savings banks which are autonomous (that is independent of the State) received at the end of 1906 1,957,579,047 lire of deposits, and to-day the deposits are close upon 2,200,000,000 lire. If we add to this the capital of the savings banks (the only savings bank of the Lombard provinces, perhaps the biggest in the world, has a capital of 100 milion lire in addition to 700 million lire of deposit), and also the capital, the reserves and the deposits of the popular banks, we see how it is that savings banks and popular banks are successful in competing with the ordinary joint-stock banks for discounting good commercial paper. These latter, therefore, in order to make high profits, have to engage in risky operations of industrial credit and in speculations on the Stock Exchange, which is an important cause of the instability of their shares.

This brief survey of the changes in the quotations of Italian shares has shown that the rise which appeared in 1905 and in 1906 was largely artificial. Nothing, therefore, was more natural than that there should be a reaction in 1907, and that this should continue into the first six months of 1908. An improvement can only come when the inheritance of the past is swept away, and confidence can be felt in a natural and lasting prosperity of industry and commerce.

Not everybody in Italy is persuaded of this truth. Many speculators on the Stock Exchange, accustomed to gain large sums easily by playing with the rise, and many imprudent and greedy capitalists who have seen the price of the shares they bought in their folly go down, cry out against the black band of bears, and call for Government measures. The Government has sent the police into the houses of certain well-known "bears", and has begun criminal proceedings for stockjobbing at Genoa, Milan and Turin. Further, it has presented to Parliament a Bill about Stock Exchanges containing most severe restrictive rules. It is probable that the criminal proceedings will not come to anything owing to the difficulty of proving offences of this nature, and, at most, they will serve to persuade the capitalists, who were foolish enough to let themselves be fleeced of their money, that the blame rests with the "bears", and not with their own blindness and greed. The effects, however, of the Stock Exchange Bill if approved by Parliament, will not be so innocent. Side by side with certain good proposals, notably those for reducing the taxes for Stock Exchanges contracts, it contains other proposals which will hinder and limit beyond measure the work of the operators on the Stock Exchange, honest and dishonest alike. It seems a strange thing that the Italian Government should have set itself to ape the German legislator after