·1	76·4	76·8	*87·3*	*132·5*	137·2	*143·6*	102·5	101·0	101·1	99·3	98·4	98·8
52. Cable and wireless traffic receipts	Corresponding month 1929 = 100	100	87·3	78·9	72·3	70·5	72·5	73·5	74·4	78·9	73·4	73·0	74·7	71·5	65·3	66·4	63·1	60·2
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	11,496	11,623	11,672	11,380	11,390	11,375	11,333	11,371	11,402
54. Insured pers. unemployed "	"	1,212	1,915	*2,680*	*2,756*	*2,496*	*2,107*	1,958	1,684	1,413	1,321	1,294	1,749	1,748	1,779	1,803	1,773	1,759
55. Per cent. unemployed "	"	10·3	15·8	21·1	21·9	19·8	16·6	15·3	13·0	10·6	10·1	9·9	12·5	12·5	12·7	13 0	12·9	12·7
																(m)		
56. Regist'd at Exchanges, all ages,	"	*1,276*	*2,014*	2,718	2,813	2,588	2,221	2,106	1,822	1,586	1,445	1,424	1,845	1,842	1,869	1,894	1,875	1,843
57. " London	"	118	177	273	306	272	216	203	179	171	155	154	227	216	213	213	209	203
58. " S.E. England	"	50	75	114	142	120	93	91	79	70	52	58	99	91	88	79	75	77
59. " S.W. "	"	69	91	129	157	147	127	114	94	83	67	67	86	83	79	77	72	70
60. " Midlands	"	165	267	381	371	325	245	217	178	144	144	143	196	205	210	226	237	238
61. " N.E. England	"	280	419	569	602	557	478	452	304	165	166	151	192	191	206	206	217	215
62. " N.W. "	"	235	522	627	562	517	461	439	374	304	286	294	385	388	406	436	384	395
63. " Northern (c)	"	...	...	...	...	...	...	...	179	156	134	139	147	145	149	156	164	163
64. " Scotland	"	156	244	358	378	364	331	314	277	246	245	222	256	260	250	240	254	239
65. " Wales	"	116	158	196	228	219	208	206	188	151	131	132	161	169	177	170	161	158
66. " N. Ireland	"	36	60	71	68	68	62	70	67	71	66	66	96	94	90	92	102	84
67. Industr. disputes, No. days lost	"	676	361	527	541	87	78	160	154	285	512	228	113	151	185	175	80	86
68. Wage rates, Min. of Labour (d)	1929 = 100	100	100	97½	96	95½	95½	96½	99½	103			106½			107½		
PRICES																		
Wholesale: 'Economist' Indices																		
69. Cereals and meat	1928 = 100	100	83·6	70·9	70·4	66·4	71·3	72·2	79·4	93·5	95·6	91·1	90·3	88·3	91·1	92·0	85·6	79·2
70. Other foods	"	100	90·0	76·1	72·8	68·4	68·8	70·6	71·2	78·6	78·3	77·7	70·1	70·2	68·7	66·2	67·0	67·0
71. Textiles	"	100	87·5	76·5	76·3	80·8	80·5	83·5	88·5	108·4	113·6	113·1	97·4	96·2	93·1	97·7	97·4	96·0
72. Minerals	"	100	84·0	70·2	67·8	68·3	71·0	74·3	78·8	89·3	91·7	90·2	80·3	79·4	78·2	78·9	77·9	76·2
73. Total, incl. miscell.	"		154·5	114·5	118·1	113·0	123·0	126·9	140·2	163·1	167·1	164·4	137·0	137·8	132·2	135·7	138·0	133·5
74. Primary products	Sep.18,1931 = 100	...																
Cost of Living: Min. of Labour																		
75. Food	1929 = 100	*100*	*94·2*	85·1	81·8	77·9	79·2	81·2	83·6	90·7	90·9	90·9	89·0	90·2	89·6	94·8	91·6	90·9
76. Total	"	100	96·3	90·0	87·8	85·4	86·0	87·2	89·7	94·5	94·5	94·5	93·9	95·1	94·6	96·9	95·1	95·1
77. *Industrial securities, Fin. News*	July 1,1935 = 100	102·0	84·6	65·8	64·0	79·8	84·1	97·0	115·7	110·2	111·5	112·3	84·3	90·7	80·4	86·9	85·8	82·2
78. *Fixed interest* " "	*1928 = 100*	*96·8*	*99·9*	*99·2*	*113·6*	*126·1*	*133·6*	*137·1*	*137·7*	128·6	127·2	126·6	127·7	128·8	128·5	128·3	129·6	128·4
FINANCE																		
79. Govt. *Revenue*, cumulative (h)	*Mill. £'s*	815·0	857·8	851·5	827·0	809·4	804·6	844·8	896·6	948·7	221·2	282·6	948·7	56·0	102·5	151·1	219·9	283·3
80. " expenditure, " (h)	"	829·5	881·0	851·1	859·3	778·2	797·1	841·8	902·2	919·9	303·6	360·7	919·9	80·2	145·6	254·1	343·4	410·9
81. Bank of Eng.: Notes in circ.(g)	"	862·3	858·6	854·8	859·3	871·2	878·7	894·7	931·3	967·4	943·7	947·1	962·9	964·3	966·1	968·1	969·2	971·2
82. " Bankers' deposits (g)	"	62·9	65·5	64·7	81·3	99·9	100·3	96·7	96·2	97·2	94·8	94·9	113·3	109·0	98·5	111·3	115·6	104·4
83. " Gov. sec. B'king Dept. (g)	"	55·9	49·7	45·5	64·0	79·6	81·1	87·0	88·8	98·4	105·6	109·3	107·6	114·9	105·4	112·7	113·3	106·6
84. Clearing Banks: Deposits...(g)	"	1,738	1,741	1,699	1,791	1,953	1,880	1,999	2,142	2,210	2,216	2,205	2,177	2,191	2,185	2,221	2,230	2,219
85. " Cash & bal. with B.E.(g)	"	194	192	182	187	212	212	215	221	227	227	226	236	239	223	238	*236*	233
86. " Discounts (g)	"	229	264	256	308	354	230	266	313	278	279	273	235	245	275	286	297	300
87. " Advances (g)	"	991	963	919	844	759	753	769	839	924	941	938	964	963	951	950	949	940
88. " Investments (g)	"	257	258	301	348	537	560	615	613	622	617	616	604	603	601	*600*	*603*	612
89. Bank Clearings: Town (e)	"	130·1	126·3	103·6	90·4	90·6	100·1	106·0	113·8	120·0	124·5	108·2	107·9	108·9	109·7	109·5	114·5	105·2
90. " Met. Country & Prov.(e)	"	21·4	19·9	18·3	17·9	18·5	19·7	20·9	22·6	24·3	25·1	22·7	22·9	23·6	22·7	21·9	23·7	20·6
91. Interest Rates: Bank rate	%	5·498	3·414	3·969	3·008	2	2	2	2	2	2	2	2	2	2	2	2	2
92. " Three mths. bank bills	"	5·26	2·57	3·61	1·87	0·69	0·82	0·58	0·60	0·58	0·56	0·56	0·53	0·53	0·53	0·57	0·53	0·51
93. " Day to day loans	"	4·47	2·27	2·94	1·61	0·69	0·82	0·50	0·50	0·50	0·50	0·50	0·50	0·50	0·50	0·50	0·50	0·50
94. " Yield on 2½% Consols.	"	4·61	4·49	4·40	3·75	3·40	3·10	2·89	2·94	3·29	3·36	3·37	3·39	3·35	3·34	3·36	3·29	3·33
95. " Total (exl. Br.	"	...	...	...	...	...	...	20,590	36,073	26,653	59,069	9,409	12,733	3,588	29,701	28,273	27,631	5,092
96. Cap. Issues: Govt.)	Th's £ New basis	...	...	...	...	...	...	*12,346*	*16,299*	*12,752*	*14,104*	*4,731*	*6,745*	*325*	*25,709*	*6,386*	*15,031*	*2,554*
97. (Economist) Of which abroad	Old "	*18,319*	*16,849*	*7,620*	*7,184*	*7,831*	*10,418*	2,540	3,787	5,876	7,731	1,163	2,539	478	12,193	19,478	6,432	2,361
98.	New "	...	...	...	...	...	...	*1,291*	*2,125*	*2,431*	*3,237*	*487*	*2,479*	*0*	*11,554*	*250*	*4,280*	*1,078*
	Old "	*7,267*	*8,096*	*3,970*	*2,153*	*2,878*	*2,619*											
99. Exchange Rates: New York	$ per £	4·857	4·862	4·533	3·504	4·218	5·041	4·903	4·971	4·95	4·970	4·980	4·98	4·98	4·97	4·96	4·93	4·88
100. " Paris	Frs. per £	124·02	123·87	115·55	89·20	84·58	76·74	74·26	82·97	124·45	130·57	132·85	159·61	160·75	176·62	178·17	178·18	178·58
101. " Berlin	Rm. per £	20·40	20·38	19·18	14·74	13·98	12·80	12·18	12·33	12·30	12·35	12·39	12·39	12·39	12·37	12·31	12·27	12·17
102. " Amsterdam	Fl. per £	12·09	12·09	11·27	8·66	8·24	7·48	7·24	7·78	8·99	9·02	9·03	8·97	8·96	8·97	8·96	8·96	8·94
103. " Kobe	Pence per Yen	22·81	24·41	20·33	19·33	14·64	14·20	14·08	14·02	13·99	13·97	14·00	13·96	13·98	14·00	14·00	14·00	14·00
104. " Shanghai	Pence per $	28·65	20·61	16·85	20·83	15·09	16·32	18·00	14·47	14·43	14·32	14·36	13·90	13·13	11·59	9·17	8·94	8·25

