The reduction in capital is accounted for by amalgamations, and is solely in the case of English banks, the capital of the Scotch and Irish banks remaining unaltered, as it has done for some years past. These capital figures do not include capitals of the private banks which class reserve funds and partners' capital together. With the private banks which publish accounts included, the capital and reserves of the banks of the United Kingdom stand at £131,815,000 this year against £132,023,000 in 1909. Capital having been reduced by £1,400,000 in the case of the English banks this means that their reserves in the twelve months have been added to by about £1,000,000, while the Scotch and Irish reserves have also been increased.

The revival in trade has given fresh impetus to the constant increase in English bank deposits. A year ago the figure was practically stationary, but between December, 1909, and June, 1910, there was a rise of £36,000,000. Part of this is due to the unusual size of the Government balances at the Bank of England, but these latter were only £16,000,000 more than at the corresponding date in 1909, so that the greater portion of the increase was contributed by the joint stock banks. The deposits and current accounts of the banks in the United Kingdom at £952,288,000 on the 30th June last, compare with £904,352,000 in 1909 and £880,400,000 in 1908. In a time of activity in trade and speculation the rise of bank deposits is due, of course, to the re-deposit of cash advances. It is impossible, says the Economist, to arrive at what are known as the "primary" deposits, but deducting the discounts and advances from the total deposits there is a sum of £286,000,000 remaining compared with £281,000,000 at June last year and £270,000,000 in December last. These deposit figures do not include the private banks. The total of deposits and current accounts held by the whole of the banks in the United Kingdom is now estimated by the Economist at from £970,-000,000 to £980,000,000. Ten years ago the estimated total was £830,000,000 to $840,000,000, and five years ago, £860,000,000 to £870,000,000.

The total assets of the English joint stock banks, including the Bank of England amount to 954 millions, or, excluding the Bank of England, to 833 millions sterling. Three banks have assets of over 80 millions, and there are three or four other London banks with more than 40 millions, but the largest provincial bank other than Barclay's is the Manchester and Liverpool District with 25½ millions. Exclusive of the Bank of England the aggregate figures of the English banks divided into four main heads are as follows:—

	June 30, 1909 £	June 30, 1910 £	Inc. or Dec. £
Cash in hand and money at Call and Notice....	199,300,000	200,600,000	+1,300,000
Investments	140,200,000	138,600,000	—1,600,000
Discounts and Advances.	425,100,000	453,300,000	+28,200,000
Miscellaneous...........	40,400,000	40,400,000	....
Total	805,000,000	832,900,000	+27,900,000

Heavy trade and lively speculation have called for larger discounts and advances. Many banks have reduced their cash in hand and investments have been sold in a few cases. Although the cash in hand has slightly increased in amount, it has decreased in proportion to total assets and total deposits. Discounts and advances at 54.4 per cent. of the total assets are 1½ per cent. higher than last year and it is, of course, to the increase in this item that the larger banking profits are due. The comparative proportions of the items mentioned to total assets are as follows:—

	1909 %	1910 %	Inc. or Dec.
Cash in hand and at call........	24.7	24.1	—0.6
Investments	17.4	16.6	—0.8
Discounts and advances...........	52.9	54.4	+1.5
Miscellaneous....................	5.0	4.9	—0.1

THE INVESTMENTS OF BRITISH LIFE COMPANIES.

(From an English Correspondent, Exclusive to The Chronicle.)

The recent Board of Trade returns issued by the Home Government and relating to companies transacting life assurance in the United Kingdom are of more than passing interest, for not only do they mark the great progress that is being made but they show also that a change is gradually taking place in the form in which the offices' funds are being invested. It will be of interest if the results shown are compared with those obtained by Mr. W. J. Graham, whose calculations for the leading 28 American offices, appeared in THE CHRONICLE of August 19.*

Taking the figures of the last nineteen returns, the average rate of interest earned by the English and Scottish Offices—omitting the figures of the Colonial and American Offices—was as follows:

	p. c.		p. c.
1890-1894..	3.92	1900-1904..	3.65
1895-1899..	3.82	1905-1908..	3.81

These figures show that the British Offices' experience has been similar to that of the American Offices. The following are the figures for the last nine years, those for 1909 not yet being available:

	p. c.		p. c.
1900..	3.64	1905..	3.76
1901..	3.66	1906..	3.79
1902..	3.60	1907..	3.83
1903..	3.66	1908..	3.86
1904..	3.69		

From these figures it will be seen that the rate of interest has gradually increased in this period and if the same rate of increase is maintained will soon be back to the rate earned in the eighties. This increase is undoubtedly due chiefly to three causes, to the writing down of investments, to the higher rate of interest obtainable owing to the depreciation in values, and to the change in the form of investments. For the years 1902-1908 the following sums have been written off investments

* Insurance Companies and the Interest Rate, August 19, p. 1203. Compare also The Assets of Canadian Life Companies, September 9, p. 1307, and the percentage figures of the investments of The Prudential Insurance Company of America, October 28, p. 1565.