(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) Figure for 1936 is average of August-December. (d) Indices shown in last month of quarter to which they relate. (e) Daily average. (f) Monthly figures are averages of quarterly returns. (g) Average of weekly figures. (h) Annual figures are totals for financial year beginning in year shown. Monthly figures are cumulative.
(i) Average of 11 months. (k) Annual figures relate to end of year. (m) Figures for January to August: figures for September to December are not comparable owing to revised method of counting adopted in September, 1937.

UNITED STATES, FRANCE AND GERMANY

	Unit of Measurement	Monthly Average									1937		1938					
		1929	1930	1931	1932	1933	1934	1935	1936	1937	July	Aug.	Mar.	Apr.	May	June	July	Aug.
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	92·2	95·8	95·8	66·4	64·7	63·9	64·7	69·7	...
2. Investment goods, F.R.B.....(a)	,,	100	72·6	48·2	27·6	41·2	46·5	63·2	82·4	88·6	100·6	104·1	44·4	43·5	41·8	41·5	...	...
3. Consumption goods, F.R.B...(a)	,,	100	86·8	85·2	75·9	84·2	83·4	87·6	94·5	94·5	92·9	94·5	79·9	78·1	79·7	82·1	...	...
4. Coal	Million m. tons	46·0	40·6	33·4	27·2	29·0	31·4	31·6	36·5	37·0	31·4	33·2	27·9	23·0	23·8	24·7	23·6	...
5. Electricity generated	Million kw. hrs.	8,113	7,995	7,644	6,842	7,111	7,590	8,283	9,461	10,083	10,345	10,634	9,467	8,924	9,088	9,189	...	...
6. Steel	Thous. m. tons	4,599	3,326	2,133	1,128	1,913	2,139	2,830	3,973	4,192	4,629	4,956	2,044	1,956	1,836	1,665	2,015	2,588
7. Index of machine tool orders	1929=100	100	46·0	26·0	12·6	17·4	29·7	55·5	87·7	120·0	109·9	115·5	68·7	57·9	42·6	...	...	...
Building contracts awarded:																		
8. Residential	Million $	159·6	91·8	67·6	23·3	20·8	20·7	39·9	66·8	75·5	81·0	73·4	79·4	74·6	83·2	85·7	...	...
9. Other	,,	319·6	285·1	190·1	89·3	83·8	107·9	114·1	156·1	184·4	240·6	207·8	147·5	147·4	200·0	165·2	...	...
10. Private cars	Thousands	382	232	164	88	131	181	271	306	326	360	311	174	176	155	137	...	...
11. Commercial vehicles	,,	64	48	35	20	29	48	58	65	72	79	83	48	43	37	38	...	...
12. Activity in textile industry	1929=100	100	79·1	81·7	72·2	84·3	73·9	90·4	97·4	96·5	96·5	100·0	70·4	64·3	67·0	75·7	85·2	...
13. Stocks of raw materials	,,	100	106·0	116·7	120·7	122·1	120·7	94·0	86·2	88·6	69·8	75·2	117·8	111·4	102·6	...	...	...
14. Stocks of manufactures	,,	100	102·5	65·0	86·7	85·9	90·9	86·7	85·0	91·5	90·0	90·0	101·7	101·7	102·5	...	...	...
TRADE AND TRANSPORT																		
15. Index of Rly. car loadings (a)	,,	100	86·8	70·7	52·8	54·7	58·5	59·4	67·9	74·7	75·5	74·5	56·6	53·8	54·7	54·7	...	...
16. Index of Dept. Store sales (a)	,,	100	91·9	82·9	62·2	60·3	67·6	71·2	79·2	83·6	84·6	82·9	77·5	74·8	70·2	73·9	...	...
17. Retained imports	Million $	362	260	174	110	119	136	170	202	251	262·9	248·7	173·3	155·5	147·2	147·9	147·8	...
18. Domestic exports	,,	430	315	198	131	137	175	187	202	275	264·6	273·5	270·8	271·5	253·6	229·5	225·1	...
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	95·0	98·3	97·8	81·6	75·6	73·9	72·6	...	...
20. Pay rolls, F.R.B.	,,	100	81·1	61·8	42·6	45·3	57·7	65·4	75·5	89·8	92·0	95·2	67·1	64·6	63·4	61·4	...	...
21. Hourly earnings, N.I.C.B.	,,	100	100	96	84	83	99	102	105	120	122·4	122·9	123·0	123·2	123·2	124·0	122·9	...
22. Av. hours of work, N.I.C.B.	Number	48·3	43·9	40·4	34·8	36·4	34·7	37·2	39·7	39·3	39·3	38·9	33·3	32·9	32·7	33·1	33·8	...
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.	1929=100	100	96·2	87·2	77·9	74·9	79·4	82·6	84·8	88·4	88·8	88·9	86·6	86·7	86·4	86·6	86·4	...
25. Wholesale prices, D. of Lab.	,,	100	90·7	76·6	68·0	69·3	78·7	83·9	84·8	90·6	92·2	91·8	83·6	82·6	82·0	82·2	82·7	...
26. ,, raw materials ,,	,,	100	86·5	67·3	56·5	57·9	70·4	79·1	82·0	86·9	88·8	87·0	75·1	73·2	72·5	73·2	...	...
27. ,, semi-manufactures ,,	,,	100	87·2	73·5	63·2	61·4	77·6	78·4	80·8	90·8	92·5	92·2	80·4	80·2	80·3	79·9	...	...
28. ,, Finished goods ,,	,,	100	93·1	81·5	74·4	74·6	82·8	87·0	86·8	92·2	94·0	94·2	88·2	87·5	86·9	87·0	...	...
29. ,, Farm products ,,	,,	100	84·1	61·8	45·9	49·0	62·3	75·1	77·2	82·5	85·2	82·4	67·0	65·2	64·3	65·4	...	...
30. 351 Indus. securit's., Stand. Stat.	,,	100	74·2	45·9	24·4	35·0	42·9	48·0	67·3	69·0	74·6	75·8	47·1	44·1	46·1	47·3	56·0	56·7
FINANCE																		
31. Total Res. Bank credit	Million $	1,739	1,386	1,853	2,171	2,674	2,470	2,486	2,500	2,612	2,574	2,577	2,611	2,594	2,582	2,596	2,589	...
32. Gold stock	,,	3,900	4,225	4,051	4,045	4,012	8,238	10,125	11,258	12,760	12,446	12,567	12,794	12,869	12,919	12,963	13,017	13,079
33. Money in circulation	,,	4,578	4,603	5,360	5,388	5,519	5,536	5,882	6,543	6,551	6,460	6,524	6,356	6,397	6,467	6,461	6,452	6,470
34. Member Bank Res. Balances	,,	2,355	2,471	1,961	2,509	2,729	4,096	5,587	6,606	7,027	6,753	6,751	7,287	7,623	7,665	8,024	8,164	...
35. ,, Excess Reserves	,,	−73	96	−83	576	859	1,814	2,844	1,984	1,212	791	773	1,546	2,548	2,568	2,875	3,022	...
Member Banks in 101 towns:																		
36. loans and investments	,,	...	...	...	...	...	...	20,895	22,931	22,168	22,219	22,332	21,072	20,819	20,732	20,696	20,530	...
37. deposits: Demand	,,	19,112	18,660	15,985	14,965	11,383	11,419	13,888	15,571	14,431	15,033	14,924	14,268	14,598	14,589	15,036	14,951	...
38. ,, Time	,,	13,070	13,654	11,453	10,527	4,790	4,781	4,911	5,067	5,205	5,268	5,268	5,218	5,230	5,216	5,239	5,193	...
39. Bank debits outside N.Y. City	,,	26,901	23,113	17,119	12,819	13,288	15,701	18,676	23,238	19,590	20,152	18,409	17,373	16,597	16,013	17,160	17,160	...
40. Call money	%	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	...
41. Yield on Govt. bonds	%	3·60	3·28	3·31	3·66	3·31	3·10	2·69	2·47	2·57	2·59	2·59	2·45	2·43	2·30	2·31	2·34	...
42. Capital issues, C.F. Chronicle	Million $	595	848	260	99	59	115	123	166	193	247	76	126	197	157	345	389	...
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	72·7	79·7	71·1	68·4	65·5	...	...	...	...
44. Coal	Thous. met. tons	4,482	4,490	4,167	3,856	3,907	3,969	3,851	3,769	3,693	3,530	2,587	4,294	4,043	3,734	3,830	3,798	...
45. Electricity ....S.G.F.(a)	1929=100	100	99·2	93·3	88·2	96·7	98·3	101·7	104·2	114·3	114·3	111·7	122·7	121·8	120·2	125·2	...	...
46. Steel	Thous. met. tons	808	787	652	470	544	512	522	559	655	685	559	564	500	502	480	425	...
47. Building activity ....S.G.F.(a)	1929=100	100	111·4	101·6	81·3	74·0	66·7	55·3	52·0	48·1	44·6	43·2	44·4	44·4	44·4	44·0	46·6	...
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	41·6	39·7	36·9	42·0	39·8	41·2	40·6	38·5	35·5
49. Imports	Mill. frs.	4,852	4,376	3,517	2,484	2,369	1,925	1,745	2,118	3,526	3,200	3,158	3,527	3,877	3,878	3,811	3,501	3,709
50. Exports	,,	4,178	3,570	2,536	1,642	1,539	1,487	1,289	1,288	1,995	1,872	2,863	2,231	2,324	2,324	2,291	2,286	2,486
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	350·5	313·6	311·3	401·1	393·1	380·8	362·9	344·5	338·4
52. Wage rates, Paris region	1929=100	100	106	105	100	102	102	101	116	...	...	...	...	...	...	...	...	...
PRICES																		
53. Wholesale, index of S.G.F.	,,	100	88·4	80·0	68·2	63·6	60·0	54·0	65·5	92·7	92·8	96·2	101·1	102·6	104·3	105·3	104·0	[illegible]
54. Cost of living, Paris, ,,	,,	100	104·5	102·3	94·6	93·5	92·8	86·9	91·1	111·3	113·3	113·3	123·7	124·5	124·5	124·5	...	...
55. Industrial securities ,,	,,	100	84·6	58·1	47·0	44·8	35·4	36·3	33·4	43·8	40·4	41·6	37·1	43·1	43·2	42·3	40·9	...
FINANCE																		
56. Govt. revenue: impôts indirects	Mill. frs.	35,496	33,912	33,048	28,980	28,560	27,420	26,244	26,670	30,640	17,422	19,585	8,711	12,180	14,920	17,774	21,929	...
57. Impôts sur les revenus	,,	10,592	10,716	10,068	7,428	6,348	5,904	5,088	5,705	6,815	2,065	2,889	743	840	1,911	1,739	2,555	...
58. Bank of France: Gold	,,	41,668	53,578	68,863	83,017	77,098	82,124	66,296	60,359	58,933	55,677	55,718	55,807	55,807	55,808	55,808	55,808	55,808
59. ,, Notes in circulation	,,	68,571	76,436	85,725	85,028	82,613	83,412	81,150	89,342	93,837	89,307	88,255	98,095	98,519	98,923	102,807	101,117	99,065
60. Commercial bank deposits	,,	34,065	36,681	38,245	37,759	32,635	30,943	27,553	28,484	30,348	29,069	28,987	29,234	30,454	34,394	32,464	...	...
61. Bank clearings, Paris	,,	42,705	46,333	38,377	27,700	31,545	27,012	28,275	24,244	28,508	28,318	23,175	33,964	34,867	45,519	34,498	28,973	33,078
62. Interest rates:—Bank rate	%	3·50	2·71	2·12	2·50	2·50	2·50	3·70	4·00	4·00	5·00	4·00	3·00	3·00	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	3·97	5·25	5·14	3·53	3·38	3·38	2·50	2·50	2·58
64. ,, ,, 3% Rentes	%	3·98	3·42	3·46	3·82	4·35	4·12	3·73	3·87	3·90	3·70	3·59	4·43	4·13	4·08	4·03	3·96	4·00
65. Capital issues	Mill. frs.	1,569	2,233	1,899	1,214	868	806	615	326	776	611	468	152	...	...	...	...	...
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	117·2	117·3	119·4	123·3	123·5	126·5	124·8	...	...
67. Investment goods ,,	,,	100	81·6	52·6	34·4	43·6	72·6	99·4	113·2	124·4	128·7	129·8	129·1	134·2	139·7	140·0	...	...
68. Consumption goods ,,	,,	100	94·0	89·2	76·3	82·6	92·4	88·2	98·7	104·6	100·7	105·5	112·7	107·1	106·3	101·9	...	...
69. Coal	Thous. met. tons	13,620	11,892	9,887	8,728	9,160	10,418	11,918	13,198	15,376	15,915	15,354	16,679	14,495	15,286	14,878	15,763	...
70. Lignite	,,	14,538	12,168	11,109	10,221	10,566	11,437	12,282	13,445	15,390	16,054	15,693	16,244	14,666	15,704	15,348	16,501	...
71. Electricity, I.K.	1929=100	100	96·0	84·5	76·7	84·6	99·7	113·6	131·0	155·3	139·8	152·1	161·1	169·4	166·8	155·6	161·0	...
72. Steel	Thous. met. tons	1,354	962	691	481	634	993	1,344	1,601	1,654	1,654	1,663	1,989	1,818	1,964	1,890	1,981	...
73. Machinery (orders filled), (d) I.K.	1929=100	100	82·4	59·0	37·9	41·5	63·1	81·0	97·5	...	...	...	...	...	...	...	...	...
74. Automobiles, total ,,	,,	100	66·4	46·7	27·7	53·9	90·3	128·5	155·7	...	...	...	...	...	...	...	...	...
75. Textiles, index of activity ,,	,,	100	97·4	94·9	85·7	98·1	106·8	98·5	106·6	108·1	100·6	105·1	119·2	111·0	114·2	106·9	...	...
TRANSPORT																		
76. Rly. traffic: trucks ordered	Thous. per day	152·1	131·5	112·6	99·8	104·9	117·5	124·3	135·2	146·7	146·4	147·9	147·7	149·4	152·6	151·6	153·9	154
77. Retail trade, index of I.K.	1929=100	100	91·4	79·2	62·4	59·4	65·9	68·9	76·1	83·3	80·0	74·6	83·2	92·4	85·5	81·8	84·5	...
78. Retained imports (c)	Mill. Rm.	1,120	866	561	389	350	371	347	352	456	499·7	482	455	430	455	430	417	...
79. Domestic exports (c)	,,	1,124	1,003	800	478	406	347	356	397	493	530	541	467	423	427	403	439	...
EMPLOYMENT—WAGES																		
80. Employment	Thous.	17,869	16,515	14,336	12,518	13,016	15,041	15,949	17,106	18,402	19,905	19,151	18,831	19,401	19,857	19,998	20,200	...
81. Unemployment	,,	1,892	3,076	4,520	5,575	4,804	2,718	2,151	1,593	912	563	509	508	423	338	292	218	...
82. Tariff wage rates	1929=100	100	101·7	96·5	81·7	79·2	79·1	79·1	79·1	...	...	...	...	...	...	...	...	...
PRICES																		
83. Wholesale	,,	100	90·8	80·8	70·3	68·0	71·7	74·2	75·9	77·2	77·6	77·8	77·1	77·0	76·8	77·0	77·0	77·[illegible]
84. Cost of living	,,	100	96·2	88·4	78·3	76·6	78·6	79·9	80·8	81·2	82·0	81·8	81·5	81·6	81·8	81·8	82·3	82·[illegible]
85. Industrial securities	,,	100	81·6	60·1	40·7	57·7	67·9	67·5	74·6	87·3	89·5	90·3	88·5	89·5	87·8	86·1	83·9	...
FINANCE																		
86. Money in circulation	Mill. Rm.	5,965	5,858	5,827	5,802	5,350	5,477	5,761	6,174	6,686	7,104	7,093	7,591	8,068	8,233	8,482	8,696	...
87. Deposits, 8 banks	,,	12,306	13,114	10,129	8,048	7,308	6,998	6,887	7,631	6,114	6,140	6,181	6,340	6,399	6,501	6,539	6,722	...
88. Interest rates:—Bank rate	%	7·1	4·9	6·9	5·2	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0	4·0
89. ,, Loans for one month	,,	8·97	6·14	8·71	6·73	5·78	5·07	3·64	3·14	...	...	...	...	...	...	...	...	...
90. Yield on 4½% mortgage bonds	,,	7·40	7·15	7·04	6·38	6·15	6·57	5·06	4·67	4·54	4·53	4·52	4·49	4·50	4·50	4·50	4·50	4·5[illegible]
91. Capital issues	Mill. Rm.	224	290	165	81	129	86	234	333	386	156	176	561	1,641	454	94	...	...

(a) Adjusted for seasonal variations. (b) Partly adjusted for seasonal variations. (c) Since Jan., 1938, excluding trade with Austria. (d) Since Jan., 1938, including Austria.

BRITISH DOMINIONS AND FOREIGN COUNTRIES OUTSIDE EUROPE

(Bi-Monthly Table)

	Unit of Measurement	Monthly Average									1937		1938					
		1929	1930	1931	1932	1933	1934	1935	1936	1937	July	Aug.	Mar.	Apr.	May	June	July	Aug.
I. BRITISH COUNTRIES																		
AUSTRALIA (Population 1936: 6,775,000; Area: 7,704,000 sq. kms.)																		
Retained imports	Million £Stg.(a)	*10·687*	*7·680*	3·336	4·257	4·406	5·522	6·359	7·171	8·357	8·650	8·781	9·649	8·400	9·572	8·897	...	...
Domestic exports	Million £A.	7·906	7·407	7·429	7·841	9·209	8·173	9·433	10·626	12·309	10·490	7·922	14·681	12·320	11·949	9·092	...	...
Unemployed Trade Unionists	Thousands	47·36	84·77	117·87	120·45	104·03	86·86	71·82	53·69	41·82	...	42·1	...	...	39·810	...	...	...
Wholesale prices	1929=100	100·0	88·5	79·2	78·3	78·2	81·6	81·5	85·6	91·9	94·5	95·4	88·9	90·1	91·0	92·1	...	...
Cost of living	,,	100·0	94·6	84·8	80·7	78·3	79·6	80·9	82·7	84·9	...	85·2	...	...	86·8	...	...	...
Notes in circulation (net issue)	Million £A.	42·2	42·3	48·2	45·0	45·1	45·1	46·1	47·0	50·3	42·5	43·5	45·3	47·4	45·0	45·0	44·8	...
Commercial bank deposits	,,	295·5	280·6	284·2	280·3	284·3	298·3	295·8	298·2	321·1	...	315·3	328·4	...	327·7	...	...	...
NADA (Population 1936: 11,028,000; Area: 9,542,000 sq. kms.																		
Business activity	1929=100	100·0	84·8	71·0	58·1	60·3	73·5	81·3	89·8	99·5	102·7	99·8	86·5	89·6	88·3	85·1	85·6	...
Retained imports	Million Can.$	108·25	84·04	52·34	37·72	33·43	42·79	45·86	52·93	67·41	72·00	69·97	65·00	48·90	67·12	58·95	55·82	...
Domestic exports	,,	102·05	75·46	54·27	46·69	51·31	63·81	69·86	85·66	92·87	100·14	103·34	75·11	56·25	72·79	78·31	78·72	...
Applicants for work	Thousands	14·97	33·01	71·38	75·14	81·81	88·89	84·05	90·13	88·52	85·05	76·04	112·56	116·95	115·91	111·68	...	...
Wholesale prices	1929=100	100·0	90·6	75·4	69·8	70·2	74·9	75·4	78·0	88·4	91·5	89·5	86·9	86·1	84·0	83·8	82·2	...
Cost of living	,,	100·0	99·3	89·7	81·5	77·8	78·8	79·2	80·9	83·4	83·2	83·8	84·3	84·4	84·3	84·2	84·3	...
Price of industrial securities	,,	100·0	64·3	36·6	23·7	35·3	46·4	54·4	74·3	77·4	81·6	83·0	61·4	60·1	61·2	61·2	65·6	...
Notes in circulation	Million Can.$	359	308	303	306	304	340	211	239	261	246	252	245	251	247	252	252	...
Commercial bank deposits	,,	2,163	2,068	1,927	1,844	1,859	1,983	2,127	2,230	2,282	2,239	2,264	2,271	2,318	2,295	2,311	2,294	...
RE (Population 1935: 2,966,000; Area: 69,000 sq. kms.)																		
Retained imports	Million £	5·021	4·633	4·139	3·453	2·934	3·231	3·087	3·282	3·626	3·810	3·486	3·935	3·047	3·294	3·441	2·963	...
Domestic exports	,,	3·852	3·647	2·962	2·098	1·537	1·464	1·635	1·831	1·853	2·086	1·981	1·649	1·365	1·693	2·485	2·179	...
Applicants for work	Thousands	*20·70*	*22·40*	*25·23*	62·82	72·25	103·67	119·50	99·83	82·42	63·29	65·67	102·51	100·08	97·57	71·96	68·32	70·55
Cost of living	1929=100	100·0	97·2	91·5	89·2	85·8	86·4	88·6	90·9	96·8	...	96·6	...	...	97·2	...	...	98·3
Notes in circulation	Million £	14·2	14·3	13·4	13·4	13·7	13·9	14·3	15·1	15·7	15·0	14·9	15·6	15·8	15·7	15·6	15·5	15·6
Currency Commission: F. Assets	,,	7·1	7·9	7·4	7·4	7·7	7·9	8·3	9·1	9·7	9·0	8·9	9·6	9·8	9·7	9·6	...	...
NDIA (Population 1935: 370,500,000; Area: 4,684,000 sq. kms.)																		
Retained imports } Sea-borne trade (b)	Million rupees	208·6	156·6	113·5	110·7	95·6	104·4	111·9	101·9	132·8	139·9	130·8	142·1	129·2	120·5	119·8	105·4	...
mestic exports }	,,	268·8	210·5	137·7	112·6	120·4	123·6	130·9	150·5	168·5	168·9	148·6	136·4	121·5	116·3	123·8	141·8	...
lver: Excess of imp. (+) or exp. (−) (b)	,,	+6·1	+7·6	+4·7	−2·1	−5·1	−2·8	−7·6	+12·6	+4·8	+4·5	+1·4	−7·3	+1·5	+3·5	+1·6	+1·1	...
Gold: Excess of imp. (+) or exp. (−) (b)	,,	+14·9	+13·2	−28·6	−62·0	−41·8	−49·7	−36·0	−26·6	−13·6	−22·9	−13·7	+0·7	−11·8	−9·4	−6·3	−29·8	...
Wholesale prices, Calcutta	1929=100	100·0	82·3	68·1	64·5	61·7	63·1	64·5	64·5	72·3	73·8	74·5	68·1	66·7	66·7	66·7	67·4	...
Cost of living, Bombay	1933–34=100	...	...	...	...	...	...	101	100	106	107	108	107	105	104	105	106	...
9. Notes in circn. (inc. Burma)	Million rupees	1,794	1,613	1,793	1,748	1,781	1,839	1,718	1,899	1,854	1,787	1,778	1,861	1,829	1,802	1,754	1,715	1,713
W ZEALAND (Population 1936: 1,573,000; Area: 268,000 sq. kms.)																		
Retained imports	Million £N.Z.	3·998	3·634	2·156	2·001	2·082	2·564	2·986	3·637	4·638	4·798	5·941	4·849	4·417	4·121	3·525	4·554	...
Domestic exports	,,	4·515	3·684	2·860	2·915	3·367	3·898	3·838	4·689	5·517	4·779	4·390	7·307	4·509	6·209	5·855	3·727	...
2. Unemployed registered (males)(c)	Thousands	2·89	5·00	41·43	51·55	46·97	39·23	38·23	36·89	...	30·44	27·32	6·70	7·22	8·31	8·72	6·82	...
3. Wholesale prices	1929=100	100·0	97·4	90·5	87·2	87·9	89·4	93·1	94·0	101·4	101·6	102·5	102·3	102·1	101·8	101·9	101·3	...
4. Cost of living	,,	100·0	97·7	90·2	83·5	79·2	80·5	83·2	86·1	91·7	91·7	92·3	93·8	94·2	94·3	94·3	94·2	...
5. Notes in circulation (active)	Million £N.Z.	7·2	6·7	7·3	7·1	7·6	6·8	7·6	10·4	11·7	8·6	9·1	9·8	10·6	9·8	9·5	9·6	...
6. Commercial bank deposits	,,	54·7	52·5	52·0	51·3	59·7	60·1	63·7	63·3	64·9	67·3	66·2	67·6	67·4	66·6	65·4	64·8	...
OUTH AFRICA (Population 1935: 9,500,000; Area: 1,222,000 sq. kms.)																		
ained imports	Million £S.A.	6·587	5·095	4·144	2·606	3·961	5·366	6·100	7·010	8·385	8·871	8·874	8·187	7·520	7·007	7·255	7·596	...
estic exports	,,	7·769	6·657	5·709	5·622	7·720	6·626	8·325	9·295	10·208	12·346	10·785	9·720	9·979	6·106	4·846	9·160	...
Of which gold	,,	3·864	3·959	3·842	4·042	5·738	4·629	5·938	6·895	7·156	9·444	7·856	6·453	7·767	4·251	2·789	7·334	...
Wholesale prices	1929=100	100·0	88·5	85·8	79·0	80·2	87·7	81·8	85·0	87·0	87·4	...	...	89·8	...	...	88·9	...
Cost of living	,,	100·0	97·6	94·0	89·9	87·5	88·6	88·1	88·5	90·6	90·4	90·7	94·0	94·0	94·3	94·3	93·7	...
Notes in circulation	Million £S.A.	9·2	8·0	8·8	8·3	11·9	13·0	14·1	16·4	18·1	17·1	16·1	15·2	17·7	17·4	15·9	18·1	16·5
Commercial bank deposits	Million £	61·0	63·8	56·6	54·6	81·2	85·0	88·5	95·0	93·9	92·1	90·4	91·9	91·1	91·4	94·4	94·6	...
I. FOREIGN COUNTRIES																		
ENTINA (Population 1936: 12,450,000; Area: 2,793,000 sq kms.)																		
Retained imports	Mill. paper pesos	163·3	140·0	97·8	69·7	74·8	92·5	97·9	93·1	129·8	149·5	144·0	144·4	116·7	110·8	105·6	114·4	...
Domestic exports	,,	180·6	116·3	121·3	107·3	93·4	119·9	130·8	138·0	192·6	155·9	147·7	118·6	103·7	110·2	106·4	107·6	...
Wholesale prices	929=100	100·0	95·6	92·3	92·8	88·8	102·3	100·6	102·9	116·7	120·1	119·3	113·5	112·1	110·3	103·1	...	...
Cost of living	,,	100·0	101·5	86·9	77·7	88·8	77·6	82·9	90·5	92·8	93·8	92·9	91·6	91·8	91·9	93·3	...	...
Notes in circulation	Mill. pesos paper	1,247	1,261	1,245	1,339	1,214	1,171	1,178	1,302	1,359	1,387	1,356	1,349	1,337	1,309	1,294	1,292	...
ommercial bank deposits	,,	3,903	3,956	3,517	3,525	3,467	3,427	3,357	3,669	3,881	3,915	3,917	3,884	3,847	3,813	3,805	...	...
IL (Population 1936: 42,395,000; Area: 8,511,000 sq. kms.)																		
orts (general trade)	Million milreis	294·0	195·3	156·7	126·6	180·4	208·6	321·3	355·7	442·9	397·2	516·3	526·8	...	...	...	...	...
orts (general trade)	,,	321·7	242·3	283·2	[illegible]	235·0	288·3	342·0	408·3	424·3	481·3	434·8	380·4	...	...	...	...	...
xports of coffee	Thous. met. tons	75·4	90·2	76·4	61·0	79·3	67·0	77·8	66·3	...	43·4	48·8	84·6	...	83·9	...	...	...
rice of coffee "Santos" London	Sh. per cwt.	97·9	60·5	47·9	63·2	50·1	49·0	39·2	40·9	48·5	52·5	52·6	30·3	27·8	30·0	29·6	30·5	...
Notes in circulation	Million milreis	3,395	2,842	2,942	3,239	3,037	3,157	3,612	4,050	4,532	4,267	4,262	4,730	4,764	4,782	4,804	...	...
Commercial bank deposits	,,	5,925	5,731	5,962	6,843	6,484	7,419	7,767	8,332	...	...	...	...	...	...	...	...	...
ILE (Population 1936: 4,552,000; Area: 742,000 sq. kms.)																		
Industrial production	1929=100	100·0	100·9	77·9	87·0	95·8	105·1	120·1	123·9	131·6	127·4	134·3	136·4	132·0	135·1	136·8	...	...
Retained imports	Million pesos	134·77	116·67	58·81	17·82	15·15	17·82	24·59	28·89	35·74	34·24	39·84	54·60	39·53	47·08	36·04	...	...
Domestic exports	,,	191·07	110·53	68·70	24·20	27·58	38·32	38·70	45·73	77·78	81·76	54·41	70·40	52·58	62·60	50·64	...	...
Production of copper (in bars)	Metric tons	25,266	17,334	17,975	8,126	13,125	20,643	21,660	20,440	33,114	27,128	...	...	...	...	...	...	...
Wholesale prices	1929=100	100·0	86·7	79·5	119·7	179·8	178·6	178·4	197·3	236·2	241·7	245·3	224·1	224·6	224·8	223·7	...	...
ost of living, Santiago	,,	100·0	98·9	98·2	104·4	129·6	129·7	132·4	143·6	161·7	166·3	168·0	164·7	167·9	172·1	171·2	...	...
tes in circulation	Mill. pesos paper	352	306	319	488	515	516	567	653	709	669	664	711	740	73·1	723	...	...
A (Population 1935: 450,000,000; Area: 11,103,000 sq. kms.)																		
etained imps. (excl. Manch.)	Mill. std. dollars	*160·59*	*170·05*	*186·11*	*146·68*	112·13	85·81	76·60	78·46	79·45	124·14	55·47	99·26	67·02	74·71	71·63	67·07	77·11
omestic exps. (excl. Manch.)	,,	*131·87*	*116·18*	*118·08*	*83·41*	50·99	44·60	47·98	58·81	69·85	88·78	45·22	50·15	56·64	57·42	74·39	77·26	80·20
nports: Manch. and Jehol	Mill. Yuan M.	...	...	...	...	36·33	44·67	47·67	53·68	70·67	59·83	63·90	...	...	...	...	...	...
ports: Manch. and Jehol	,,	...	...	...	...	31·39	31·93	29·64	39·52	44·30	31·88	35·17	...	...	...	...	...	...
ver: Excess of imp. (+), p. (−)	Mill. std. dollars	+13·5	+8·7	+5·9	−0·9	−1·2	−21·4	−5·0	−20·8	−33·2	−54·7	−8·0	−2·5	−2·4	−9·9	−4·9	...	...
holesale prices, Shanghai	1929=100	100·0	109·9	121·2	107·6	99·3	92·9	92·0	103·8	123·5	120·4	122·3	133·2	136·7	135·8	138·9	146·4	157·7
t of living, Shanghai	,,	100·0	112·9	116·7	110·4	99·4	98·3	98·9	105·0	122·2	111·2	124·7	139·4	137·3	130·6	132·2	139·8	146·2
PAN (Population 1935: 69,500,000; Area: 382,314 sq. kms.)																		
Industrial production	1929=100	100	94·8	91·6	97·8	113·2	128·7	141·8	151·1	170·8	173·1	166·1	179·1	174·6	...	...	...	...
Prod. of silk piece goods	Thous. metres	...	13,194	13,454	14,173	15,824	17,158	16,274	12,778	15,970	16,082	16,056	15,268	15,701	...	...	...	...
,, rayon ,, ,,	,,	...	7,823	10,258	15,445	15,702	19,770	28,145	40,618	43,049	45,442	35,787	34,901	35,810	...	...	...	...
,, cotton ,, ,,	Mill. sq. yards	...	115·7	117·0	127·7	139·4	149·4	153·6	150·2	157·9	354·8	298·3	148·9	144·8	...	...	...	...
Retained imports	Million yen	180·7	125·6	100·5	115·3	156·9	187·0	202·2	225·2	311·0	277·7	245·5	242·5	262·5	251·1	249·8	223·0	...
Domestic exports	,,	175·1	119·2	93·1	113·5	152·3	177·8	204·5	219·3	260·4	284·6	277·3	223·9	215·0	209·6	199·3	229·0	...
No. unemployed	Thousands	...	369·4	422·7	485·7	408·7	372·9	356·0	338·4	...	...	...	...	...	...	...	...	...
Wholesale prices	1929=100	100	82·4	69·6	73·3	81·6	80·8	84·4	89·9	108·4	108·7	107·0	114·4	112·3	113·2	115·7	115·7	...
Cost of living, Tokio	,,	100	85·5	74·7	75·4	80·3	82·0	83·6	87·8	96·1	95·0	95·9	106·2	108·9	108·9	108·5	109·9	...
Price of industrial securities	Jan., 1930=100	...	74·8	76·4	103·6	176·7	222·7	181·6	205·8	251·7	271·4	236·4	267·9	...	253·6	...	...	...
Notes issued, Bank of Japan	Million yen	1,642	1,436	1,331	1,426	1,545	1,627	1,767	1,866	2,155	1,580	1,580	1,824	1,986	1,881	1,946	2,043	...
Commercial bank deposits	,,	9,213	8,659	8,174	8,131	8,727	9,354	9,874	10,932	12,353	11,457	11,535	12,530	12,560	13,073	13,653	...	...
Yield on Government bonds	Per cent.	5·08	5·36	5·40	5·59	4·81	4·52	4·49	4·08	3·94	3·93	3·95	3·88	3·89	3·88	3·86	3·85	...

WORLD STATISTICS (Monthly Table)

	Unit of Measurement	1929	1930	1931	1932	1933	1934	1935	1936	1937	1937 July	1937 Aug.	1938 Mar.	Apr.	May	June	July	Aug.
Industrial production	1929=100	100	89	79	70	78	86	96	110	...			...	...	...	...	...	...
,, ,, (excl. U.S.S.R.)	,,	100	87	75	64	72	78	86	96	103	105·1	105·5	90·6	88·7	88·2	87·1	...	...
Output of raw materials	,,	100	94	85	75	81	87	95	106	119	...	...	...	...	...	...	...	...
,, foodstuffs	,,	100	102	100	100	102	102	101	103	106	...	...	...	...	...	...	...	...
Stocks of primary products (e)	,,	100	117	124	123	121½	115	102½	93	101	...	...	...	...	...	...	...	...
Value of world trade (gold) (d)	,,	100	81·0	57·9	39·1	35·2	33·9	34·7	37·4	46·2	47·4	46·0	43·5	39·9	39·7	38·9	38·6	...
Volume of world trade (d)(f)	,,	100	93	85·5	74·5	75·5	78·0	81·6	85·4	96·8	...	...	88·4	...	...	85·9	..	...

(a) Imports 1929 and 1930, £A. (b) In and from April, 1937, excluding Burma. (c) Series modified from Oct. 1937 to exclude persons totally unfit for employment (say 8,000). (d) Excluding Spain from 1936 and including Burma from April, 1937. (e) Annual figures, except for 1929, relate to end of year. League of Nations' Quarterly Index substituted for U.S. Department of Commerce index in October Supplement. (f) Indices shown in last month of quarter to which they relate.

RAW MATERIALS AND CRUDE FOODSTUFFS

GROUP I.—MONTHLY TABLE.

Commodity	Unit of Measurement	Monthly Average 1929	1930	1931	1932	1933	1934	1935	1936	1937 (a)	1937 July	1937 Aug.	1938 Mar.	1938 Apr.	1938 May	1938 June	1938 July
COAL																	
1. Production: Belgium	Th. metric tons	2,245	2,285	2,254	1,785	2,108	2,199	2,207	2,323	2,473	2,274	2,345	2,701	2,501	2,463	2,405	2,405
2. ,, France	,,	4,482	4,490	4,167	3,856	3,907	3,969	3,851	3,769	3,893	3,530	2,587	4,294	4,047	3,734	3,830	3,830
3. ,, Germany: Coal	,,	13,620	11,892	9,887	8,728	9,141	10,405	11,918	13,190	15,376	15,915	15,354	16,679	14,495	15,286	14,874	14,874
4. ,, Poland	,,	3,853	3,126	3,189	2,403	2,283	2,436	2,395	2,479	3,018	3,219	3,109	3,003	2,911	2,858	2,902	2,902
5. ,, U.K.	,,	21,837	20,650	18,582	17,717	17,525	18,708	18,877	19,349	20,421	19,246	18,524	22,359	18,112	19,428	17,392	17,392
6. ,, U.S.A.	,,	46,026	40,590	33,395	27,183	28,967	31,398	31,576	36,761	37,042	31,364	33,182	27,905	22,955	23,827	24,685	24,865
7. ,, All Principal countries	,,	107219	98,062	86,002	76,438	79,694	87,514	89,337	97,877	...	96,712	93,205	98,215	83,096	85,731	84,074	...
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	18·57	18·99	19·08	20·92	20·78	21·10	22·02	21·22
OIL																	
9. Production: Dutch East Indies	Th. metric tons	437	461	392	424	461	503	507	536	605	632	628	634	613	639	614	...
10. ,, Mexico	,,	556	492	411	408	422	475	501	511	575	575	418	134	105	254	237	...
11. ,, Iran (Ang.-Ir. Oil)	,,	462	503	487	543	544	579	577	628	871	865	869	1,091	1,053	922	...	...
12. ,, Roumania	,,	403	483	563	612	615	706	698	723	596	591	588	573	560	571	550	...
13. ,, U.S.A.	,,	11,509	10,260	9,714	8,970	10,347	10,375	11,386	12,550	14,597	15,180	15,779	14,604	14,080	13,528	12,911	...
14. ,, U.S.S.R.	,,	1,206	1,552	1,912	1,791	1,786	2,013	1,989	2,193	2,318	2,549	2,359	2,193	2,449	2,412	2,543	...
15. ,, All Principal countries	,,	17,145	16,351	15,811	15,048	16,516	17,420	18,838	20,575	23,500	24,448	24,818	23,209	22,440	22,351	...	...
16. Stocks: U.S.A. end year	million barrels	422	402	371	340	354	337	315	288	308	308	311	309	307	305	296	289
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	115·2	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	285	322	356	355	175	160	162	180	185
19. ,, France	,,	808	787	652	470	544	514	523	559	655	685	559	564	500	502	480	425
20. ,, Germany (h)	,,	1,354	962	691	481	632	990	1,371	1,601	1,654	1,654	1,663	1,989	1,818	1,964	1,890	1,901
21. ,, Japan, ex. castings	,,	191	191	157	200	267	325	375	419	...	...	...	...	...	...	...	...
22. ,, Luxemburg	,,	225	189	170	163	154	161	153	165	209	221	215	109	109	111	110	110
23. ,, U.K.	,,	816	620	438	445	595	750	833	990	1,098	1,076	1,004	1,134	953	972	789	694
24. ,, U.S.A., ex. castgs.	,,	4,599	3,328	2,133	1,128	1,913	2,139	2,830	3,963	4,192	4,629	4,956	2,044	1,956	1,836	1,665	2,015
25. ,, U.S.S.R.	,,	407	483	451	490	571	800	1,034	1,362	1,485	1,429	1,458	1,631	1,596	...	...	...
26. ,, All Principal countries	,,	9,714	7,660	5,615	4,113	5,510	6,838	7,983	9,970	10,394	10,862	10,994	8,431	7,829	7,729	7,309	7,535
27. Price: Pig Iron Clevel. No. 3.	£ per ton	3·53	3·35	2·91	2·91	3·13	3·35	3·39	3·70	4·67	5·05	5·05	5·45	5·45	5·45	5·45	5·45
GOLD																	
28. Production: Union of S. Africa	Thous. fine ozs.	868	893	907	963	918	873	898	945	978	997	989	1,014	981	1,023	1,015	...
29. ,, U.S.S.R.	,,	90	120	146	163	221	317	375	450	500	...	...	...	...	...	...	...
30. ,, Canada	,,	161	175	225	254	246	248	274	310	341	347	348	376	368	381	391	...
31. ,, U.S.A.	,,	171	175	185	185	190	229	264	313	341	...	...	...	...	...	...	...
32. ,, World (b)	,,	1,632	1,736	1,867	2,025	2,112	2,275	2,465	2,752	2,958	...	...	...	...	...	...	...
33. Price: London, per fine ounce	sh.	84·9	85·0	92·5	118·0	124·9	137·6	142·1	140·3	140·7	140·03	139·52	139·89	139·70	139·94	140·68	141·18
WHEAT																	
34. World shipments, yr. ended July	Mlns. of bushels	77	53	69	67	53	46	43	42	50	29	...	50	43	44	...	...
35. Stks.: World visible supplies (d)	,,	370·1	411·9	462·7	408·2	459·7	477·2	339·5	275·1	229·5	229·5	273·3	279·4	245·6	194·8	179·2	262·4
36. Average British import price	sh. per cwt.	10·33	8·22	5·09	6·15	5·52	5·38	6·02	7·53	9·28	10·42	10·61	9·40	9·09	8·34	8·31	7·76
COTTON																	
37. Mill consumption: U.K.	Thousands	233	205	164	182	187	206	209	228	240	233	238	179	179	179	179	179
38. ,, Japan	of actual	231	250	214	231	242	271	311	304	347	324	350	261	261	261	261	261
39. ,, U.S.A.	bales	586	505	437	404	509	472	443	527	598	641	514	445	445	445	445	445
40. ,, World		2,157	2,101	1,874	1,860	2,029	2,093	2,035	2,116	2,383	2,389	2,242	2,066	2,066	2,066	2,066	2,066
41. Stks.: World Visible Supplies (d)	Thousand bales	2,736	4,317	6,593	7,682	7,510	6,571	3,983	4,297	3,875	3,875	4,167	8,240	7,910	7,467	7,177	7,069
42. Price: Mid. American	d. per lb.	10·33	7·46	5·08	5·25	5·54	6·67	6·70	6·69	6·37	6·68	5·89	5·07	4·87	4·65	5·01	5·01
SUGAR																	
43. Stks.: World visible supplies (d)	Thous. tons	4,047	5,522	6,765	7,018	6,441	5,692	4,166	2,983	2,816	3,752	3,165	6,889	6,521	5,955	5,255	...
44. Av. Brit. import price, unrefined	sh. per cwt.	9·68	8·91	8·10	7·70	7·46	6·98	6·88	6·71	8·62	8·09	7·71	8·04	7·54	6·57	6·87	8·20

GROUP II (b).—BI-MONTHLY TABLE

Commodity	Unit of Measurement	1931-2	1932-3	1933-4	1934-5	1935-6	1936-7	1937-8 (a)	1938-9 (a)
COPPER									
1. Production: Belgian Congo	Th. metric tons	11·3	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	13·1	20·6	21·6	20·4
4. ,, N. Rhodesia	,,	0·5	0·5	0·8	5·8	8·8	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	131·5	114·9	77·6	86·6	98·4	115·6	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	56·9	88·7	47·0
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	13·7
13. ,, Germany	,,	9·2	9·2	8·4	7·9	9·7	10·0	10·2	11·6
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	3·9
16. ,, U.S.A.	,,	54·1	46·4	31·4	21·1	20·8	24·2	24·8	30·8
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	6·7	7·1	6·2
19. ,, U.S.A.	,,	49·7	93·6	137·5	159·4	184·3	210·2	201·6	155·9
20. Price: "Soft Foreign," London	£ per ton	23·25	18·05	13·02	11·00	11·68	10·93	14·25	17·80
SPELTER									
21. Production: Holland	Th. metric tons	2·1	1·9	1·6	1·3	1·5	1·7	1·1	1·3
22. (Smelter) Belgium	,,	16·5	14·7	11·2	8·0	11·4	14·6	15·3	16·8
23. ,, Canada	,,	6·5	9·2	9·0	6·5	7·0	10·3	11·3	11·4
24. ,, Mexico	,,	1·3	2·5	2·9	2·5	2·2	2·4	2·7	2·7
25. ,, Germany	,,	8·5	8·1	3·8	3·5	4·2	6·1	10·4	11·5
26. ,, Poland	,,	14·1	14·6	10·9	7·0	6·9	7·7	7·1	7·0
27. ,, Australia	,,	4·4	4·7	4·6	4·5	4·6	4·6	5·7	6·0
28. ,, U.K.	,,	4·9	4·1	1·8	2·3	3·5	4·3	5·4	5·5
29. ,, U.S.A.	,,	47·3	37·7	22·1	15·7	23·2	27·5	31·8	37·4
30 ,, World	,,	121·5	116·7	83·4	65·3	82·2	97·7	111·2	123·1
31 Stocks: U.K.	,,	4·5	12·0	21·6	13·2	7·0	10·9	8·2	17·2
32. ,, U.S.A.	,,	[illegible]	130·2	117·7	113·2	95·7	108·7	76·1	40·8
33. Price: G.O.B., London	£ per	24	16·84	12·45	13·58	15·68	13·87	14·08	14·90
TIN									
34. Production: Bolivia	Tons	3,862	2,579	2,562	1,715	1,227	1,719	2,264	2,006
35. (exports) Dutch East Indies	,,	2,95[illegible]	[illegible]	2,290	1,307	1,201	1,557	2,960	2,640
36. ,, China	,,	563	[illegible]	496	617	675	679	783	889
37. ,, Belgian Congo	,,	61	[illegible]	12	57	185	384	549	626
38. ,, British Malaya	,,	5,78[illegible]	[illegible]	4,576	2,479	2,075	2,838	3,830	5,567
39. ,, Nigeria	,,	895	[illegible]	602	355	314	416	586	794
40. ,, Siam	,,	828	[illegible]	1,037	772	860	882	815	1,056
41. ,, World	,,	15,582	[illegible]	2,367	8,267	7,583	9,600	12,258	15,000
42. ,, Quotas of [illegible] countries	% of std. quanty.	...	...	67·7	42·8	32·6	45·0	58·8	92·5
43. Consumption: U.K.	tons	2,51[illegible]	[illegible]	1,745	1,542	1,664	1,756	1,786	1,822
44. ,, U.S.A.	,,	7,26[illegible]	[illegible]	5,297	2,938	4,899	3,633	5,191	6,304
45. ,, World	,,	14,34[illegible]	13,[illegible]	11,825	8,758	11,042	10,258	12,442	13,392
46. Stocks: World Visible Supply	,,	[illegible],449	46[illegible]	59,247	55,903	29,135	17,107	13,841	22,695
47. ,, Ratio to annual [illegible]	%	17·7	[illegible]·7	41·8	53·2	22·0	13·9	9·3	14·1
48. Price: Std. cash, London	£ per ton	203·8	[illegible]·8	118·6	136·0	194·8	230·4	225·7	204·6

CROPS

Commodity	1931-2	1932-3	1933-4	1934-5	1935-6	1936-7	1937-8 (a)	1938-9 (a)
Cotton (thous. bales)								
1. Brazil	575	438	1,014	1,359	1,765	1,712	2,282	...
2. Egypt	1,271	991	1,715	1,511	1,707	1,821	2,282	...
3. India (g)	4,007	4,656	5,108	4,851	5,933	6,307	5,663	...
4. U.S.A.	17,096	13,002	13,047	9,637	10,638	12,399	18,946	11,825
5. World	28,034	24,433	27,355	24,575	27,533	33,713	40,645	...
Wheat (mill. bushels)								
6. Argentina	220	241	286	241	141	250	184	...
7. Australia	191	214	177	133	143	134	180	...
8. Canada	321	443	282	276	277	219	183	358
9. U.K.	38	44	62	70	65	53	56	65
10. U.S.A.	937	757	552	526	628	627	874	980
11. World	3,709	3,744	3,669	3,390	3,421	3,349	3,826	4,227

Commodity	1931-2	1932-3	1933-4	1934-5	1935-6	1936-7	1937-8 (a)	1938-9
Wool (mill. lbs.)								
12. Argentina	381	390	384	370	348	366	375	...
13. Australia	1,007	1,063	986	1,015	971	977	1,016	...
14. S. Africa	314	330	284	218	251	272	246	...
15. N. Zealand	270	277	289	285	304	304	313	...
16. U.K.	113	119	120	115	109	108	107	...
17. U.S.A.	464	441	480	451	453	449	455	...
18. World	3,834	3,848	3,733	3,647	3,691	3,804	3,862	...
Sugar (thous. tons)								
19. Cuba	2,003	1,995	2,274	2,587	2,554	2,971	2,976	...
20. Java	2,571	1,401	646	514	592	1,414	1,410	...
21. U.K.	251	329	462	615	487	537	424	...
22. World	24,997	22,736	24,272	24,634	27,079	28,896	29,692	...

(a) Provisional figures. (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. (g) For 1938 and subsequent years, excluding Burma. (h) Including the Saar and, since January, 1938, Austria.

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